

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.

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number

3201180

Name of company

* V2 Records International Limited

Date of creation of the charge

28 March 2002

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

Composite Guarantee and Debenture dated 28 March 2002 and made between V2 Records International Limited and others as charging companies, and Morgan Stanley Dean Witter Bank Limited as security trustee

Amount secured by the mortgage or charge

As specified in Part II of the attached Schedule

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

Morgan Stanley Dean Witter Bank Limited of 25 Cabot Square, Canary Wharf, London E14 4QA, as agent and trustee for the Beneficiaries (as defined in Part I of the attached Schedule)

Postcode

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

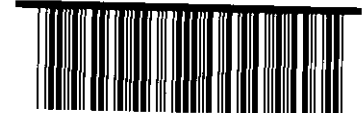
Macfarlanes
10 Norwich Street
LONDON
EC4A 1BD

MEXR/1839246.01

Time critical reference

For official Use
Mortgage Section

Post room



LD4
COMPANIES HOUSE

LSP7R9UJ

0438
10/04/02

Short particulars of all the property mortgaged or charged

As specified in Part III of the attached Schedule

NOTE: Part IV of the attached Schedule includes a description of certain covenants by and restrictions on the Company which protect and further define the charges and must be read as part of the charges created.

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)

N/A

Signed

3 Clifford Chance LLP

Date

3/8/02

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

A fee of £10 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 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

SCHEDULE

to the Form 395 in respect of the Composite Guarantee and Debenture (the "Debenture") dated 28 March 2002 given by V2 Records International Limited (no. 3201180) (the "Company") and others (together the "Charging Companies") in favour of Morgan Stanley Dean Witter Bank Limited as agent and trustee for the Beneficiaries (as defined below) (the "Security Trustee")

Part I

Definitions

In this Schedule the following words and expressions have the following meanings:

Account: any credit balance from time to time on any account opened or maintained by the Company with any financial institution;

Agent: Morgan Stanley Dean Witter Bank Limited or other such person who may be appointed agent for the Lenders;

Beneficiaries: the Lenders, the Security Trustee and the Agent;

Borrower: V2 Music (Holdings) Limited;

Charged Property: all the property, assets, undertaking and rights for the time being subject to the security interests created by the Debenture (and references to the Charged Property include references to any part of it);

Debts: all book debts, other debts, receivables and liabilities of any kind whatsoever at the date of the Debenture or at any time thereafter (and from time to time) due, owing or payable to any Charging Company, including, without limitation, any claims or sums of money deriving from any Charged Property, the benefit of any judgement or order to pay a sum of money, and all cash deposits in any account of any Charging Company with any person and all bills of exchange, promissory notes and other negotiable instruments for the time being owned or held by any Charging Company, but excluding Proceeds of Debts;

Equipment: all equipment, plant and machinery, at the date of the Debenture or at any time thereafter (and from time to time) owned by the Company, and any part thereof, together with all spare parts, replacements, modifications and additions thereto;

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

Excluded Properties: an underlease (dated 1 May 2001) of Lower Ground, Ground and First Floor Offices at 163 Holland Park Avenue (also known as 21 Holland Park Gardens) registered at HM Land Registry under title number 329481, and a lease (dated 29 June 1998) of 99c Talbot Road, Notting Hill, London W11 2AT, freehold registered at HM Land Registry under title number LN1174511, unless the Security Trustee determines (in its absolute discretion) that such properties will no longer be Excluded Properties;

Excluded Shares: all shares owned by V2 Music Group Limited from time to time in the capital of Timbuktu Music Limited and Big Cat (UK) Records Limited;

Facility Agreement: the facility agreement dated on or about the date of the Debenture made between the Borrower, the Lenders, the Agent and the Security Trustee relating to secured term loan facilities;

Lenders: has the meaning given to it in the Facility Agreement;

Overseas Securities: stocks, shares, loan capital, securities, bonds and investments of any kind whatsoever (whether or not marketable) issued by any body corporate which is not resident in the United Kingdom, together with all allotments offered or arising in respect thereof or incidental thereto and all money or property accruing, offered or paid from time to time by way of dividend, distribution, interest, conversion, redemption, bonus, preference, option or otherwise in respect thereof;

Permitted Security Interest: has the meaning given to it in the Facility Agreement;

Principal Debtor: means the Borrower, any Charging Company and any future Subsidiary of the Borrower, in each case to the extent only that it owes or incurs Secured Liabilities to the Beneficiaries;

Proceeds of Debts: any cash and any amounts from time to time standing to the credit of any bank (or other) account of the Company, in each case deriving from the payment or collection of any Debts;

Properties: all freehold and leasehold properties at the date of the Debenture or at any time thereafter (and from time to time) owned by the Company (including a sub-underlease dated 18 August 2001 of 20 Acklam Road, London W10 and an underlease dated 6 December 1996 of Avenue House 131 Holland Park Avenue, London W8 but excluding the Excluded Properties), together with all buildings, fixtures and fittings thereon (and "Property" means any of the Properties);

Secured Liabilities: has the meaning given to it in Part II of the Schedule below;

Securities: all stocks, shares, loan capital, securities, bonds and investments of any kind whatsoever (whether or not marketable) at the date of the Debenture or at any time thereafter (and from time to time) owned (at law or in equity) by the Company, together with all allotments offered or arising in respect thereof or incidental thereto and all stocks, shares, loan capital, securities, bonds, investments, rights, money or property accruing, deriving, offered or paid from time to time by way of dividend, distribution, interest, exchange, capital reorganisation, conversion, redemption, bonus, rights, preference, option or otherwise in respect thereof, but excluding the Excluded Shares and all Overseas Securities and any such allotments or money or property accruing, offered or paid in respect of any thereof;

Security Interest: any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, hypothecation, assignment by way of security, title retention or any other type of preferential arrangement having a similar effect to any of the foregoing.

Part II

Amounts Secured by the Charge (the "Secured Liabilities")

All moneys, obligations and liabilities which at the date of the Debenture are or at any time thereafter may be due, owing or payable by or from any Principal Debtor to the Beneficiaries (or any of them) on any account whatsoever (including, but not limited to, amounts owing from time to time under the Debenture, the Facility Agreement or any Financing Document), and for the avoidance of doubt, such moneys, obligations and liabilities:-

- (a) may be in any currency and may be owed actually or contingently, alone or jointly (or jointly and severally) with another person or persons, as principal or as surety;
- (b) include all interest, discount, commission and fees from time to time payable to the Beneficiaries; and
- (c) include all legal costs and other losses, damages, costs, charges and expenses (on a full indemnity basis) suffered or incurred by the Beneficiaries from time to time as a result of or in connection with this Deed or the Facility Agreement;

(and references to the Secured Liabilities include references to any of them).

Part III

Short Particulars of the Property Charged

- 1.1 As a continuing security for the payment or discharge of the Secured Liabilities, the Company with full title guarantee:-
 - 1.1.1 charged to the Security Trustee (as trustee for the Beneficiaries), by way of first legal mortgage, all Properties owned by or vested in it at the date of the Debenture, together with all buildings, fixtures and fittings from time to time situated on any of such Properties;
 - 1.1.2 charged to the Security Trustee (as trustee for the Beneficiaries), by way of first fixed charge, all Securities owned by or vested in it for the time being;
 - 1.1.3 charged to the Security Trustee (as trustee for the Beneficiaries), by way of first fixed charge:-
 - 1.1.3.1 all Properties acquired by it after the date of the Debenture, together with all buildings, fixtures and fittings from time to time situated on any of such Properties;
 - 1.1.3.2 all its interests (not effectively mortgaged or charged under the provisions described above) in or over land or the proceeds of sale of land other than the Excluded Properties;
 - 1.1.3.3 all its present and future goodwill and all its uncalled capital for the time being;
 - 1.1.3.4 all Equipment for the time being owned by it;
 - 1.1.3.5 all Intellectual Property; and
 - 1.1.3.6 all rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties owned by it from time to time;
 - 1.1.4 assigned and charged to the Security Trustee (as trustee for the Beneficiaries) all its right, title and interest to and in any present or future insurance policies (including, without limitation, any insurance policies relating to the Properties or the Equipment) and any proceeds thereof;

- 1.1.5 assigned to the Security Trustee (as trustee for the Beneficiaries), to the extent that the same are assignable, the benefit of any agreements to which the Company is party and the benefit of any security or guarantee for the performance of such agreements; and
- 1.1.6 charged to the Security Trustee (as trustee for the Beneficiaries), by way of first floating charge, all its undertaking and all its property, assets and rights, whatsoever and wheresoever, both present and future (including the Debts, the Proceeds of Debts, the Accounts and all stock in trade, but excluding the Excluded Shares, the Excluded Properties and all Overseas Securities), and whether or not expressed to be mortgaged or charged or assigned to the Security Trustee (as trustee for the Beneficiaries) under the provisions described above, if and to the extent that such property, assets and rights are not or have ceased to be validly and effectively mortgaged or charged or assigned (whether at law or in equity) by way of first mortgage or fixed charge.
- 1.2 The Security Trustee may from time to time by written notice to the Company convert the floating charge described in paragraph 1.1.6 of Part III into a fixed charge as regards any part of the Charged Property if an Event of Default has occurred and is continuing, the Security Trustee considers (in its sole discretion) that such part of the Charged Property, or the Security Trustee's security interest in it, is or may be in danger of being seized or subjected to any distress or execution or otherwise in jeopardy; or the Security Trustee reasonably considers that it is desirable in order to protect the priority of the security constituted by the Debenture. In addition (and without prejudice to any other circumstances in which such floating charge may crystallise) such floating charge shall automatically and immediately be converted into a fixed charge as regards any part of the Charged Property if the Company creates or attempts to create a fixed charge in favour of another person over such part of the Charged Property or disposes or attempts to dispose of such part of the Charged Property otherwise than by way of sale in the ordinary course of the Company's business, distress or execution is levied against any Charged Property or a resolution is passed or an order is made for the liquidation, winding-up or dissolution of the Company.

Part IV

Covenants and Restrictions

- 1 The Company has covenanted with the Security Trustee (among other things) that the Company will not at any time during the subsistence of the Debenture, except with the prior written consent of the Security Trustee:-
- 1.1 create or purport to create or permit to subsist any Security Interest (other than Permitted Security Interests or those entered into pursuant to the Debenture) on or in relation to the Charged Property or any Overseas Securities securing any obligation of any person; or
- 1.2 whether by a single transaction or series of transactions (whether related or not), directly or indirectly (by merger, consolidation amalgamation, acquisition of stock or assets or otherwise) sell, lease, transfer, licence or otherwise dispose of or purchase, lease, licence or otherwise acquire assets, business or undertaking (or any interest therein) or provide or receive any service, except for:-

- 1.2.1 any sale, lease, transfer, licence or other disposal:-
 - 1.2.1.1 in the case of Charged Property charged by way of floating charge only in the ordinary and usual course of trading; or
 - 1.2.1.2 permitted by the Facility Agreement; or
- 1.2.2 any provision or receipt of any service at market value and on an arm's length basis.
- 2 No Charging Company shall, except with the prior written consent of the Security Trustee:-
 - 2.1 create or purport to create or permit to subsist over all or any of the Debts, the Proceeds of Debts or any Account into which the Proceeds of Debts will be paid any Security Interest other than a Security Interest created pursuant to this Deed or a Permitted Security Interest; or
 - 2.2 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 Debenture.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 03201180

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A COMPOSITE GUARANTEE AND DEBENTURE DATED THE 28th MARCH 2002 AND CREATED BY V2 RECORDS INTERNATIONAL LIMITED FOR SECURING ALL MONEYS, OBLIGATIONS AND LIABILITIES DUE OR TO BECOME DUE FROM ANY PRINCIPAL DEBTOR TO THE BENEFICIARIES (OR ANY OF THEM) 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 APRIL 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 16th APRIL 2002.

8



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —