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legibly, preferably  
in black type, or  
bold block lettering

\*insert full name  
of Company

## COMPANIES FORM No. 395

### Particulars of a mortgage or charge

130970/215

# 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

[8] [1] [1] [1]

4276617

Name of company

\* Seven Arts Pictures Plc, a company incorporated in England and Wales and whose registered  
office address is 30 Farringdon Street, London EC4A 4HJ (the "Chargor")

Date of creation of the charge

15 October 2008

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

A guarantee and debenture (the "Guarantee and Debenture") dated 15 October  
2008 and made between (1) Seven Arts Pictures Plc, (2) Seven Arts Filmed  
Entertainment Limited, and (3) Trafalgar Capital Specialized Investment  
Fund.

Amount secured by the mortgage or charge

Please see the attached Schedule 2 to this Form 395

Words and definitions used shall have the meanings given to them in  
Schedule 1 to this Form 395 (please see attached continuation sheet).

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

Trafalgar Capital Specialized Investment Fund, 8-10 Rue Mathias Herdt, BP  
3023, Luxembourg (the "Lender")

Postcode L-1030

Presenter's name address and  
reference (if any)

Pinsent Masons  
CityPoint  
One Ropemaker Street  
London  
EC2Y 9AH

MT02\22158262\636798.07011

Time critical reference

For official Use (02/00)  
Mortgage Section

TUESDAY



\*AXDP145J\*

A32

21/10/2008

41

COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

Please see the attached Schedule 3 to this Form 395

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

Particulars as to commission allowance or discount (note 3)

Nil

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

Signed

*Pinsar Meenoo LLP*

Date 17 October 2008

On behalf of ~~XXXXXXXXXXXX~~ (chargee) †

*† 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

### DEFINITIONS

In this Form 395 the following words have the meanings set out below -

<b>"Asset Contracts"</b>	means all the rights of the Chargor, now or in the future, arising out of or in connection with any agreement -  (i) for the acquisition of any property (real or personal) by the Chargor (except to the extent that such rights amount to an interest in land effectively charged by way of legal mortgage or fixed charge by paragraph 1 1 1 or 1 1 2 to Schedule 3 of this Form 395 or Clause 3 1 1 or 3 1 2 of the Guarantee and Debenture) including, without limitation, any option to acquire property, or  (ii) for the hire, hire purchase, lease or loan of any property (real or personal), to the Chargor (except as aforesaid)
<b>"Assets"</b>	means all the undertaking, property, assets, rights and revenues of the Chargor whatsoever, and wheresoever, present or future
<b>"Companies"</b>	means the Chargor together with any other Group Companies from time to time, and, (where the context permits), includes each or any of them and <b>"Company"</b> means each or any of them
<b>"Convertible Loan Agreement"</b>	means the £1,000,000 convertible loan agreement dated on or around the date of this deed between the Principal Borrower and the Lender as from time to time varied, amended, supplemented, extended or replaced
<b>"Debts"</b>	means all book and other debts now or in the future owing to each Chargor (whether alone or jointly with any other person), whenever payable and whether liquidated or unliquidated, certain or contingent, including, without limitation, credit balances on any account at any bank or financial institution other than the Lender, and together with all cheques, bills of exchange, negotiable instruments, credits and securities at any time given in relation to, or to secure payment of, any such debt, but <b>"Debts"</b> does not include any asset or right effectively charged by way of fixed charge under any other provision of paragraph 1 of Schedule 3 to this Form 395 and Clause 3 of the Guarantee and Debenture
<b>"Encumbrance"</b>	means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, standard security, assignation in security, bond and floating charge or other security interest of any kind, and any right of set-off, assignment, trust, flawed asset or other agreement or arrangement whatsoever for the purpose of providing security or having a similar effect to the provision of security
<b>"Finance Documents"</b>	means the Convertible Loan Agreement
<b>"Fixed Plant and"</b>	means all plant, machinery or equipment of the Chargor of any

<b>"Equipment"</b>	kind (including, without limitation, all cables, pipes, switchgear, heating, lighting, electrical, water and gas apparatus) which does not for any reason constitute a Fixture, but is now or at any time directly or indirectly attached by any means and for any purpose to any land or building, whether or not it is removable or intended to form part of the land or building
<b>"Fixtures"</b>	means all things of any kind now or at any time affixed to land for any purpose, including, without limitation, trade and tenants fixtures
<b>"Group Company"</b>	has the meaning given in the Finance Documents
<b>"Guarantor"</b>	means any Chargor insofar only as it covenants under paragraph 1 2 of Schedule 2 to this Form 395 and Clause 2 1 2 of the Guarantee and Debenture to pay or discharge money due or owing from or liabilities of the Chargor to the Lender and <b>"Guarantors"</b> and <b>"Guarantee"</b> shall be construed accordingly
<b>"Insurances"</b>	means, in relation to the Chargor, all the right, title and interest of the Chargor, now or in the future, in or under any policy of insurance or assurance or to the proceeds thereof
<b>"Intellectual Property"</b>	means, in relation to the Chargor, all the right, title and interest of the Chargor, now or in the future, in or to any of the following - <ul style="list-style-type: none"> <li>(i) any registered intellectual property right in any territory, including, without limitation, patents, trade marks, service marks, registered designs, and any similar right in any territory and any applications or right to apply for any of the above,</li> <li>(ii) any invention, copyright, design right or performance right,</li> <li>(iii) any trade secrets, know-how and confidential information, and</li> <li>(iv) the benefit of any agreement or licence for the use (by such Chargor or any other person) of any such right</li> </ul>
<b>"Land"</b>	means any estate, right or interest in or over land, whether legal or equitable, and wherever the land is situated, including, without limitation, any buildings and Fixtures on land, and the benefit of any covenants or rights owed to any person or enforceable by him by virtue of the ownership possession or occupation of land but for these purposes <b>"land"</b> excludes heritable property situated in Scotland
<b>"Loose Plant and Equipment"</b>	means, in relation to the Chargor, all plant, machinery, equipment and motor vehicles now or at any time owned by such Chargor as a capital asset which is not Fixed Plant and Equipment, including, without limitation, any moulds, patterns, tools (other than hand tools and consumable tooling), dies and jigs
<b>"Other Claims"</b>	means, in relation to the Chargor, all rights, claims or obligations of any kind whatsoever now or at any time owed to such Chargor

capable of being satisfied by the payment of money, which are not effectively charged by way of fixed charge by any other provision of the Guarantee and Debenture

**"Principal Borrower"**

means Seven Arts Pictures Plc (registered number 04276617)

**"Rents"**

means, in relation to the Chargor, any sum payable to such Chargor (and any right to recover any such a sum) -

- (i) by way of rent, service charge or otherwise under any lease of Land, or as mesne profits, licence fee, or otherwise howsoever for the use or occupation of or trespass upon Land, or other income arising from any Land,
- (ii) by way of rent or otherwise for or in connection with the possession or use of, or in respect of any trespass to or conversion of, any chattel except insofar as the same is effectively charged by way of fixed charge by paragraph 1 1 1 or 1 1 2 of Schedule 3 to this Form 395 and Clause 3 1 1 or 3 1 2 of the Guarantee and Debenture

**"Secured Liabilities"**

means all liabilities and obligations owed by the Chargor to the Lender whether due, owing or incurred now or in the future, and of any kind, however arising and in any currency, whether or not immediately payable, whether certain or contingent, whether sole or joint, whether as principal or as surety, whether or not the Lender was the original creditor in respect thereof, and including, without limitation, interest, commission, costs, charges and expenses charged by the Lender at rates agreed between it and the Chargor or, in the absence of express agreement, in accordance with the Lender's normal practice for the time being provided that no liability or obligation shall, as far as concerns the Chargor, be included in the definition of "Secured Liabilities" if and to the extent that, if it were so included, the Guarantee and Debenture would constitute unlawful financial assistance by the Chargor contrary to section 151 Companies Act 1985

**"Securities"**

means, in relation to the Chargor, all the right, title and interest of the Chargor, now or in the future, in any stocks, shares, debentures, loan stocks, instruments creating or acknowledging any debt, or other securities issued by any person (whether or not marketable) including, without limitation, all rights and benefits arising and all money payable in respect of or in substitution or exchange for any of them, whether by way of conversion, redemption, preference, bonus, option, dividend, interest or otherwise, and including, without limitation, all Securities owned by the Chargor in any other Company

## **SCHEDULE 2**

### **AMOUNT SECURED BY THE CHARGE**

**1 Covenant**

The Chargor hereby covenants -

- 1 1** to pay or discharge to the Lender on demand any or all of the Secured Liabilities owing or incurred by the Chargor,
- 1 2** and guarantees to pay or discharge to the Lender on demand any or all of the Secured Liabilities owing or incurred by each Company (except as a Guarantor for the Chargor giving this covenant), and
- 1 3** in either case to pay interest to the Lender upon any sum so demanded until payment (both before and after any judgment) at 3% above the rate applicable to that sum immediately before demand (or, if there was no such applicable rate, at 16% per annum)

### SCHEDULE 3

#### SHORT PARTICULARS OF THE CHARGE

#### 1 CHARGES

##### 1 1 Charging clause

As security for payment of the Secured Liabilities, the Chargor with full title guarantee hereby charges to the Lender -

- 1 1 1 by way of first legal mortgage all Land now owned by the Chargor, including, without limitation, the land which is described in Schedule 4 to this Form 395 and Schedule 3 in the Guarantee and Debenture hereto,
- 1 1 2 by way of first fixed equitable charge all Land which the Chargor acquires in the future,
- 1 1 3 by way of separate first fixed charges -
  - (a) all the goodwill and uncalled capital of the Chargor, present or future,
  - (b) the Securities of the Chargor,
  - (c) the Insurances of the Chargor,
  - (d) the Intellectual Property of the Chargor,
  - (e) the Debts of the Chargor,
  - (f) the Rents of the Chargor,
  - (g) the Asset Contracts of the Chargor,
  - (h) the Other Claims of the Chargor,
  - (i) the Fixed Plant and Equipment of the Chargor, and
  - (j) the Loose Plant and Equipment of the Chargor,
- 1 1 4 by way of first floating charge all those Assets of the Chargor which are not for any reason effectively charged by the Guarantee and Debenture by way of fixed charge or mortgage, including, without limitation, any heritable property of the Chargor situated in Scotland

##### 1 2 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 will apply to any floating charge created by the Debenture

## **2 PROTECTION OF CHARGE HOLDER'S RIGHTS**

### **2 1 Covenants**

The Chargor covenants that it will not, without the prior written consent of the Lender or save as expressly permitted pursuant to the Finance Documents -

- 2 1 1 create any Encumbrance, or allow any Encumbrance to arise or continue, on or over any of the Assets, or
- 2 1 2 to part with or dispose of all or any of the Assets charged by way of fixed charge or mortgage, or
- 2 1 3 to part with or dispose of all or any of the Assets charged by way of floating charge except in the ordinary course of carrying on its business as a going concern

### **2 2 Further assurances**

The Chargor shall, at its own expense, at any time when required by the Lender execute and deliver to the Lender -

- 2 2 1 a valid legal mortgage of any Land now or in the future owned by the Chargor,
- 2 2 2 a fixed charge over any interest, not capable of being charged by way of legal mortgage, in any Land now or in the future belonging to the Chargor,
- 2 2 3 a legal assignment or other fixed security over all or any of its Intellectual Property,
- 2 2 4 a legal charge over all or any of its Securities,
- 2 2 5 a chattel mortgage over such chattels, plant, machinery, computers and/or other equipment of the Chargor as the Lender may specify,
- 2 2 6 a fixed charge or other fixed security over any of its Assets over which there is a floating charge,
- 2 2 7 where any of its Assets are situated outside England and Wales, such fixed security under the law of the place where the Asset is situated as the Lender may require,
- 2 2 8 a notice to any third party of any of the charges or assignments contained in the Guarantee and Debenture,
- 2 2 9 execute and deliver to the Lender a legal assignment of any Debts which the Lender shall require, and give notice of any such assignment to any person when required by the Lender, and
- 2 2 10 all deeds and documents which the Lender may deem necessary or desirable to vest in the Lender the security intended to be created by the Guarantee and Debenture over all or any of the Assets,

in each case, in the Lender's standard form or such other form as the Lender may require. In the case of Assets situated outside England and Wales, references to any form of security shall be taken to refer to any form of security available under the relevant local law which the Lender may select.

### **3 COVENANTS**

#### **3.1 General covenants**

In relation to the Intellectual Property owned by the Chargor -

- 3.1.1 not to sell, assign, transfer, license or agree to license any such Intellectual Property or any interest therein or permit any third party to use such Intellectual Property,
- 3.1.2 not to alter any specification for which any trade mark has been registered or give its consent to registration by a third party of any trade mark the same or confusingly similar to any trade mark, and
- 3.1.3 not without the Lender's prior written consent, use the Lender's name in or join the Lender into any proceedings relating to infringement of any such Intellectual Property

### **4 MISCELLANEOUS PROVISIONS**

#### **4.1 Powers of sale, leasing and accepting surrenders**

While the Guarantee and Debenture continues in force -

- 4.1.1 no statutory or other power of granting or agreeing to grant or of accepting or agreeing to accept surrenders of leases or tenancies of the Land hereby charged or any part of it shall be capable of being exercised by the Chargor, and
- 4.1.2 the Chargor shall not be entitled to part with possession (otherwise than on the termination of any lease, tenancy or licence to it of any Land, or to share occupation of any Land with any other person or persons, or to surrender any lease of Land or permit such a lease to be assigned or forfeited),

without the prior written consent of the Lender

Companies House Form 395  
Continuation Sheet  
Particulars of Charge Guarantee and Debenture  
Company Name Seven Arts Pictures Plc

**SCHEDULE 4**

**REGISTERED AND UNREGISTERED LAND**

**Registered Land**

<b>Title number</b>	<b>Description</b>	<b>Chargor</b>
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The Chargor did not own any Registered Land on the date of the Guarantee and Debenture

**Unregistered Land**

<b>Description</b>	<b>Chargor</b>
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The Chargor did not own any Unregistered Land on the date of the Guarantee and Debenture



**CERTIFICATE OF THE REGISTRATION  
OF A MORTGAGE OR CHARGE**

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

COMPANY NO. 4276617  
CHARGE NO. 8

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES  
HEREBY CERTIFIES THAT A GUARANTEE & DEBENTURE  
DATED 15 OCTOBER 2008 AND CREATED BY SEVEN ARTS  
PICTURES PLC FOR SECURING ALL MONIES DUE OR TO  
BECOME DUE FROM THE COMPANY TO TRAFALGAR CAPITAL  
SPECIALIZED INVESTMENT FUND ON ANY ACCOUNT  
WHATSOEVER WAS REGISTERED PURSUANT TO CHAPTER 1  
PART XII OF THE COMPANIES ACT 1985 ON THE 21 OCTOBER  
2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 24 OCTOBER  
2008



*Companies House*  
— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES