

**CHFP025**

02892663

\* C-SIDE LIMITED (the "Company")

Date of creation of the charge

12 APRIL 2007

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

Security Agreement (the "Security Agreement") dated 12 April 2007 and made between Z-Side (Holdings) Limited (the "Borrower") (1) the Company, Zelgrain Limited and C-Side (Holdings) Limited (2) and The Royal Bank of Scotland plc (the "Chargee") (3)

Amount secured by the mortgage or charge

See Part 1 of the attached schedule (the "Schedule")

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

THE ROYAL BANK OF SCOTLAND PLC acting through its office at 100 West  
George Street, Glasgow

Postcode G2 1PP

Presentor's name address and  
reference (if any)

Macfarlanes  
10 Norwich Street  
London  
EC4A 1BD

(KJN/598102/3252433)

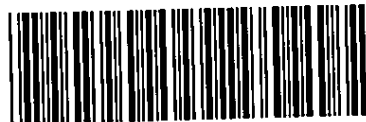
### Time critical reference

For official Use (02/00)

Mortgage Section

**Post room**

FRIDAY



\*L8V2XOV6\*

20/04/2007

487

**LD5**

COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

As specified in Part 2 of the attached Schedule, together with the covenants and restrictions set out in Part 3 of the Schedule

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)

N11

Signed Macfarlanes

Date 20 April 2007

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

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

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

† delete as appropriate

## SCHEDULE

*To the Form 395 in respect of the Security Agreement given by the Company in favour of the Chargee dated 12 April 2007 (the "Form 395")*

### Definitions

In this Schedule to the Form 395 the following words and expressions shall have the meanings respectively set out against them below -

**Accounts:** means all accounts (including any Blocked Accounts), and all moneys from time to time standing to the credit (including any interest thereon) of such accounts and all rights in relation thereto, with any bank, 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 Chargor or in which any Chargor has an interest,

**Assigned Agreements:** has the meaning given to it in the Security Agreement,

**Blocked Account:** means in relation to a Chargor

- (a) any account so detailed in Part 1 of Schedule 3 of the Security Agreement or Part 1 of Schedule 2 of any Deed of Accession by which it has acceded to the Security Agreement, in each case specified as belonging to it, or
- (b) any other account which the Chargee and that Chargor have so designated

**Charged Assets:** means all the assets (other than, for the avoidance of doubt, the Excluded Assets) for the time being subject to the Security created by this Security Agreement (and references to the Charged Assets include references to any part of it),

**Chargors** means the Company, the Borrower, Zelgrain Limited and C-Side (Holdings) Limited,

**Debts:** means all book and other debts, of any kind whatsoever now or at any time due, owing or payable to any Chargor or in which any Chargor has an interest and the proceeds of the same, including the benefit of any judgement or order to pay a sum of money, and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to the same,

**Declared Default** means an Event of Default which has resulted in the Chargee serving notice of its intention to exercise any of its rights under Clause 19 18 (*Acceleration*) of the Facility Agreement,

**Deed of Accession** means a deed of accession to the Security Agreement substantially in the form of Schedule 4 to the Security Agreement,

**Equipment:** means all equipment, plant, machinery, tools, vehicles, furniture and other tangible moveable property now or at any time hereafter (and from time to time) owned by any Chargor, and any part thereof, together with the benefit of all contracts and warranties relating to the same,

**Event of Default:** has the meaning given to it in the Facility Agreement,

**Excluded Assets:** means each of

- (a) the tenant's trade fixtures and fittings and trade equipment at the premises known as "The Railway" in Brighton at any time and any other goods and effects used in connection with the business at such premises,

- (b) the trade fixtures and fittings and trade equipment at the premises known as "The Bath Arms" in Brighton, and
- (c) the tenant's fixtures and fittings and trade equipment and other goods and effects at the premises known as "The Funky Buddha Lounge" in Brighton,

**Facility Agreement:** means the £9,250,000 facility agreement dated 6 March 2007 and made between the Borrower (1) and the Chargee (2),

**Finance Documents:** the Facility Agreement, and each of the following documents (each as defined in the Facility Agreement) the Working Capital Facility Letter, a Security Document, an Accession Agreement, the Subordination Agreement, a Hedging Document, the Hedging Letter and any other document designated as such by the Chargee and the Borrower,

**Floating Charge Assets:** means all the assets for the time being subject to the floating charge created by the Security Agreement (and references to the Floating Charge Assets include references to any part of it),

**Goodwill:** means all goodwill now or at any time hereafter (and from time to time) of or in a Chargor,

**Group:** means the Borrower and its Subsidiaries,

**Guarantor** has the meaning given to it in the Facility Agreement,

**Insolvency Event:** means any corporate action, legal proceedings or other procedure or step being taken in relation to

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Chargor,
- (b) a composition, compromise, assignment or arrangement with any creditor of any Chargor,
- (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Chargor or any of its assets, or
- (d) enforcement of any Security over any assets of any Chargor, or any analogous procedure or step is taken in any jurisdiction, in each case other than any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 10 days of commencement or, if earlier, the date on which it is advertised,

**Insurance Policies:** means all contracts and policies of insurance or assurance (including the Key-man Policies) and all moneys payable under or pursuant to such policies, now or at any time hereafter (and from time to time) taken out by or on behalf of any Chargor or (to the extent of its interest) in which any Chargor has an interest excluding, in each case, contracts and policies of insurance or assurance which relate to liabilities to third parties,

**Intellectual Property:** means all interests in respect of any patent (including supplementary protection certificates), trade mark, service mark, trade name, registered design, design right, copyright, know-how, utility model, topographical or similar right, moral right, invention, confidential information, trade secret, database right, right in passing off and any other right in intellectual property subsisting anywhere in the world in any of the foregoing whether registered or unregistered and in each case, any registrations, extensions, renewals or applications of or for the same, now or at any time hereafter (and from time to time) owned or held by any Chargor or (to the extent of its interest) in which any Chargor has an interest,

**Key-man Policy** has the meaning given to it in the Facility Agreement,

**Material Equipment:** means any Equipment that is material to the business or operations of a Chargor or to the business or operations of the Group as a whole,

**New Properties** means any leasehold or freehold properties acquired by a member of the Group after 12 April 2007,

**Obligor:** means the Borrower or a Guarantor,

**Pension Fund Interests:** means all interests and rights now or at any time hereafter (and from time to time) owned or held by any Chargor in relation to any pension fund,

**Properties:** means all estates or interests in any freehold and leasehold properties (whether registered or unregistered) and all commonhold or other immoveable properties now or at any time hereafter (and from time to time) owned by any Chargor (including the properties which are briefly described in Schedule 2 of the Security Agreement (*Properties currently owned*)),

**Property Interests:** means all interests in or over the Properties and all rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties, in each case, now or at any time hereafter (and from time to time) owned or held by any Chargor,

**Secured Liabilities:** means all present and future moneys, obligations and liabilities owed by any Obligor to the Chargee, whether actual or contingent and whether owed jointly or severally, as principal or surety and/or in any other capacity whatsoever under or in connection with the Finance Documents, except for any monies, obligations or liabilities which, if they were so included would result in an infringement of Section 151 of the Companies Act 1985 or any equivalent and applicable provisions under the laws of the jurisdiction of incorporation of the relevant Obligor,

**Securities:** means

- (a) the Shares, and
- (b) all other shares, stocks, debentures, bonds, warrants, coupons and other securities and investments,

which a Chargor purports to mortgage or charge under the Security Agreement,

**Security** means any security interest created, evidenced or conferred by or under the Security Agreement or any Deed of Accession,

**Shares** means all shares in any member of the Group being the subject of the Security,

**Subsidiary** means a subsidiary undertaking within the meaning of section 736 of the Companies Act 1985,

**Uncalled Capital:** means all the uncalled capital now or at any time hereafter (and from time to time) of a Chargor

## **Part 1**

### **Amount secured by the charge or mortgage**

- i The Company covenanted with the Chargee that it will on demand pay and discharge all Secured Liabilities owing or incurred from or by it to the Chargee when the same become due whether by acceleration or otherwise, together with interest to the date of payment at such rates and upon such terms as may from

time to time be agreed, commission, fees, enforcement expenses and other charges and all legal and other costs, charges and expenses, on a full and unqualified indemnity basis, which may be incurred by the Chargee in relation to any such Secured Liabilities or generally in respect of the Chargors

- 2 The Security Agreement secured further advances made under or pursuant to the terms of the Finance Documents and the Chargee is, subject to and upon the terms and conditions of the Finance Documents, under an obligation to make further advances

## **Part 2**

### **Short particulars of all of the property charged or mortgaged**

- 1 As a continuing security for the payment or discharge of the Secured Liabilities, the Company with full title guarantee thereby -
- 1 1 granted to the Chargee a charge of legal mortgage over all its Properties (excluding any Excluded Assets) which are listed in Schedule 2 of the Security Agreement (*Properties currently owned*),
- 1 2 charged to the Chargee by way of first fixed charge, all its
- 1 2 1 Properties hereafter acquired by it,
- 1 2 2 Property Interests,
- 1 2 3 Material Equipment,
- 1 2 4 Securities,
- 1 2 5 Intellectual Property,
- 1 2 6 Debts,
- 1 2 7 Accounts,
- 1 2 8 Pension Fund Interests,
- 1 2 9 Goodwill and Uncalled Capital, and
- 1 2 10 rights, title and interest to any agreement, licence, consent or authorisation relating to its business at any time not otherwise mortgaged, charged or assigned pursuant to Clauses 3 1 1 of the Security Agreement to 3 1 4 inclusive, but excluding any Excluded Assets,
- 1 2 11 assigned to the Chargee absolutely, subject to a proviso for reassignment on redemption, all of its right, title and interest in and to the Insurance Policies, and
- 1 2 12 assigned to the Chargee absolutely, subject to a proviso for reassignment on redemption, the benefit of the Assigned Agreements to which it is a party or an addressee and any claims arising under any of the same, and the benefit of any guarantee or security for the performance of the Assigned Agreements provided

that until an Event of Default occurs and is continuing the Company shall be entitled to continue to deal with the counterparties to the Assigned Agreements,

- 1 3 charged to the Chargee, by way of first floating charge, all of its undertaking property, assets and rights at any time not effectively mortgaged, charged or assigned under paragraphs 1 1 and 1 2 above but excluding the Excluded Assets
- 2 The floating charge created by the Company under paragraph 1 3 above and Clause 3 2 of the Security Agreement shall automatically and immediately (without notice) be converted into a fixed charge over the Floating Charge Assets if
  - 2 1 a Declared Default has occurred and is continuing,
  - 2 2 any Chargor creates or attempts to create any Security (unless permitted under the Facility Agreement) or any trust in favour of another person over all or any of its assets,
  - 2 3 any Chargor disposes or attempts to dispose of all or any of its assets (unless permitted under the Facility Agreement) or in the ordinary course of its trading, or
  - 2 4 an Insolvency Event has occurred
- 3 If a Declared Default has occurred and is continuing the Chargee may at any time thereafter, by notice to a Chargor, convert the floating charge created by the Security Agreement with immediate effect into a fixed charge over all or any of the Floating Charge Assets of the relevant Chargor specified in such notice (but without prejudice to the Chargee's rights to serve a notice in respect of any other Floating Charge Assets and any other rights of the Chargee whatsoever)
- 4 Any asset acquired by any Chargor after any conversion of the floating charge created under the Security Agreement, in accordance with Clauses 3 2 3 or 3 2 4 of the Security Agreement which but for such conversion would be subject to a floating charge shall (to the extent legally possible and unless the Chargee confirms in writing to the contrary) be charged to the Chargee (as trustee for the Chargee) by way of first fixed charge
- 5 The Chargee may at any time after any conversion of the floating charge created under the Security Agreement over any Charged Assets into a fixed charge in accordance with Clauses 3 2 3 (*Automatic Conversion of floating charge*) or 3 2 4 (*Conversion of floating charge by notice*) reconvert such fixed charge into a floating charge by notice to the relevant Chargor

### **Part 3**

#### **Other restrictions**

- 1 The Company covenanted with the Chargee that it will not at any time except in accordance with the terms of the Facility Agreement
  - 1 1 create or purport to create or permit to subsist any Security on or in relation to the Charged Assets (other than as permitted by the Facility Agreement), or

- 1 2 enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer, surrender or otherwise dispose of or cease to exercise control of all, or part of any interest in any Charged Assets other than as permitted by the Facility Agreement
- 2 The Company agreed that it will
- 2 1 not without the prior consent of the Chargee or as permitted in the Facility Agreement grant or agree to grant any licence, or tenancy affecting any Property or part of a Property,
- 2 2 not without the prior consent of the Chargee or as permitted in the Facility Agreement exercise the powers of leasing or agreeing to lease or of accepting or agreeing to accept surrenders conferred by Sections 99 or 100 of the Law of Property Act 1925, or
- 2 3 not without the prior consent of the Chargee or as permitted in the Facility Agreement in any other way dispose or agree to dispose of or surrender or create any legal or equitable estate or interest in any Property or any part thereof,
- 2 4 procure that no person shall be registered under the Land Registration Act 2002 as proprietor of any Property or any part thereof,
- 2 5 without prejudice to the Chargors' rights under the Facility Agreement to develop and/or refurbish New Properties, not without the prior consent of the Chargee carry out or permit or suffer to be carried out on any Property any development as defined in the Town and Country Planning Act 1990 or change or permit or suffer to be changed the user of any Property,
- 2 6 not without the prior consent of the Chargee enter into any onerous or restrictive obligations affecting any Property or any part thereof or create or permit to arise any overriding interest or easement or right whatever in or over any Property or any part thereof, and
- 2 7 procure that no person other than a Chargor shall become entitled to assert any proprietary or other like right or interest over any Property or any part thereof without the prior consent of the Chargee
- 3 Upon the occurrence of an Event of Default which is continuing, the Chargee may cause any or all of the Securities to be registered in the name of the Chargee or its nominee. The Company agreed promptly to execute and deliver all such transfers and other documents and do all such things as may be necessary or desirable to achieve such registration
- 4 The Company
- 4 1 granted and agreed to procure as necessary, all consents, waivers, approvals and permissions which are necessary in the opinion of the Chargee (acting reasonably), under the articles of association of any Chargor or otherwise, for the transfer of the Securities to the Chargee or its nominee or to a purchaser upon enforcement of the Security Agreement, and



- 4 2           agreed to procure the amendment of the share transfer provisions of each Chargor's articles of association in such manner as the Chargee may reasonably require in order to permit such a transfer
- 5           The Company agreed to ensure (insofar as it is able by the exercise of all voting rights, powers of control and other means available to it to do so) that no Chargor will refuse to register any transfer of any of its Securities which may be lodged for registration by or on behalf of the Chargee or a Chargor in accordance with the Security Agreement
- 6           The Company shall not except in accordance with the terms of the Facility Agreement sell, factor, discount, release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Debts save as expressly provided in the Security Agreement
- 7           The Company represented and warranted to the Chargee that it is and will remain (except as permitted under the terms of the Finance Documents) the legal and beneficial owner of the Charged Assets

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## CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No 02892663

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED THE 12th APRIL 2007 AND CREATED BY C-SIDE LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM ANY OBLIGOR 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 20th APRIL 2007

GIVEN AT COMPANIES HOUSE, CARDIFF THE 26th APRIL 2007



*Companies House*

— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES