



Registration of a Charge

Company name: **MARV TAILOR PRODUCTIONS LIMITED**

Company number: **11337032**

Received for Electronic Filing: **18/01/2019**



X7XFH4OW

Details of Charge

Date of creation: **17/01/2019**

Charge code: **1133 7032 0001**

Persons entitled: **MUFG UNION BANK N.A.**

Brief description: **THERE IS NO REGISTERED INTELLECTUAL PROPERTY SUBJECT TO A FIXED CHARGE. FOR FURTHER INFORMATION PLEASE SEE THE INSTRUMENT.**

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC**

**COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION
FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

WIGGIN LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 11337032

Charge code: 1133 7032 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 17th January 2019 and created by MARV TAILOR PRODUCTIONS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 18th January 2019 .

Given at Companies House, Cardiff on 21st January 2019

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

Guarantee Security Assignment and Charge

Dated 17 January 2019

Marv Tailor Productions Limited
(Chargor)

MUFG Union Bank N.A.
(Agent)

THIS DEED is made the 17 day of January 2019

BETWEEN

- (1) **Marv Tailor Productions Limited**, a limited liability company registered in England and Wales (Company No. 11337032) whose registered office is at 71 Queen Victoria Street, London, United Kingdom, EC4V 4BE (the "**Chargor**" which expression shall be deemed to include its successors in title and permitted assigns); and
- (2) **MUFG Union Bank N.A.** of 1901 Avenue of the Stars, Suite 600, Los Angeles, CA 90067, USA, (the "**Agent**" which expression shall be deemed to include its successors in title and permitted assigns).

Recitals

- A Pursuant to the Loan Agreement, the Agent (for itself and its successors and assigns, collectively the "**Lenders**") has agreed to make available to the Borrower, in connection with the financing of the Film, a portion of the production costs of the Film on the terms and conditions set out in the Loan Agreement.
- B The Chargor is required and has agreed to guarantee on demand the payment of all moneys which are due or owing to the Lenders pursuant to the Loan Agreement and to assign and charge to the Agent by way of security all the Chargor's right, title and interest in and to the Film on the terms and conditions set out herein.

NOW THIS DEED WITNESSES as follows:

1 Definitions and Interpretation

- 1.1 In this Deed words and expressions shall, unless the context otherwise requires, have the meanings set against them below:

Affiliate: means, as to any Person, any other Person who, directly or indirectly, controls, is controlled by or is under common control with such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract or otherwise;

Authorisations: means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

Bank Accounts: means the Production Accounts, the UK Tax Credit Proceeds Account, together with any other bank account held in the name of the Chargor or to which the Chargor is beneficially entitled including without limitation any bank account to which any moneys relating to the Film may be credited;

BFI: means the British Film Institute;

Book Debts: means:

- (a) all the Chargor's book debts; and
- (b) all other debts and moneys payable to or receivable by the Chargor;

Borrower: means Marv Tailor Holdings Limited, a company incorporated under the laws of England and Wales with registered number 11336717;

Borrower Copyright Mortgage: means the copyright mortgage and assignment dated on or about the date hereof from the Borrower in favour of the Agent, in a form approved by the Agent and suitable for filing in the United States Copyright Office;

Borrower Security Agreement: means the security assignment and charge dated on or about the date hereof between the Borrower and the Agent under which the Borrower has assigned and charged to the Agent, inter alia, all its right, title and interest in and to the Film, as the same may be amended, supplemented or modified at any time;

Borrower Security Documents: means the Borrower Security Agreement and the Borrower Copyright Mortgage, together with any other guarantees, security agreements, notices or other agreements in connection with the Film in favour of the Agent to which the Borrower is or will be a party each as may be amended, re-stated, supplemented or novated at any time;

British Film: a film which is a British Film within the meaning of Schedule 1 of the Films Act 1985;

Budget: means the final budget of the Film dated on or about the date hereof and approved by the Agent and the Completion Guarantor;

Business Day: means a day (other than a Saturday or Sunday) on which banks are open for general interbank business in Los Angeles, California and London;

Cash Flow Schedule: means the cash flow schedule for the Film dated on or about the date hereof and approved by the Agent and the Completion Guarantor;

Chain of Title Documents: means the documents listed in Schedule 1 hereto;

Commitment: means the "Total Commitment" as such term is defined in the Loan Agreement;

Completion Agreement: means the completion and security agreement dated on or about the date hereof, between the Completion Guarantor, Borrower, and the Chargor, pursuant to which Chargor agrees to produce the Film;

Completion Guarantor: means jointly and severally MV, MOHL and MBHL;

Completion Guarantee: means the completion guarantee dated on or about the date hereof, between, amongst others, the Agent and the Completion Guarantor in connection with the Film as amended, supplemented or modified from time to time;

Core Expenditure: has the meaning ascribed to the term in Part 15 of the Tax Act as amended by Section 29 of the Finance Act 2015;

Cultural Test: has the meaning ascribed to the term in Schedule 1 of the Films Act 1985;

DCMS: means the Department for Culture Media and Sport;

Department: means HMRC, the BFI, the DCMS and each other applicable governmental entity involved in the administration of the UK Tax Credit;

Encumbrance: means any mortgage, charge, security, pledge, hypothecation, lien (other than a lien arising solely by operation of law in the normal course of business, the aggregate amount of which is not material), assignment, assignation, title retention, option, right of set off, retention, deduction, balancing of accounts or claim of compensation, security interest, trust arrangement and any other preferential right or agreement to confer security and any transaction which, in legal terms, is not a secured borrowing but which has an economic or financial effect similar to that of a secured borrowing;

Event of Default: means, in the opinion of the Agent, any default (howsoever defined or arising) under the Loan Agreement and/or an event of default described in Clause 8;

Film: means the colour, full length, motion picture, cinematographic film and photoplay, presently entitled "Kingsman: The Great Game", including the sound records thereof, as well as trailers and clips thereof;

Fox: means Twentieth Century Fox, a division of Twentieth Century Fox Film Corporation;

Fox Agreement: means the negative pick-up agreement between Fox and the Borrower dated as of 1 October 2018 under which the Borrower shall deliver the Film to Fox and Fox has agreed to pay to Borrower the Fox Advance on delivery of the Film;

Fox Advance: means the amount of US\$ 152,000,000;

Fox Intercreditor Agreement: means the agreement between Fox, the Chargor, the Completion Guarantor, the Agent, MSL and the Borrower in respect of the Film;

Future Production Rights means the right to produce, distribute and otherwise exploit a sequel, prequel, remake, television programme or series or other spin-off, or other similar derivative work based on the Film, the Screenplay and/or the Literary Property;

HMRC: means Her Majesty's Revenue and Customs;

Intellectual Property Rights: means:

- (a) any patents, petty patents, trademarks, service marks, trade names, domain names, rights in designs, software rights, utility models, database rights, copyrights, rights in the nature of copyright, and all other forms of intellectual or industrial property;
- (b) any rights in or to inventions, formulae, confidential or secret processes and information, know-how and similar rights, goodwill and any other rights and assets of a similar nature; and
- (c) any other right to use, or application to register or protect, any of the items listed in paragraph (a) or (b) above,

arising or subsisting in any jurisdiction and whether registered or not;

Investments: means:

- (a) all or any stocks, shares, bonds and securities of any kind (marketable or otherwise), negotiable instruments and warrants and any other financial instruments; and
- (b) all allotments, accretions, offers, options, rights, bonuses, benefits and advantages, whether by way of conversion, redemption, preference, option or otherwise which at any time accrue to or are offered or arise in respect of them,

and includes all dividends, interest and other distributions paid or payable on or in respect of them;

Laboratory: means Pinewood Shepperton Facilities Limited and Goldcrest;

Laboratory Agreement: means the laboratory agreement dated on or about the date hereof between, amongst others, the Agent, the Chargor and each Laboratory in connection with the Film in a form approved by the Agent;

Land: shall be as defined in section 205(1) of the LPA, and includes all fixtures and fittings on it;

Literary Property: means the Screenplay and any literary, musical, dramatic or other literary material upon which the Film may be based in whole or in part, or from which the Film is or may be adapted or inspired or which may be or has been used or included in the Film;

Loan Documents: means all or any of the Loan Agreement and the Security Documents and any other document designated as such at any time by the Agent;

Loan Agreement: means the loan agreement dated on or about the date hereof, together with the Note, between the Borrower and the Lenders in connection with the Film pursuant to which the Lenders have agreed to make available by way of loan the Commitment to the Borrower (as amended, restated, supplemented, novated or otherwise modified at any time);

LPA: means the Law of Property Act 1925 as well as any equivalent legislation in any jurisdiction where Land is situated;

MBHL: means Marv Bespoke Holdings Limited a limited liability company registered in England and Wales (Company No. 09704671) whose registered office is at 71 Queen Victoria Street, London, United Kingdom, EC4V 4BE;

MOHL: means Marv Outfit Holdings Limited a limited liability company registered in England and Wales (Company No. 08548887) whose registered office is at 71 Queen Victoria Street, London, United Kingdom, EC4V 4BE;

MSL Tax Credit Charge: means the second priority charge in favour of MSL over the UK Tax Credit Proceeds;

MSL: means Marv Studios Limited;

MSL PUA: means the payment undertaking agreement entered into by MSL in favour of the Agent on or about the date hereof, in respect of any withholding tax shortfall in payment of the Fox Advance;

MV: means Matthew Allard De Vere Drummond a.k.a Matthew Vaughn;

Share Pledge: means the pledge of shares entered into by MSL in favour of the Agent on or about the date hereof in respect of the entire shareholding of the Borrower;

Mortgaged Property: means the property, assets and interests (whether present or future) assigned and/or charged under this Deed or to be assigned and/or charged or each or any of them in favour of the Agent and all other property and assets which are at any time required to be assigned or charged in favour of the Agent under this Deed (but excluding the Future Production Rights);

Note: has the meaning given to that term in the Loan Agreement;

Notice of Charge of Bank Accounts: means a notice of charge of bank accounts in connection with the Production Accounts and the Tax Credit Proceeds Account in such form as the Agent may approve at any time;

Payment Direction: means the notice of charge and payment direction in respect of, inter alia, the allocation and payment of the UK Tax Credit Proceeds dated on or about the date hereof between the Chagor, Coutts & Co and the Agent;

Person: means any natural person, corporation (including a business trust), firm, company, partnership, limited liability company, joint venture, association, trust, other business entity, body corporate, unincorporated body of persons or unincorporated organisation or any other judicial entity, or a nation, state, government entity or any agency or political subdivision thereof and shall be construed to include that person's assigns, transferees or successors in title;

Plant and Machinery: means all fixed and moveable plant, machinery, tools, vehicles, computers and office and other equipment;

Potential Event of Default: means an event or state of affairs which, with the giving of notice or the passing of time or upon any other condition being satisfied or determination being made, would in the opinion of the Agent be likely to constitute an Event of Default;

Powers of Attorney: means the powers of attorney dated on or about the date hereof pursuant to which each of: (i) the Chargor; and (ii) the Borrower, appoints the Agent as its respective attorney in connection with the Film and/or the Literary Property;

Production Accounts: means the following bank accounts maintained at Coultis & Co in the name of the Chargor: (i) GBP account; account no. [REDACTED]; sort code [REDACTED]; (ii) EUR account; account no. [REDACTED]; sort code [REDACTED]; and (iii) USD account; account no. [REDACTED]; sort code [REDACTED]; or such other bank accounts or addresses as may be agreed to by the Agent in writing (and "Production Account" shall mean any one of them);

Production Schedule: means the production schedule for the Film dated 27 November 2018, as may be amended from time to time with the approval of the Completion Guarantor;

Production Agreement: means the commissioning agreement dated on or about the date hereof between the Borrower and the Chargor in connection with the Film as amended, supplemented or modified from time to time;

PSC Copyright Mortgage: means the Copyright Mortgage and Assignment dated on or about the date hereof from the Chargor in favour of the Agent, in a form approved by the Agent and suitable for filing in the United States Copyright Office;

PSC Security Documents: means this Deed and the PSC Copyright Mortgage, together with any other guarantees, security agreements, notices or other agreements in connection with the Film in favour of the Agent to which the Chargor is or will be a party each as may be amended, re-stated, supplemented or novated at any time;

Receiver: means a receiver appointed pursuant to the provisions of this Deed or pursuant to any applicable law and such expression shall include, without limitation, a receiver and manager;

Relevant Agreements: means the Completion Guarantee, the Completion Agreement, the Chain of Title Documents, the Fox Agreement, the Loan Documents, the Production Agreement and all other agreements and documents entered into in connection with the Film and the production and exploitation thereof;

Relevant Person: means the Chargor, the Borrower, MSL, MV and the Completion Guarantor;

Screenplay: means the screenplay dated 20 November 2018 entitled "Kingsman: The Great Game" and written by Karl Gajdusek and MV as may be amended at any time;

Secured Obligations: means all moneys, obligations and liabilities due, owing or payable or expressed to be due owing or payable to the Lenders at the date of this Deed and at any time hereafter, including without limitation, the full and timely payment, performance and discharge of all moneys, obligations and liabilities due, owing or payable by any Relevant Person to the Lenders, pursuant to this Deed, the Loan Documents and all other Relevant Agreements, and whether such moneys, obligations or liabilities are express or implied, present or future, actual or contingent, joint or several, incurred as principal or surety or in any other manner whatsoever, and including without limitation, all principal, interest (including interest accruing prior to and after the initiation of insolvency proceedings, whether or not allowed), charges, expenses, fees, outside attorneys' fees, filing fees and any other sums chargeable to any Relevant Person under the Loan Agreement or under any other Relevant Agreements;

Security: means the security constituted by this Deed;

Security Documents: means all or any of the Borrower Security Documents, the PSC Security Documents, the MSL PUA, the Share Pledge, the Laboratory Agreement, the Notices of Charge of Bank Accounts, the Fox Intercreditor Agreement, the Powers of Attorney and any other instrument or filing, and all supplements and amendments thereto, which may have been or are at any time after the date of this Deed executed to guarantee or secure the payment and discharge of the Secured Obligations;

Security Parties: means any party (other than the Agent or the Lenders) to the Loan Documents;

Security Period: means the period starting on the date of this Deed and ending on the date when the Agent is satisfied that all the liabilities of any Relevant Person under the Loan Documents are irrevocably discharged in full and the Borrower has no commitment or liability, whether present or future, actual or contingent in relation to the Loan Agreement;

Tax: includes all present and future taxes, imposts, levies, assessments, duties, charges, fees, deductions and withholdings in all relevant jurisdictions and all interest on them, additions to them and penalties and fines in respect of them, and **Taxation** will be construed accordingly;

Tax Act: means the Corporation Tax Act 2009;

UK Final Certificate: means the final British film certificate approved and issued by the DCMS on the recommendation of the BFI in connection with the UK Tax Credit indicating that the Film has satisfied the necessary requirements under the Cultural Test and shall be certified as a British Film;

UK Final Certificate Application: means the application (and related documents, if any) for the UK Final Certificate delivered by the Chargor to the Department after the Film is completed and is in a form to which it can be regarded as ready for presentation to the general public;

UK Interim Certificate: means the Interim certificate approved and issued by the DCMS on the recommendation of the BFI in connection with the UK Tax Credit indicating that the Film shall satisfy the necessary requirements under the Cultural Test and shall be certified as a British Film;

UK Interim Certificate Application: means the application (and related documents, if any) for the UK Interim Certificate delivered by the Chargor to the Department before production of the Film;

UK Qualifying Expenditure: means the Core Expenditure (as defined in Part 15 of the Corporation Tax Act 2009 in the United Kingdom (as amended from time to time)) incurred in connection with the Film and which comprises the expenditure on services performed in the United Kingdom and/or goods used or consumed in the United Kingdom; and

UK Tax Credit: means the Chargor's rights and interests in and to all film tax credits and certificates (and proceeds thereof) issued to the Chargor in accordance with the Tax Act including, without limitation, the enhanced tax deduction with a payable cash element in respect of surrendered losses to which the Chargor is entitled (calculated in accordance with Part 15 of the Tax Act as amended by Section 29 Finance Act 2015 by reference to the UK Qualifying Expenditure on the Film and which amount shall be available, inter alia, upon the satisfaction of the necessary requirements such that the Film shall meet the Cultural Test and shall be certified as a British Film) and the UK Interim Certificate and the UK Final Certificate;

UK Tax Credit Documents: means the UK Interim Certificate, the UK Final Certificate, the UK Interim Certificate Application, the UK Final Certificate Application, the Payment Direction and the Power of Attorney;

UK Tax Credit Proceeds: means the right to make a claim for and be paid the UK Tax Credit, and all proceeds standing to the credit of the UK Tax Credit Proceeds Account and any other

account containing the same and benefits derived from it or them, and all other rights in connection with the UK Tax Credit; and

UK Tax Credit Proceeds Account: means account number [REDACTED] sort code [REDACTED], in the name of the Chargor, maintained at Coultts & Co, into which the UK Tax Credit Proceeds shall be paid.

- 1.2 In this Deed all references to "film" shall where the context so admits include all literary, dramatic, artistic and musical material incorporated into, synchronised with, or otherwise forming part of such film, or produced for the purposes thereof and all negative and positive and tape, material, film and out-takes produced in connection with such film, including but not by way of limitation, all film and sound recordings, including the soundtrack thereof and all other articles on which such film or part is recorded.
- 1.3 References in this Deed to statutes shall include any statute, by-law regulation or delegated legislation modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same.
- 1.4 References in this Deed to Clauses, Sub-clauses and Schedules are references to those contained in this Deed unless otherwise stated.
- 1.5 Headings are for ease of reference only and shall not affect the construction of this Deed.
- 1.6 References in this Deed to the definitions in Clause 1.1 above can mean plural when singular and vice versa.
- 1.7 References to this Deed or any other agreement in this Deed shall be construed as references to this Deed or such other agreement in this Deed, as amended, varied, novated or supplemented, as the case may be, at any time.
- 1.8 References to "assets" shall include revenues and property and the right to revenues and property and rights of every kind, present, future and contingent and whether tangible or intangible (including uncalled share capital).
- 1.9 The words "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any foregoing words.
- 1.10 The words "other" and "otherwise" shall not be construed *ejusdem generis* with any foregoing words where a wider construction is possible.
- 1.11 The Chargor acknowledges receipt of a copy of the Loan Agreement.

2 Guarantee and covenant to pay and perform

- 2.1 The Chargor hereby irrevocably and unconditionally guarantees to the Agent as principal obligor and not merely surety the due and punctual payment, performance and discharge of the Secured Obligations as and when due (including on or after the Security becomes enforceable, under Clause 8 hereof) in accordance with the Relevant Agreements.
- 2.2 The guarantee given pursuant to Clause 2.1 is given subject to, and with the benefit of the provisions set forth in Schedule 2.
- 2.3 The Chargor as principal obligor and as a separate and independent obligation and liability from its liabilities under Clause 2.1, irrevocably and unconditionally agrees to indemnify the Agent in full on demand against all losses, costs and expenses suffered or incurred by the Agent from or in connection with any failure by the Chargor to pay, perform and discharge on demand the Secured Obligations.

- 2.4 The Chargor shall be liable to make payment under the indemnity contained in Clause 2.3 immediately on demand of the amount demanded together with all costs, expenses, interest and other amounts payable by the Chargor under this Deed.
- 2.5 It shall not be necessary (prior to making demand under Clause 2.1 or Clause 2.3) for the Agent to make demand on or take proceedings against or take any action or enforce any security given by the Chargor or any other person.
- 2.6 In consideration of the Agent agreeing to make available a loan to the Borrower pursuant to the Loan Agreement which the Chargor confirms is of commercial benefit to it as it will enable the Chargor to produce the Film and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Chargor hereby covenants with the Agent that it shall:
- (a) perform and discharge when due all its obligations under the Production Agreement; and
 - (b) pay to the Agent and perform and discharge when due all obligations owing to the Agent (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) under Clauses 2.1 to 2.5 above and all other provisions of this Deed.

3 Assignment and charge

- 3.1 By way of security for the payment and discharge of the full amount of all moneys, liabilities and other obligations now or at any time and from time to time hereafter due, owing or payable to the Agent by the Chargor pursuant to Clauses 2 above whether actually or contingently, alone or jointly with any other person, and whether as principal debtor or surety or otherwise howsoever including or together with (but not limited to) the Secured Obligations and subject to the proviso for re-assignment in Clause 4 below, the Chargor hereby:

(a) Intellectual Property

assigns to the Agent absolutely with full title guarantee (and insofar as necessary by way of present assignment of future copyright pursuant to Section 91 of the Copyright, Designs and Patents Act 1988 as the same may be amended or replaced from time to time), all its right, title and interest (both present and future, vested and contingent, statutory and otherwise) in and to the following (but excluding the Future Production Rights):

- (i) all rights of every kind and nature of the Chargor (including without limitation, copyrights) in and to the Screenplay and the Literary Property;
- (ii) all copyrights, rights in copyrights, interests in copyrights and renewals and extension of copyrights, domestic and foreign, heretofore or hereafter in, or obtained by the Chargor in connection with the Film or the Literary Property and the right (but not the obligation) to make any publication thereof for copyright purposes, to register claim under copyright, and the right (but not the obligation) to renew and extend such copyright, and the right (but not the obligation) to sue in the name of the Chargor for past, present and future infringements of copyright;
- (iii) all rights of every kind and nature of the Chargor to any and all music and musical compositions created for, used in or to be used in connection with the Film including without limitation all copyrights therein and all rights to perform, copy, record, re-record, produce, publish, reproduce or synchronise and or all of said music and musical compositions as well as other rights to exploit such music including record, soundtrack recording and music publishing rights;

- (iv) all rights to produce, acquire, release, sell, distribute, sub distribute, lease, sublease, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicise or otherwise exploit the Film or the Literary Property and any and all rights therein (including, without limitation the rights referred to in sub-paragraph (vi) below) to the fullest extent of such rights, and if possible in perpetuity, without limitation, in any manner and in any media whatsoever, including without limitation, by projection, radio, all forms of television (including, without limitation, free, pay, toll, cable, sustaining, subscription, sponsored and direct satellite broadcast), in theatres, non-theatrically, on cassettes, cartridges, CD, CD-I, CD-ROM and discs and other similar and dissimilar video devices, and by any and all other scientific, digital, mechanical or electronic means, methods, processes or devices now known or hereafter conceived, devised or created;
- (v) all rights of the Chargor of any kind or nature, direct or indirect, to acquire, produce, develop, reacquire, finance, release, sell, distribute, sub-distribute, lease, sublease, syndicate, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicise, or otherwise exploit the Film or the Literary Property or any rights in the Film or Literary Property in any manner whatsoever including, without limitation, pursuant to the Relevant Agreements;
- (vi) all collateral, allied, ancillary, subsidiary, publishing, merchandising and licensing rights of every kind and nature, without limitation, derived from, appurtenant to or related to the Film, the Literary Property or any part thereof, including, without limitation, all production, exploitation, reissue, remake, sequel, serial or series rights by use of film, tape, video or any other recording devices now known or hereafter devised, whether based upon, derived from or inspired by the Film, the Literary Property or any part thereof; all rights to use, exploit and license others to use or exploit any and all novelisation, publishing, video game, interactive, multimedia, commercial tie-ups and merchandising rights of every kind and nature, including, without limitation, all novelisation, publishing, merchandising rights and commercial tie-ups arising out of or connected with or inspired by the Film, the Literary Property or any part thereof, the title of the Film or the characters appearing in the Film or the Literary Property and/or the names or characteristics of said characters, and including further, without limitation, any and all commercial exploitation in connection with or related to the Film and/or the Literary Property and the prequels, remakes of or sequels to the Film;
- (vii) all rights and benefits of every kind or nature, present and future, in and to the Relevant Agreements (including for the avoidance of doubt the benefit of the UK Tax Credit Documents, the Chain of Title Documents and all the Chargor's properties, rights and entitlements thereunder) and all other agreements relating to the development, production, completion, delivery, exploitation of the Film and all other agreements to which the Chargor is a signatory in connection with the Film, all agreements for personal services, including the services of writers, directors, producers, members of the cast, special effects personnel, personnel, animators, cameramen, and other creative, artistic and technical staff and agreements for the use of studio space, equipment, facilities, locations, animation services, special effects services and laboratory contracts;
- (viii) all insurance and insurance policies heretofore or hereafter placed upon the Film or the insurable properties thereof and/or any Person or Persons engaged in the development, production, completion, delivery or exploitation of the Film, and the proceeds thereof;
- (ix) all contract rights and general intangibles which may arise in connection with the creation, production, completion, delivery, financing, ownership, possession or exploitation of the Film including without limitation those

contract rights and general intangibles which grant to any person any right to acquire, produce, develop, reacquire, finance, release, sell, distribute, sub-distribute, lease, sublease, market, license, sublicense, exhibit, broadcast, transmit, reproduce, publicise, or otherwise exploit the Film or any rights in the Film including, without limitation, all such rights pursuant to agreements between the Chargor and any subsidiary which relate to the ownership, production or financing of the Film and all right, title and interest in and to any agreements that the Chargor has entered into or may hereafter enter into in connection with the Film, all accounts, accounts receivable and contract rights arising thereunder and all proceeds thereof;

- (x) all agreements licensing, granting or selling rights to distribute, broadcast, exhibit or otherwise exploit the Film or any rights therein, including, without limitation, any and all rights relating to merchandising, licensing, publishing, music and phonorecords derived from or connected with the Film the proceeds of all of said agreements;
- (xi) all rights and benefits of the Chargor heretofore or hereafter arising in connection with any state, federal, provincial, or other governmental body or authority directly or indirectly as a tax credit, tax refund, tax subsidy, production credit or similar government benefit, or by any tax shelter, any co-production structure, or any similar transaction, and any and all allied, ancillary and subsidiary rights therein and all of the rights and benefits of the Chargor in and to (including the right to make a claim for and be paid) all film tax credits and certificates and the proceeds thereof including without limitation the UK Tax Credit;
- (xii) all Intellectual Property Rights that are not already assigned pursuant to subparagraphs (i) to (x) above; and
- (xiii) all income, proceeds, products, additions and accessions derived from all of the foregoing;

for the Agent to hold the same, throughout the universe, for the full period of copyright (or other rights) in the same wherever subsisting or acquired and all renewals and extensions thereof, and thereafter (insofar as may be or become possible) in perpetuity;

(b) Film Assets

with full title guarantee charges in favour of the Agent, by way of first fixed charge all of its right, title and interest (both present and future, vested and contingent, statutory and otherwise), in and to the following (but excluding the Future Production Rights):

- (i) all physical properties of every kind or nature relating to the Film and all versions thereof including, without limitation, all physical properties relating to the development, production, completion, delivery, exhibition, distribution or other exploitation of the Film, and all versions thereof or any part thereof, including without limitation the Literary Property and all elements referred to in Clause 3.1(b)(ii) below, and any and all rights of access to removal and transfer of and duplication and reproduction thereof;
- (ii) all physical elements of the Film including exposed film, developed film, positives, negatives, prints, answer prints, special effects, pre-print materials (including interpositives, negatives, duplicate negatives, internegatives, colour reversals, intermediates, lavenders, fine grain master prints and matrices, and all other forms of pre-print elements which may be necessary or useful to produce prints or other copies or additional pre-print elements, whether now known or hereafter devised), soundtracks, recordings, audio and video tapes and discs of all types and gauges, cut-outs, trims, non-analogue recordings

and tapes including any digital recordings and HDTV format recordings, and any and all other physical properties of every kind and nature relating to the Film in whatever state of completion, and all duplicates, drafts, versions, variations and copies of each thereof;

- (iii) all machinery, electrical and electronic components, equipment, fixtures, furniture, office machinery, vehicles, trailers, implements and other tangible personal property of every kind and description now owned or hereafter acquired by the Chargor in respect of the Film or the Literary Property (including, without limitation, all wardrobe, props, microphones, scenery, sound, stages, movable, permanent or vehicular dressing rooms, sets, lighting equipment, cameras and other photographic, sound recording and editing equipment, projectors, film developing equipment and machinery) and all goods of like kind or type hereafter acquired by the Chargor in substitution or replacement thereof and all additions and accessions thereto wherever any of the foregoing is located and all rents, proceeds and products thereof;
- (iv) all cash and cash equivalents of the Chargor and all drafts, cheques, certificates of deposit, notes, negotiable instruments, bills of exchange and other writings which evidence a right to the payment of money and are not themselves security agreements or leases and are of a type which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment whether now owned or hereafter acquired;
- (v) all rent, revenues, income, compensation, products, increases, proceeds and profits or other property obtained or to be obtained from the production, sale, distribution, sub-distribution, syndication, lease, sublease, marketing, licensing, sublicensing, exhibition, broadcast, transmission, reproduction, publication, ownership, exploitation or other uses or disposition of the Film and/or the Literary Property (or any rights therein or part thereof), in any and all media, without limitation, the properties thereof and of any collateral, allied, ancillary and subsidiary rights and any and all merchandising and publishing rights therein and thereto, and amounts recovered as damages by reason of unfair competition, the infringement of copyright, breach of any contract or infringement of any rights, or derived therefrom in any manner whatsoever;
- (vi) all accounts, accounts receivable, contract rights, all book debts, all general intangibles relating to the Film or the Literary Property including, without limitation, all accounts receivable, all instruments and intangibles constituting rights to receive the payment of money, or other valuable consideration including, without limitation, under present or future contracts or agreements (whether or not earned by performance), from the sale, distribution, exhibition, disposition, leasing, subleasing, licensing, sublicensing and other exploitation of the Film or Literary Property or any part thereof or any rights therein in any medium, whether now known or hereafter developed, by any means, method, process or device in any market and all rights to receive film rentals, license fees, distribution fees, producer's shares, royalties and other amounts of every description including, without limitation, from: (a) theatrical exhibitors, non-theatrical exhibitors, television networks and stations and airlines, cable television systems, pay television operators, whether on a subscription, per program charge basis or otherwise, and other exhibitors, (b) distributors, sub-distributors, lessees, sub-lessees, licensees, sub-licensees (including any subsidiary), (c) advertisers, and (d) any other Person that distributes, exhibits or exploits the Film or Literary Property or elements or components of the Film or rights relating thereto;
- (vii) any and all sums paid or payable to the Chargor now due or which hereafter may become due to the Chargor by any state, federal, provincial, or other governmental body or authority directly or indirectly as a tax credit, tax refund, tax subsidy, production credit or similar government benefit, or by any tax

shelter, any co-production structure, or any similar transaction, and any and all allied, ancillary and subsidiary rights therein including without limitation the UK Tax Credit and the UK Tax Credit Proceeds;

- (viii) any and all tangibles, equipment, chattel paper, inventory, documents of title, instruments, leases and goods, not elsewhere included in this security which may arise in connection with the creation, production, completion, delivery, financing, ownership, possession or exploitation of the Film;
- (ix) the following personal property, whether now owned or hereafter acquired in respect of the Film including: (i) all of the rights of the Chargor in and to the title of the Film and all of the Chargor's rights to the exclusive use thereof including (without limitation) all rights protected pursuant to trademarks, service mark, unfair competition and/or other laws, rules or principles of law or equity, and (ii) all inventions, processes, formulae, licenses, patent applications, patents, patent rights, trade mark applications, trademarks, trade mark rights, service marks, service corporate and company names, trade name rights, logos, indicia, corporate and company names, business source or business identifiers and renewals and extensions thereof, domestic and foreign, whether now owned or hereafter acquired, and the accompanying good will and other like business property rights, and the right (but not the obligation) to register a trade mark or patent and to renew and extend such trademarks or patents and the right (but not the obligation) to sue in the name of the Chargor or in the name of the Agent for past, present or future infringement of trademarks or patent;
- (x) each Bank Account (including all moneys standing to the credit of each Bank Account, all interest accrued on each Bank Account or any investment made out of any such moneys and all debts represented by the foregoing);
- (xi) (insofar as not effectively assigned pursuant to Clause 3.1(a)) those items referred to in Clause 3.1(a); and
- (xii) all income, proceeds, products, additions and accessions (including insurance proceeds) derived from all of the foregoing.

(c) Land

charges in favour of the Agent by way of first fixed charge any interest which it has now or may subsequently acquire in any Land and agrees that it shall upon acquiring any interest in Land promptly notify the Agent thereof and execute in favour of the Agent a mortgage in respect of such Land;

(d) Plant and Machinery

charges in favour of the Agent by way of first fixed charge all its Plant and Machinery (both present and future), in so far as it is not charged by way of legal mortgage under Clause 3.1(c) above;

(e) Investments

charges in favour of the Agent by way of first fixed charge all its Investments (both present and future) including those held for it by any nominee;

(f) Book Debts

charges in favour of the Agent by way of first fixed charge:

- (i) all Book Debts (both present and future); and
 - (ii) all benefits, rights and security (both present and future) held in respect of, or to secure the payment of, the Book Debts;
- (g) **Goodwill**
- charges in favour of the Agent by way of first fixed charge its goodwill;
- (h) **Uncalled Capital**
- charges in favour of the Agent by way of first fixed charge its uncalled capital (both present and future);
- (i) **Authorisations**
- charges in favour of the Agent by way of first fixed charge the benefit (both present and future) of all its Authorisations held in relation to any part of the Mortgaged Property;
- (j) **Insurances**
- assigns to the Agent absolutely all its rights and interests (both present and future) under all contracts and policies of insurance;
- (k) **Contractual Rights**
- assigns to the Agent absolutely all its rights (both present and future) under any agreement to which it is a party and which are not mortgaged, charged by way of fixed charge or assigned under any of Clauses 3.1 (a) to (j) above; and
- (l) **Floating Charge**
- with full title guarantee charges in favour of the Agent by way of first floating charge all the undertaking, property and assets of the Chargor whatsoever and wheresoever situated, both present and future, during the continuance of this Security belonging to the Chargor (but excluding the Future Production Rights), including the assets described in paragraphs (a) to (k) (inclusive) above, to the extent not effectively assigned and not effectively charged pursuant to paragraphs (a) to (k) above and the Chargor agrees not to part with, sell or dispose of the whole or part of said assets (excluding the Future Production Rights).

References herein to "copyright", "films", "sound recordings", and to all other rights herein mentioned shall (where the context requires or admits) be construed in accordance with the Copyright, Designs and Patents Act 1988 as amended from time to time, and the covenants implied by Sections 2(1) and 3(1) of the Law of Property (Miscellaneous Provisions) Act 1994 shall apply to the assignment hereby created.

- 3.2 The Chargor undertakes to hold upon trust for the Agent absolutely the entire interest and benefit of the Chargor in and to all that Mortgaged Property or any part thereof which cannot be charged or assigned by the Chargor or is not effectively charged or assigned by the Chargor hereunder together with, without limitation, all proceeds, money and other rights and benefits to which the Chargor is beneficially entitled in respect of such Mortgaged Property.
- 3.3 This Security is a continuing security and shall remain in force notwithstanding any intermediate payment or settlement of account or other matter whatsoever and is in addition to and shall not merge into or otherwise prejudice or affect any guarantee, Encumbrance or other right or remedy now or hereafter held by or available to the Agent and shall not be in any way prejudiced or affected thereby or by the invalidity thereof or by the Agent now or hereafter

dealing with, exchanging, releasing, modifying or abstaining from perfecting or enforcing any of the same or any right which the Agent may now or hereafter have or giving time for payment or indulgence or compounding with any other person.

- 3.4 The Chargor shall not without the prior written consent of the Agent create or permit to arise or to subsist any Encumbrance upon the whole or any part of the Mortgaged Property other than this Security and without prejudice to the generality of the foregoing any mortgage, charge, lien, pledge or other encumbrance hereafter created by the Chargor (otherwise than in favour of the Agent) shall be and be expressed to be subject to and rank behind this Security.
- 3.5 The Chargor hereby undertakes that it shall when required by the Agent and at the expense of the Chargor (whether before or after this Security shall have become enforceable) execute and do all such mortgages, charges, security, transfers, assignments, assignments, assurances, documents, acts and things in such form and otherwise as the Agent may require for perfecting the security intended to be hereby constituted, for further charging the Mortgaged Property in order to secure the Secured Obligations, to vest in or further assure to the Agent the rights expressed to be assigned and granted to the Agent under this Deed and for the protection and enforcement of the security hereby created for converting any floating charge forming part of this Deed into a fixed charge, for protecting the Agent's interest in the Mortgaged Property or for effecting or facilitating the realisation of all or any of the Mortgaged Property and the exercise by the Agent of its powers, authorities and discretions hereby or by statute conferred on it, on any Receiver, on any administrator or on any delegate for the purpose of such realisation or in connection with such realisation and shall from time to time when so required by the Agent produce to or deposit with the Agent during the continuance of this Security all deeds and documents of title (to the extent the Chargor is in possession of the same) relating to the Mortgaged Property or any of it.
- 3.6 Unless otherwise expressly agreed in writing by the Agent, the mortgages, charges and security hereby created shall rank as first legal mortgages, first charges and first security.
- 3.7 The Chargor shall on the date of this Deed, in relation to the Bank Accounts deliver to the Agent a Notice of Charge of Bank Accounts duly executed by the Chargor and shall use all reasonable endeavours to procure the delivery of an acknowledgement by the relevant bank in a form of an acknowledgement in such form as may be agreed by the Agent. At any time after the occurrence of an unremedied Event of Default (but not otherwise), the Agent may at any time without notice to the Chargor give instructions to the relevant bank requesting the payment, withdrawal or release of the sums from time to time standing to the credit of the relevant Production Account which is the subject of such notice.

4 Redemption

The Agent undertakes that upon indefeasible payment and discharge in full of the Secured Obligations the Agent will at the Chargor's expense release its security and reassign to the Chargor or as it may direct the rights and benefits hereinbefore assigned or charged or agreed to be assigned or charged.

5 Representations and warranties by the Chargor

- 5.1 **Representations and warranties:** The Chargor represents and warrants to the Agent that:
- (a) **Status:** the Chargor is a limited liability company duly incorporated and validly existing and in good standing under the laws of England and Wales;
 - (b) **Powers and authorisations:** (i) the memorandum and articles of association of the Chargor include provisions which give the Chargor all necessary corporate power and authority to own its assets, to carry on its business as it is now being conducted and the Chargor is duly qualified to do business in all jurisdictions where a qualification is necessary and to enter into and perform the Relevant Agreements to which it is a party; and (ii) the Chargor has full capacity to enter into this Deed and all other

agreements and documents required hereunder and has the full capacity to charge and assign to the Agent the Mortgaged Property; and (iii) the Chargor has taken all necessary corporate and other action to authorise the execution, delivery and performance of the Relevant Agreements to which it is a party; (iv) it is up-to-date in the filing of all corporate returns and filings; and (v) it has not received notice of any proceedings to cancel its certificate of incorporation or otherwise terminate its existence;

- (c) **Binding effect:** each of the Relevant Agreements to which the Chargor is a party constitutes (or will, when executed, constitute) the legal, valid and binding obligations of the Chargor enforceable in accordance with its terms (subject to general equitable principles, the non-availability of equitable remedies such as specific performance and injunctive relief and Insolvency and other laws of general application affecting creditor rights);
- (d) **Non-violation:** the execution, delivery and performance by the Chargor of:
 - (i) the Relevant Agreements to which it is a party do not and will not violate in any respect any provision of (i) any law, judgment, regulation, treaty, convention, decree, order or consent to which the Chargor is subject or by which the Chargor, any Mortgaged Property, or any material part of its assets or business is bound or affected, or (ii) the memorandum and articles of association of the Chargor, or (iii) any charge, indenture, agreement or other instrument to which the Chargor is a party or which is binding on it or any of its assets, or (iv) the board minutes and resolutions of the directors of the Chargor;
 - (ii) the Relevant Agreements to which it is a party do not and will not require approval of shareholders or any approval or consent of any person other than the approvals and consents obtained and disclosed in writing to the Agent;
- (e) **No default:** no event has occurred which constitutes a default under or in respect of any law, or of any agreement or instrument to which the Chargor is a party or by which the Chargor or its assets may be bound (including, inter alia, the Relevant Agreements to which it is a party) and no event has occurred which, with the giving of notice, or the passing of time or on any other condition being satisfied or determination being made would be likely to constitute a default under or in respect of any such law or agreement which is likely either to have a material adverse effect on the assets, financial condition, prospects or operations of the Chargor or materially and adversely affect its ability to observe or perform its obligations under the Relevant Agreements to which the Chargor is party;
- (f) **Third party consents:** all consents, authorisations, approvals, licences, exemptions, filings, registrations, notarisations and other requirements of governmental, judicial and public bodies and authorities required or advisable in connection with the execution, delivery, performance, validity, admissibility in evidence and enforceability of the Relevant Agreements to which it is a party have been obtained or effected (or, in the case of registrations, will be effected within any applicable required period) and (if obtained or effected) are in full force and effect; all fees and stamp, registration and similar Tax (if any) payable in connection with the Relevant Agreements have been paid if due; there has been no default in the performance of any of the terms or conditions of the Relevant Agreements to which it is a party and the Chargor has full authority to make all payments which may be due under the Security Documents to which it is a party;
- (g) **Litigation:** no litigation, arbitration, administrative, legal, statutory, judicial or other proceeding "Proceedings" is at present current, pending, threatened, which, if adversely determined, would have a material adverse effect on the ability of the Chargor to observe or perform its obligations under the Relevant Agreements to which it is a party and in addition there are no Proceedings current, pending or, to its

knowledge, threatened which would adversely affect the distribution or exploitation of the Film or the production, completion and delivery of the Film or would adversely affect the ability of the Chargor to observe or perform its obligations under the Relevant Agreements to which it is a party;

- (h) **Information:** all information furnished by the Chargor or any person on its behalf to the Agent in connection with the Film (including without limitation in connection with the Relevant Agreements to which it is a party) was at the time it was furnished and remains true and complete in all material respects and there is no other fact or circumstance relating to the affairs of the Chargor which has not been disclosed to the Agent, which non-disclosure would render any of that information misleading and all expressions of expectation, intention, belief and opinion contained in any of that information were honestly made on reasonable grounds after due and careful consideration;
- (i) **Encumbrances:** it is the sole, lawful and beneficial owner of the Mortgaged Property free from any Encumbrance other than the security constituted or permitted under this Deed and none of the Mortgaged Property is or will be during the continuation of this Deed affected by any such Encumbrance in favour of any third party nor is there in existence any agreement or arrangement under which any such Encumbrance may arise or be created;
- (j) **Relevant Agreements:** the Relevant Agreements are valid and subsisting and the Chargor will comply or procure compliance with the terms of the Relevant Agreements to which it is a party and do all such acts as may be necessary to enforce such terms and will not vary or cancel or agree to any variation or cancellation of the terms of the Relevant Agreements to which it is a party without the prior consent of the Agent;
- (k) **Solvency:** (i) it is, and as a result of entering into the Relevant Agreements will remain, solvent and able to pay its debts as they fall due and is not deemed to be unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986; (ii) the transactions contemplated by the Relevant Agreements to which it is a party are of commercial benefit to it and its commercial interests; (iii) no petition to wind up or for the making of an administration order in relation to the Chargor has been presented; (iv) no notice of any meeting to pass a resolution to wind up the Chargor has been issued; and (v) no receiver, administrator, administrative receiver or liquidator has been appointed in respect of the Chargor or any of its property or assets;
- (l) **Liabilities:** since the date of incorporation the Chargor has not incurred any liabilities or entered into any commitments or transactions other than under the Relevant Agreements to which it is party, or as required to produce the Film, that would adversely affect its ability to perform its obligations under the Relevant Agreements;
- (m) **Defamation:** to the best of its knowledge and belief having made all due enquiry, nothing contained in the Film is or will be obscene, libellous or defamatory or infringes or will infringe any right of copyright, trade mark, patent, design right, registered design right, moral right, performer's right or any other right whatever of any third party;
- (n) **Termination:** it will not terminate any of its rights under any Relevant Agreements until such time as the Secured Obligations have been satisfied in full;
- (o) **Rights in the Film and Mortgaged Property:**
 - (i) It owns such rights in the Film and in the other Mortgaged Property as are necessary to enable the Chargor to fully perform all of its obligations, representations, warranties and agreements under this Deed and the other Relevant Agreements;

- (ii) all material or matter used in or in connection with the Film, including dialogue, characters, titles and events, shall be original and owned by or licensed to the Chargor, or in the public domain, and will not infringe any copyrights, statutory or common law, or constitute a libel, slander or invasion of privacy of any Person, or otherwise infringe on or violate the rights of any other Person whomsoever, in any fashion whatsoever;
- (iii) it has not granted nor will it grant to any third party any rights in the Film or Literary Property which are or might either be inconsistent with or derogate from the rights granted to or purported to be granted to the Agent under this Deed and it has no knowledge of any facts the necessary consequence of which would be to cause or create a defect in the title of or an Encumbrance upon the Film or the Literary Property and that subject to the prior written approval of the Agent, there are and will be no defects in title, claims or Encumbrances affecting the Film or the Literary Property;
- (p) **Agent's Representative:** any representative appointed by the Agent shall be permitted to examine all books, accounts and records relating to the Film upon forty-eight hours' notice during business hours;
- (q) **Budget; Cash Flow; Screenplay; Production Schedule:** the Chargor represents and warrants that:
 - (i) true and complete copies of the Budget, the Cash Flow Schedule, the Screenplay, and the Production Schedule and, upon request of the Agent, any agreements with any Person whose services are being engaged with respect to the Film, have been or will be furnished to the Agent and such services agreements, Budget, Cash Flow Schedule, Screenplay, and Production Schedule are in form and substance consistent with the provisions of the Completion Guarantee;
 - (ii) any Person having approval rights with respect thereto have approved the Budget, Cash Flow Schedule, Screenplay, and the Production Schedule, and all other elements with respect to which they have approval rights under the Completion Guarantee;
 - (iii) the Budget includes provisions for all expenses necessary for the production of the items required to qualify for the UK Tax Credit and for delivery of the Film in accordance with the terms of the Relevant Agreements;
 - (iv) the service agreements for the Film if required by the Completion Guarantor have been or will be approved by the Completion Guarantor and such agreements are in full force and effect and (to the knowledge of the Chargor) no party to any such agreement is in material default thereunder or has any accrued right of termination thereunder;
- (r) **Production:**
 - (i) the Chargor shall produce the Film (and all elements thereof) in accordance with the Budget, the Screenplay, the Production Schedule, and the Cash Flow Schedule, and in a manner consistent with the provisions of this Deed and the Loan Documents. The Chargor shall not make or permit to be made any material changes, modifications, or revisions the Budget, the Screenplay, the Production Schedule, or the Cash Flow Schedule without the express written authorisation of the Agent;
 - (ii) the Chargor shall not make any change in the Budget that would increase, in the aggregate, the amount thereof or any other changes therein without the prior written approval of the Agent, the Completion Guarantor and any other Person having approval rights with respect to such changes;

- (iii) the Chargor shall cause the Film and all delivery items in connection with the Film, as appropriate, to strictly conform to all of the specified technical and non-technical specifications;
 - (s) **Element Changes:** The Chargor has not made, agreed to make, or permitted to be made and will not make, agree to make, or permit to be made any variation or modification in any of the elements of the Film which are subject to approval or consent pursuant to the Completion Guarantee, or this Deed, without the prior consent of the applicable Person;
 - (t) **"Stop Date"; Contingent Compensation; Fees:** The Chargor represents, warrants, and covenants that no actor has been or will be granted a "stop date" (as that term is understood in the motion picture industry) in connection with such actor's engagement for the Film, unless permitted by the Completion Guarantor;
 - (u) **Required Payments:** All rents, royalties and other amounts due and payable by the Chargor under contracts, leases, license agreements and other instruments relating to the Mortgaged Property, including without limitation, contracts, leases or agreements relating the services of all Persons or entities rendering services in connection with the Film, and the furnishing of goods, processing, equipment and materials used in connection with the Film have been paid if due, or will be paid when due, if by reason of non-payment thereof the value of any part of the Mortgaged Property or the Security may be impaired, and the Chargor is not in default under any such contract, lease, license agreement or other instrument so that such impairment has now occurred;
 - (v) **Statements:** all statements of the Chargor in this Deed whether as to matters of fact or law are true; and
 - (w) **COMI:** its centre of main interests is, and will remain throughout the Security Period, in the United Kingdom.
- 5.2 **Repetition:** The representations and warranties in Clause 5.1 will be deemed to be repeated with reference to the facts and circumstances then subsisting on each day on which additional security is given in accordance with the Loan Documents and/or any obligations are owing by the Chargor to the Agent under this Deed or by the Borrower to the Agent under the Loan Agreement.

6 Undertakings

- 6.1 **Positive undertakings:** The Chargor undertakes with the Agent that until indefeasible payment and discharge in full of the Secured Obligations:
- (a) **Compliance:** it will at all times comply with the terms (express or implied) of this Deed and the Relevant Agreements to which it is a party and will do all acts as may be necessary to enforce such terms and to remain liable under such Relevant Agreements and the Agent shall not be under any obligation or liability under or in respect of such Relevant Agreements;
 - (b) **Performance:** it shall perform all of its obligations under the contracts and agreements charged or assigned hereunder (including all Relevant Agreements to which it is a party and any document or agreement entered into in connection with or related to the Literary Property) and shall at all times comply with the terms (express or implied) of all such contracts and agreements and will do all acts as may be necessary to enforce such terms and to remain liable under such contracts and agreements and the Agent shall not be under any obligation or liability under or in respect of such contracts and agreements;
 - (c) **Pari passu:** it will ensure that at all times its liabilities under the Relevant Agreements to which it is a party are and will remain the direct, general and unconditional liabilities

of the Chargor, and will rank at least pari passu with all its other present and future unsecured and unsubordinated liabilities, with the exception of any liabilities which are mandatorily preferred by law;

- (d) **Default:** immediately on becoming aware of it, the Chargor shall notify the Agent in writing of the occurrence of any Event of Default and of any Potential Event of Default and institute and maintain all such actions or proceedings (subject to the terms hereof) as may be necessary or expedient to preserve or protect the interest of the Agent and the Chargor in the Relevant Agreements and shall at the same time inform the Agent of any action and/or proceeding taken or proposed to be taken in connection with it;
- (e) **Litigation:** it shall promptly give notice in writing to the Agent of any litigation, arbitration or administrative or other proceeding before or of any judicial, administrative, governmental or other authority or arbitrator, of any dispute with any governmental regulatory body or law enforcement authority, of any labour dispute or of any other event which has or may have a material adverse effect on the Mortgaged Property or any Relevant Agreement to which it is a party;
- (f) **Insurance:** it shall comply with all terms of and pay or procure the payment of all premiums due on the insurances referred to in the Relevant Agreements and shall ensure that the insurance policies shall be endorsed with a note of the Agent's interest therein as additional insured and comply with all the warranties and conditions of such insurance policies and will not knowingly do or permit or suffer to be done any act or thing whereby any of the insurances may lapse or become, in whole or part, void or voidable and will keep them in full force and effect so long as the Agent shall have an insurable interest in the subject matter thereof and if the Chargor fails to pay or procure the payment of any premium the Agent may pay the same and add it to the amounts outstanding under this Deed and the Chargor will ensure that all sums at any time payable under such insurances shall be applied in making good or recouping expenditure in respect of the loss or damage for which such monies are received or in or towards discharge or reduction of any of the monies remaining owing under this Deed. Any rebate in respect of the fee of the Completion Guarantor shall be payable directly to the Agent and shall be applied in reduction of the Secured Obligations;
- (g) **Conditions Precedent:** it will comply with all conditions precedent which it is required to fulfil under any Relevant Agreements to which it is a party as soon as possible;
- (h) **Production of evidence:** it shall from time to time promptly when required by the Agent produce to the Agent evidence sufficient to satisfy the Agent that the Chargor has at all relevant times complied with the provisions of the Relevant Agreements to which it is a party;
- (i) **Authorisations:** it shall obtain, maintain and promptly renew from time to time all authorisations, approvals, consents, licences, exemptions, filings, registrations, notarisations and other requirements of which it has the benefit at the date of such Relevant Agreements or required for the validity or enforceability of the Relevant Agreements to which it is a party and will comply with the terms of the same;
- (j) **Supplementary Securities:** it will promptly, and in any event within 5 days of request, execute and deliver to the Agent at the Agent's expense such supplemental security assignments and other documents as the Agent may from time to time require for the purpose of giving effect to the security agreed to be created and for the purpose of registration or other formalities under any relevant jurisdiction to perfect and maintain such security;
- (k) **Notification of security:** upon the request of the Agent give written notice (in such form and to such persons as the Agent may require) of the security hereby created;

- (l) **Production:** it shall procure that the Film will be produced and delivered in accordance with the terms of the Relevant Agreements to which it is a party;
- (m) **Financial Information:** it shall promptly furnish to the Agent all financial and other information relating to the production of the Film, business, properties, condition, operations and affairs of the Chargor, financial or otherwise, as the Agent shall request;
- (n) **Budget and Cashflow:** it shall procure that all costs of production of the Film shall be discharged in accordance with the budget and the cashflow schedule approved by the Agent;
- (o) **Notification of damage:** it shall immediately notify the Agent of any material loss, theft, damage or destruction of the Mortgaged Property or any part of it;
- (p) **Location of Mortgaged Property:** it shall give the Agent such information concerning the location, condition, use and operation of the Mortgaged Property as the Agent may require and procure that any persons designated by the Agent are permitted at all reasonable times to inspect and examine the Mortgaged Property and the records maintained in connection with it;
- (q) **Preservation of rights:** it shall do all in the Chargor's power to protect and preserve the rights in the Film and as soon as possible to procure that one or more protection negatives of the Film be struck and that they are stored separately from the original negative;
- (r) **Preservation of Land:** the Chargor shall not without the prior written consent of the Agent in relation to any Land which may at any time form part of the Mortgaged Property:
 - (i) create any Encumbrance over it save as permitted under this Security;
 - (ii) vary, assign or otherwise dispose of or allow to be forfeited any leasehold interest;
 - (iii) In respect of any Land in England, allow any person other than itself to be registered under the Land Registration Act 2002 as proprietor, or create or permit to arise any interest which overrides under the Land Registration Act 2002 (and the Chargor shall reimburse the Agent for its reasonable costs of lodging (aa) a caution against first registration of the title to that Land or (bb) if that Land is unregistered, a land charge); or
 - (iv) In respect of any Land in England, make an application, or consent to or acquiesce in the application by any third party, to the Land Registry to enter any matter on the register of title;
- (s) **Enforcement:** it will not require the Agent to enforce any term of any Relevant Agreement, against any party (it being acknowledged that in no circumstances shall the Agent have any obligation so to enforce);
- (t) **Land:** it shall keep all Land, all material Plant and Machinery and all other tangible assets which form part of the Mortgaged Property in good and substantial repair and permit the Agent free access at all reasonable times during normal business hours and on reasonable notice to view their state and condition;
- (u) it shall preserve, maintain and renew as and when necessary all Intellectual Property Rights which form a material part of the Mortgaged Property;

- (v) it shall observe and perform all covenants, undertakings, laws and regulations from time to time affecting any material part of the Mortgaged Property or the use or enjoyment of it;
- (w) it shall pay and discharge (before penalties accrue thereon) all royalties, Tax, rents, rates, duties, fees, charges, assessments, impositions, calls, instalments and outgoings which are determined to be payable at any time during the Security Period in respect of any part of the Mortgaged Property (and if it fails to pay that amount when due, the Agent may pay it);
- (x) It shall notify the Agent of any action commenced by a third party to seize, attach, charge, take possession of or sell any part of the Mortgaged Property which (to the best of its knowledge and belief) has been started or threatened;
- (y) It shall at its own cost, defend any proceedings (including proceedings to seize, attach, charge, take possession of or sell) brought by a third party relating to any part of the Mortgaged Property);
- (z) at all times during the Security Period as soon as any Investments are registered in, or transferred into the name of, the Chargor, or held by or in the name of the Agent (and in any event as soon as the Agent so requests), it shall deposit with the Agent, in respect of or in connection with those Investments:

- (i) all stock and share certificates and documents of or evidencing title;
- (ii) signed undated transfers, completed in blank and, if the Agent so requires, pre-stamped; and
- (iii) any other documents which the Agent may from time to time require for perfecting its title, or the title of any purchaser.

all of which will be held by the Agent at the expense and risk of the Chargor;

- (aa) **Book Debts:** it shall collect in the Book Debts when they fall due for payment;
- (bb) **Set-off/Counterclaims:** all payments to be made by it under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaims;
- (cc) **Non-UK Property:** It shall promptly notify the Agent at such time that it acquires (legally or beneficially) any Land, Investments or other tangible asset or property situated outside the UK other than rights and materials in respect of the Film;
- (dd) **Taxes:** It has filed and shall file in a timely manner all tax returns and other reports which it was or is required by law to file and has paid and shall pay all taxes, assessments, fees, and other governmental charges, and penalties and interest, if any, against it or its property, income, or franchise, that are or become due and payable (except to the extent that (a) any such taxes, assessments, fees, and other governmental charges, and penalties and interest are diligently contested in good faith by appropriate proceedings, and (b) a stay of enforcement of any Encumbrances arising from the non-payment thereof when due is in effect);
- (ee) **Approvals:** it shall obtain, as applicable, from time to time, all approvals, permits and consents necessary to allow it to remit payments to the Agent from any and all appropriate governmental authorities having jurisdiction thereof;
- (ff) **Use of Proceeds:** it shall not use the proceeds of any loan made available by the Agent to the Borrower for any purpose or thing other than as approved by the Agent.

- 6.2 **Negative undertakings:** The Chargor undertakes with the Agent that until indefeasible payment and discharge of the Secured Obligations the Chargor shall not, without the prior written consent of the Agent:
- (a) **Negative pledge:** create or permit to arise or exist any Encumbrance over all or any part of its assets other than for this Security and, without prejudice to the generality of the foregoing, any mortgage, charge, lien, pledge or other Encumbrance hereafter created by the Chargor (otherwise than in favour of the Lenders) shall be and be expressed to be subject to and rank behind this Security;
 - (b) **Disposals:** sell, transfer, dispose of or part with possession or control of or attempt to sell, transfer or dispose of the Mortgaged Property or any part of it or any interest in it other than in the course of its business and on arm's length terms;
 - (c) **Change of business:** change the nature of its business or commence any business other than that presently being conducted by it;
 - (d) terminate, waive, vary or cancel any of the Relevant Agreement to which it is a party without the Agent's prior written consent;
 - (e) make any modification or permit any modification to be made to the Film if such modification may have an adverse affect on the security of the Agent under the Security Documents or otherwise or vary the terms of the Laboratory Agreement;
 - (f) exercise any right or power conferred on it by or available to it under the Relevant Agreements (including without limitation, the right of termination, cancellation or variation) unless and until requested so to do by the Agent whereupon it will exercise such right or power as the Agent may direct nor accept or make any claim that the Relevant Agreements have been frustrated or have ceased to be in full force nor require the Agent to enforce any term of any of the Relevant Agreements and agreements against any party (it being acknowledged that in no circumstances shall the Agent have any obligation so to enforce);
 - (g) allow any counterclaim or set-off or other equity in respect of any sum payable in relation to the Film and/or rights in the Film; and
 - (h) effect any transaction with any Affiliate of the Chargor save as contemplated by the Relevant Agreements in existence at the date hereof.

6.3 The Chargor hereby further represents, warrants and undertakes as to those matters set out in Schedule 3 hereto in connection with the UK Tax Credit.

6.4 The Chargor shall indemnify the Agent (and as a separate covenant any Receiver or Receivers or administrator appointed by it) against all existing and future rents, taxes, rates, duties, fees, renewal fees, charges, assessments, impositions and outgoings whatsoever (whether imposed by deed or statute or otherwise and whether in the nature of capital or revenue and even though of a wholly novel character) which now or at any time during the continuance of the security constituted by or pursuant to this Deed are properly payable in respect of the Mortgaged Property or any part thereof or by the owner or occupier thereof.

7 Conversion of floating charge and automatic crystallisation

7.1 At any time, without prejudice to the provisions of Clause 7.2 and 7.3 the Agent may, by notice in writing to the Chargor, convert the floating charge created by this Deed into a fixed charge in relation to the assets specified in such notice and the Agent shall subject to the occurrence of an Event of Default be entitled (but not bound) to take possession of or appoint a Receiver of such assets.

- 7.2 If the Chargor assigns, charges, pledges or otherwise encumbers (whether by way of security assignment, fixed or floating security) any of the property, assets or income comprising the property covered by the floating charge referred to in Clause 3.1(i) above save as permitted under this Deed or attempts so to do without the prior consent in writing of the Agent or if any creditor or other person levies any distress, execution, sequestration or other process against any of the said property, assets or income then in the absence of any notice or other action by the Agent pursuant to Clause 7.1 the floating charge hereby created shall automatically without any requirement for notice by the Agent operate as a fixed charge forthwith upon the occurrence of such event.
- 7.3 If any of the Events of Default referred to in Clauses 8.7 to 8.10, 8.12, 8.13 and 8.14 inclusive occurs with respect to the Chargor then the floating charge hereby created shall automatically without any requirement for notice by the Agent operate as a fixed charge forthwith upon the occurrence of such event. If any other Event of Default referred to in Clauses 8.1 to 8.19 inclusive occurs then the Agent may, by notice in writing to the Chargor, convert the floating charge hereby created into a fixed charge in relation to all of the undertaking, property and assets of the Chargor or such part thereof as may be specified in such notice and the Agent shall further be entitled (but not bound) to take possession of or appoint a Receiver or an administrator of such assets.
- 7.4 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 (incorporated by Schedule 16 of the Enterprise Act 2002) shall apply to any floating charge created pursuant to this Deed.
- 7.5 Clause 7.1 and 7.3 shall not apply by reason only of a moratorium being obtained or anything being done with a view to a moratorium being obtained under the Insolvency Act 2000.

8 Events of default

If any Event of Default shall occur, including without limitation one or more of the following Events of Default:

- 8.1 **Non-payment:** any Relevant Person fails to pay any sum expressed to be payable by it under the Relevant Agreements at the time and otherwise in the manner specified in the Relevant Agreements; or
- 8.2 **Breach of obligations:** any Relevant Person for any reason fails duly and promptly to perform or observe any other obligation (other than a payment obligation) or undertaking expressed to be binding on or undertaken by it in or under the Relevant Agreements and, in the case of a failure which is, in the opinion of the Agent, capable of being remedied, the Agent does not determine, within five Business Days after the failure, that it has been remedied to the Agent's satisfaction; or
- 8.3 **Misrepresentation:** any representation or warranty given or made (or deemed to be given or made) by the Borrower, the Chargor, or any person on their behalf or contained in any certificate, statement, legal opinion or notice delivered or made in, under or in connection with any Relevant Agreement, is incorrect or misleading in any respect considered by the Agent to be material; or
- 8.4 **Cross-default:** any liabilities, indebtedness, guarantee, indemnity or similar obligation of any Relevant Person is not paid or repaid on the due date or, if payable or repayable on call or demand, is not paid or repaid when called or demanded or becomes due or capable of being declared due before the stated date of maturity (otherwise than at the election of any Relevant Person), or if any facility or commitment made available to any Relevant Person relating to such liabilities is withdrawn, suspended or cancelled by reason of any default (however described) of the person concerned, or if any Relevant Person is in default under or commits a breach of any agreement relating to any such liabilities; or
- 8.5 **Unlawfulness; invalidity:** it becomes or proves to be unlawful or impossible in any material respect for any Relevant Person duly and promptly to perform or observe any of the obligations or undertakings expressed to be binding on or undertaken by it in or under the

Relevant Agreements or for the Agent to exercise any rights vested in it under the Relevant Agreements, or if any of the Relevant Agreements for any other reason (other than due and complete performance in accordance with their respective terms) becomes invalid or unenforceable or ceases to be in full force and effect, or if any Relevant Person does or causes or permits to be done any act or thing evidencing an intention to contest or repudiate any of the Relevant Agreements in whole or in part; or

- 8.6 **Revocation of consents:** any consent, authorisation, approval, licence, exemption, filing, registration, notarisation or other requirement of any governmental, judicial or public body or authority required or advisable in connection with the execution, delivery, performance, validity, admissibility in evidence or enforceability of the Loan Documents or the performance by any Relevant Person of its obligations under the Relevant Agreements is modified in a manner unacceptable to the Agent or is not granted or is revoked or terminated or expires; or
- 8.7 **Composition; winding up:** any Relevant Person convenes a meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors or negotiations are commenced with a view to the general readjustment or re-scheduling of all or any part of its liabilities, or a petition is presented or a meeting is convened for the purpose of considering a resolution, or other steps are taken for making an administration order against or for the winding up or dissolution of any Relevant Person (other than for the purposes of and followed by a reconstruction previously approved in writing by the Agent, unless during or following that reconstruction any Relevant Person becomes or is declared to be insolvent); or
- 8.8 **Receivership; distress:** any person takes any action or any legal procedure is commenced or other steps taken (including the presentation of a petition or the filing or service of a notice) with a view to:
- (a) a Relevant Person being adjudicated or found insolvent; or
 - (b) the winding up or dissolution of a Relevant Person; or
 - (c) the appointment of a trustee, supervisor, receiver, administrator, administrative receiver or similar officer in respect of a Relevant Person or any of its assets; or
 - (d) an encumbrancer taking possession of, or any distress, execution or other process being levied or enforced of, the whole or any part of the assets of a Relevant Person; or
 - (e) a Relevant Person obtaining a moratorium or other protection from creditors.
- 8.9 **Insolvency:** any Relevant Person is deemed unable or becomes unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 or becomes unable to pay its debts as they fall due or suspends or threatens to suspend making payments with respect to all or any class of its debts; or
- 8.10 **Analogous proceedings:** anything which is, in the opinion of the Agent, analogous to any of the events referred to in sub-clauses 8.7, 8.8 and 8.9 above, and which occurs under the laws of any jurisdiction; or
- 8.11 **Abandonment and Failure to deliver:** the production of the Film is abandoned or the Chargor or the Completion Guarantor fails to complete and deliver the Film; or
- 8.12 **Encumbrances enforceable:** any Encumbrance which may affect any of the assets of the Chargor becomes enforceable; or
- 8.13 **Ranking of Encumbrances:** any Encumbrance which may for the time being affect any of the assets of the Chargor and which is created or evidenced by any of the Security Documents,

ceases to be in full force and effect or ceases to rank in the manner expressed in the Security Documents or as otherwise agreed in writing by the Agent; or

- 8.14 **Crystallisation:** any event occurs which would result in the crystallisation of any floating charge over the whole or any part of the assets of the Chargor other than pursuant to Clause 7.1 for the purpose of converting the floating charge created under this Deed to a fixed charge unless the Agent shall be entitled (but not bound) to take possession of or appoint a Receiver of such assets following the occurrence of an Event of Default; or
- 8.15 **Security in jeopardy:** for any reason the Agent certifies that in its opinion the security constituted by any of the Security Documents is or may be in jeopardy in any respect considered by it to be material; or
- 8.16 **Adverse circumstances:** there occur any circumstances of a national or international financial, political, military, social or economic nature which, in the opinion of the Agent may have a material adverse effect on the business, the assets or the financial condition of any Relevant Person or may imperil, delay or prevent fulfilment by any Relevant Person of its obligations under the Relevant Agreements; or
- 8.17 **Cessation of business:** any Relevant Person changes or threatens to change the nature or scope of its business, or suspends or threatens to suspend all or a substantial part of its business operations, and the Agent determines that the result is materially and adversely to affect its financial condition or its ability to observe or perform its obligations under the Relevant Agreements;
- 8.18 the Chargor, the Borrower, MSL, MOHL, MBHL or MV fails to confirm in writing, upon request by the Agent, to the Agent that it shall, perform or observe any material covenant or agreement contained in the Relevant Agreements to which Chargor, the Borrower, MSL or MV is a party;
- 8.19 if the Cultural Test is not satisfied in full after the BFI's certification unit has reviewed and responded to the UK Final Certificate Application submitted by the Chargor to obtain a UK Final Certificate for the Film (resulting in the BFI's certification unit not issuing a UK Final Certificate); or
- 8.20 the proceeds of the UK Tax Credit are not deposited into the UK Tax Credit Proceeds Account in accordance with the Payment Direction.

THEN the Security shall (without prejudice to any other right or remedy of the Agent) become immediately enforceable and without notice to the Chargor, and without liability for any loss (whether or not due to negligence) or for any costs of any kind, the Agent may exercise any of the remedies set forth in Clause 9 below or any right or remedy to which the Agent is entitled.

9 Remedies

- 9.1 At any time and from time to time after the occurrence of an Event of Default or if requested by the Chargor the Agent may without prejudice to any other rights it may have and without prior notice to the Chargor:
 - (a) **Receiver:** appoint by writing one or more persons to be a Receiver, of all or any part of the Mortgaged Property in any jurisdiction that permits appointment of a Receiver.
 - (b) **Administrator:** appoint by writing an administrator of the Chargor;
 - (c) **Sale:** without any of the restrictions contained in section 103 of the LPA as though this Deed were a mortgage made by deed and whether or not it shall have appointed a Receiver, exercise in relation to the Mortgaged Property all the powers conferred on mortgagees by the LPA and to call in, collect, convert into money or otherwise deal with or dispose of the Mortgaged Property or any part thereof on an instalment basis

or otherwise and generally in such manner and upon such terms as the Agent shall think fit and the restriction on the right of consolidating mortgage securities in section 93 of the LPA shall not apply to this Deed;

- (d) **Recover Agent Balances:** demand payment to the Agent of the monies then standing to the credit of the Bank Accounts by the banker or bankers at which such accounts are held and thereafter take possession of such monies and apply the same in accordance with the provisions hereof; or
- (e) enforce the security created by this Deed in any order which the Agent or the Receiver in its absolute discretion thinks fit.

9.2 Appointment of Receiver: The following provisions shall apply to any Receiver or Receivers appointed pursuant to this Deed:

- (a) subject to section 45 of the Insolvency Act 1986, the Agent may (i) remove any Receiver previously appointed hereunder, and (ii) appoint another person or other persons as Receiver or Receivers, either in the place of a Receiver so removed or who has otherwise ceased to act or to act jointly with a Receiver or Receivers previously appointed hereunder;
- (b) if at any time and by virtue of any such appointment(s) any two or more persons shall hold office as Receivers of the same assets or income, such Receivers may act jointly and/or severally so that each one of such Receivers shall be entitled (unless the contrary shall be stated in any of the deed(s) or other instrument(s) appointing them) to exercise all the powers and discretions hereby conferred on Receivers individually and to the exclusion of the other or others of them;
- (c) every such appointment or removal, and every delegation, appointment or removal by the Agent in the exercise of any right to delegate its powers or to remove delegates herein contained, may be made in writing under the hand of any manager or other officer of the Agent;
- (d) every Receiver shall have:
 - (i) all the powers conferred by the LPA on mortgagees in possession and receivers appointed under that Act;
 - (ii) all the powers specified in Schedule 1 of the Insolvency Act 1986 (whether or not such Receiver is an administrative receiver within the meaning of the said Act); and
 - (iii) all the powers contained in Clause 9.3 of this Deed;
- (e) in making any sale or other disposal of any of the Mortgaged Property in the exercise of their respective powers, the Receiver or the Agent may accept, as and by way of consideration for such sale or other disposal, cash, shares, loan capital or other obligations, including without limitation consideration fluctuating according to or dependent upon profit or turnover and consideration the amount whereof is to be determined by a third party. Any such consideration may be receivable in a lump sum or by instalments;
- (f) all moneys received by any Receiver appointed under this Deed shall be applied (subject always to the provisions of the Enterprise Act 2002) in the following order:
 - (1) in the payment of the costs, charges and expenses of and incidental to the Receiver's appointment and the payment of his remuneration;
 - (2) in the payment and discharge of any outgoings paid and liabilities incurred by the Receiver in the exercise of any of the powers of the Receiver;
 - (3) in providing for the matters (other than the remuneration of the Receiver) specified in the first three paragraphs of section 109(8)

of the LPA; (4) in or towards payment of any debts or claims which are required by law to be paid in preference to the Secured Obligations but only to the extent to which such debts or claims have such preference; (5) in or towards the satisfaction of the Secured Obligations in such order as the Agent may conclusively determine; and (6) any surplus shall be paid to the Chargor or other person entitled thereto. The provisions of this Clause and Clause 9.2(h) shall take effect as and by way of variation and extension to the provisions of the said section 109(8), which provisions as so varied and extended shall be deemed incorporated herein;

- (g) every Receiver shall be the agent of the Chargor which shall be solely responsible for his acts and defaults and for the payment of his remuneration; and
- (h) every Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Agent (or, failing such agreement, to be conclusively fixed by the Agent) commensurate with the work and responsibilities involved upon the basis of charging from time to time adopted in accordance with his current practice or the current practice of his firm and without being limited to the maximum rate specified in section 109(8) of the LPA.

9.3 Powers of Receiver: Pursuant to Clause 9.2(d) above, the Receiver shall have the power:

- (a) to enter upon any premises necessary and to take possession of, collect, get in or realise all and any part of the Mortgaged Property and get in all moneys or proceeds in any way arising from the Mortgaged Property or any deed, document, right or entitlement affecting the Mortgaged Property;
- (b) to take, enforce, defend or abandon any actions, suits and proceedings in the name of the Chargor or otherwise in relation to the Mortgaged Property as he or the Agent shall think fit and to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is, or claims to be, a creditor of the Chargor or relating in any way to the Mortgaged Property or any part thereof;
- (c) to assign, sell, lease, licence, grant options to sell, deal with or convert into money or manage or concur in assigning, selling, leasing, licensing, granting options to sell, converting into money dealing with or managing any Mortgaged Property and to vary, terminate or accept surrenders of leases, licences or tenancies in respect of any of the Mortgaged Property in such manner and generally on such terms and conditions as he or the Agent shall think fit and to carry any such transactions into effect in the name of and on behalf of the Chargor or otherwise;
- (d) to take any steps that may be necessary or desirable to effect compliance with all or any of the agreements hereby assigned;
- (e) to carry on, manage or concur in carrying on and managing any business (whether or not previously carried on by the Chargor) including, without limitation, to take over and complete the production of the Film;
- (f) to raise or borrow or secure the payment of any money that may be required for the exercise of the powers set out in this Clause, whether upon the security of the whole or any part of the Mortgaged Property or without such security upon such terms as the Agent or any Receiver shall think fit;
- (g) to give valid receipts for all monies and execute all assurances and things which may be proper or desirable for realising the Mortgaged Property;
- (h) to appoint and discharge advisers, managers, agents, officers, employees, contractors and workmen at such salaries and for such periods and on such other terms as he or the Agent may determine;

- (i) to make any arrangement or compromise, pay any compensation or incur any obligation and enter into any contracts which he or the Agent shall think expedient in the interests of the Agent;
- (j) to make, effect and do all maintenance, repairs, developments, reconstructions, improvements furnishings, equipment, alterations, additions, changes or insurance to or in respect of the Mortgaged Property in the interest of the Agent for maintaining the value of the Mortgaged Property in every such case as the Agent or he shall think fit;
- (k) to make calls, conditionally or unconditionally, on the members of the Chargor in respect of its uncalled capital with the same powers for the purpose of enforcing payment of any calls so made as are by the Articles of Association of the Chargor conferred upon the directors thereof in respect of calls authorised to be made by them and to make the same in the name of the directors or in that of the Chargor or otherwise and to the exclusion of the directors' power in that respect;
- (l) to promote, incorporate, manage and wind up either alone or with others any company with a view to such company purchasing leasing, licensing or otherwise acquiring interests in or undertaking work or providing services in relation to all or any of the Mortgaged Property, to arrange for such companies to trade or cease to trade and to purchase, lease, licence or otherwise acquire all or any of the Mortgaged Property on such terms and conditions whether or not including payment by instalments secured or unsecured as he or the Agent shall think fit;
- (m) to sign, seal, execute, deliver, complete and perfect all notices and documents as are thought fit by the Agent or the Receiver for exercising, observing and performing any of the powers, obligations or duties conferred or imposed on the Chargor hereby or by any statute in respect of the Mortgaged Property;
- (n) to obtain renew extend amend or otherwise deal with such permissions consents and/or licenses for the benefit of or otherwise connected with or ancillary to the Mortgaged Property or the use or development of any business comprised therein as the Agent or the Receiver may consider necessary or desirable;
- (o) to agree any variation modification or determination of any existing deeds, agreements or arrangements and enter into make or obtain any new agreements, deeds, bonds or arrangements which may be necessary or desirable;
- (p) to do all such other acts and things as the Agent or Receiver may consider necessary or desirable for the management, development or realisation of all or any part of the Mortgaged Property and/or all acts or things as may be considered to be incidental or conducive to any of the matters or powers aforesaid and which he or the Agent lawfully may or can do; and
- (q) to exercise all such other power and authority which the Agent could exercise and confer if it had full title guarantee thereto and to use the name of the Chargor for any such purposes.

9.4 **Exercise:** The foregoing powers of sale and of appointing a Receiver shall be exercisable without any restrictions (such as but not limited to those contained in Sections 103 and 109 of the LPA) but always subject to the provisions of the Enterprise Act 2002. No purchaser, mortgagee or other third party dealing with the Agent or any Receiver shall be concerned to enquire whether the security created hereunder has become enforceable or to see to the application of any money paid to the Agent or such Receiver, or otherwise as to the propriety or regularity of any other dealing by the Agent or the Receiver and, in the absence of bad faith on the part of such third party, such dealing shall be deemed to be within the powers conferred hereunder and to be valid and effectual accordingly.

- 9.5 **Statutory and Other Powers:** The power to appoint a Receiver conferred by this Deed shall be in addition to all statutory and other powers of the Agent under the LPA to the extent the LPA may be relevant to the security hereby created and the Receiver shall have and be entitled to exercise all powers conferred under the LPA in the same way as if he had been duly appointed thereunder. The power to appoint a Receiver conferred by this Deed or by statute shall be and remain exercisable by the Agent notwithstanding any prior appointment in respect of all or any part of the Mortgaged Property.
- 9.6 **Trust:** As and when the security created by this Deed becomes enforceable the Chargor declares that it will hold the Mortgaged Property (subject to the Chargor's rights of redemption) upon trust to convey, assign or otherwise deal with the same in such manner and to such person as the Agent shall direct and declares that it shall be lawful for the Agent by an instrument under the hand of its duly authorised officer to appoint a new trustee or trustees of the Mortgaged Property and in particular but without limitation at any time or times to appoint a new trustee or trustees thereof in place of the Chargor.
- 9.7 The Agent shall not, nor shall the Receiver by reason of the Agent or the Receiver entering into possession of the Mortgaged Property or any part thereof, be liable to account as mortgagee in possession or for any default or omission of any nature whatsoever for which a mortgagee in possession might be liable, or be liable for any loss or damage occasioned by or upon realisation or diminution in value happening in or about the exercise of any power conferred hereby or by statute and the Chargor shall have no right of action or claim against the Agent on the grounds that a better price could or might have been obtained on any such realisation, sale or disposal. The Agent and the Receiver shall be entitled to all the rights, powers, privileges and immunities conferred by statute on mortgagees and Receivers.
- 9.8 The Agent shall have the right at its complete discretion to give time or indulgence or to compound with and to make such other arrangements of whatsoever nature as it shall see fit with the Chargor or any other person, firm, company or other organisation without prejudice to the Chargor's liability hereunder or the Agent's right and title to the Mortgaged Property and any moneys received by the Agent from any other person, firm, company or other organisation may be applied by the Agent to any account or transaction of such persons or otherwise as the Agent shall see fit.
- 9.9 At any time after the security created hereunder becomes enforceable, the Agent or a Receiver may (but shall not be obliged to) do all such things and incur all such expenditure as the Agent or such Receiver shall in their sole discretion consider necessary or desirable to remedy such defect or to protect or realise the Mortgaged Property or its interests under this Deed and, in particular (but without limitation), may pay any moneys which may be payable in respect of any of the Mortgaged Property and any moneys expended in so doing by the Agent or Receiver shall be deemed an expense properly incurred and paid by the Agent and the Chargor shall reimburse the same on demand to the Agent.
- 9.10 **New account:** If the Chargor shall without the express written agreement of the Agent thereto create or permit to arise or subsist any Encumbrance affecting the Mortgaged Property (save as permitted by this Deed) of which the Agent shall receive notice, actual or constructive, the Agent may open a new account for the Chargor in respect of the Film and if the Agent does not in fact open such new account it shall nevertheless be treated as if it had done so at the time when it received such notice and as from that time all payments made by or on behalf of the Chargor to the Agent shall be credited or be treated as having been credited to the new account, and such payments shall not operate to reduce the amount due from the Chargor to the Agent at the said time (but this Clause shall not prejudice any security which apart from this Clause the Agent would have had but for the discharge by the Chargor of liabilities or obligations incurred after that time).
- 9.11 **Discharge of Secured Obligations:** Upon the occurrence of an Event of Default the Agent may whenever and so often as it thinks fit apply the whole or any part of the monies from time to time standing to the credit of any accounts of the Chargor with the Agent in or towards the discharge of all or any of the Secured Obligations and may pay the same to the credit of any

other nominated account in respect of income arising from the Film (including an account opened by the Agent for that purpose).

- 9.12 **Suspense account:** All monies received, recovered or realised by the Agent under this Deed may at the sole discretion of the Agent be credited by the Agent to any suspense or impersonal account pending the application from time to time of such monies and accrued interest thereon in or towards the payment and discharge of any part of the Secured Obligations.

10 Set-Off

- 10.1 In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Agent is hereby authorised by the Chargor at any time or from time to time, without notice to the Chargor, any such notice being hereby expressly waived, to set off, deduct, retain, balance accounts in respect of or claim compensation in respect of and to appropriate and to apply any and all deposits (general or special, including, but not limited to, any indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by the Agent to or for the credit of the account of the Chargor against and on account of the obligations and liabilities of the Chargor to the Agent under this Deed including, but not limited to, all claims of any nature or description arising out of or connected with this Deed irrespective of whether (a) the Agent shall have made any demand hereunder or (b) the Agent shall have declared any amounts due under the Loan Agreement or otherwise to be due and payable and although said obligations and liabilities, or any of them, may be contingent or unmatured.
- 10.2 The Chargor hereby waives and agrees that it will not attempt to exercise any right to which it might otherwise be entitled to set off any liability or indebtedness of the Agent to the Chargor on any account against the Chargor's liability or indebtedness to the Agent hereunder.

11 Power of attorney

- 11.1 The Chargor hereby irrevocably and by way of security appoints the Agent and appoints any Receiver jointly and also severally to be its attorney and in its name, and otherwise on its behalf do all acts and things and to sign, execute and do all deeds, instruments, documents acts and things which the Chargor is obliged or which the Agent or a Receiver is empowered to execute or do under the Loan Documents and the Chargor hereby agrees forthwith on the request of the Agent to ratify and confirm all such acts, things and documents signed, executed or done in pursuance of this power.
- 11.2 This appointment shall operate as a general power of attorney made under Section 10 of the Powers of Attorney Act 1971.

12 Indemnity

The Chargor hereby agrees to indemnify and hold harmless the Agent and any Receiver from and against all actions, claims, proceedings, expenses, demands and liabilities now or hereafter brought against or incurred by either or both of them, or against or by any person for whose act or omission either or both of them may be liable, resulting from any breach or non-observance by the Chargor of any of the provisions of this Deed or any payment in respect of the provisions of this Deed or any payment in respect of the Secured Obligations (whether made by the Chargor or a third party) being set aside or declared void for any reason. The Agent shall be entitled so to indemnify and hold harmless the Receiver on behalf of the Chargor which shall reimburse the Agent accordingly. The Chargor's liability to the Agent under the first or second sentences hereof shall form part of the Secured Obligations.

13 Costs and expenses

The Chargor shall pay or reimburse to the Agent or the Receiver (as the case may be), on demand all costs, charges and expenses incurred and all other money paid by the Agent in connection with the preparation and execution of this Deed and the exercise by the Agent or any Receiver of its or his rights, powers and discretions under this Deed, the administration of this Deed, the protection and the enforcement of this Security and the payment of the Secured Obligations or any other sum due from the Chargor to the Agent (whether or not the same would be allowable upon a party and party or solicitor and own client taxation on the standard or indemnity basis by the Court) including without limitation all remuneration and expenses payable to the Agent or Receiver, and all stamp and other duties and taxes (if any) to which this Deed and any other document executed in connection herewith may be subject; and all of the foregoing shall be deemed expenses properly incurred and paid by the Agent hereunder and shall form part of the Secured Obligations and interest shall accrue thereon accordingly.

14 Assignment

The Agent shall be entitled to assign or transfer the benefit of this Deed in whole or in part to any third party without the Chargor's consent. The Chargor shall not be entitled to assign or transfer any part of its rights hereunder to any third party without the prior written consent of the Agent.

15 General

- 15.1 No failure or delay by the Agent in exercising any right, power or privilege under this Deed shall operate as a waiver thereof, nor shall any single or partial exercise by the Agent of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.
- 15.2 Any release, settlement or discharge between the Chargor and the Agent shall be conditional upon no security or payment made or given to the Agent being avoided, reduced, set aside or rendered unenforceable by virtue of any provision or enactment now or hereafter in force relating to bankruptcy, insolvency or liquidation and if any such security or payment shall be avoided, reduced, set aside or rendered unenforceable the Agent shall be entitled to recover the full amount or value of any such security or payment from the Chargor and otherwise to enforce this Deed as if such release, settlement or discharge had not taken place.
- 15.3 The benefit of this Deed shall be transferable by the Agent, without regard to any set-off, counterclaim or equities between the Chargor and the Agent or any intermediate holder.
- 15.4 This Deed shall remain the property of the Agent notwithstanding any release or discharge or purported release or discharge hereof.
- 15.5 A certificate signed by an officer of the Agent as to the amount at any time of the Secured Obligations or any part thereof or any interest accrued thereon shall be binding and conclusive as between the parties hereto in the absence of manifest error.
- 15.6 This Security:
 - (a) shall be a continuing security and shall not be considered satisfied by any intermediate payment or settlement of account or otherwise but shall remain in force until the Secured Obligations shall have been indefeasibly paid or discharged in full; and
 - (b) shall not prejudice or be prejudiced by any other security held by the Agent at any time or any right the Agent might have against any other person in respect of the Secured Obligations or any part of the Secured Obligations.

15.7 If any one or more of the provisions contained in this Deed shall be invalid, illegal, or unenforceable in any respect the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

15.8 Waiver of defences

The obligations of the Chargor under this Deed will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Deed (without limitation and whether or not known to it or the Agent) including:

- (a) any time, waiver or consent granted to, or composition with, the Borrower or other person or any other party to any Security Document;
- (b) the release of the Borrower or any other person or any other party to any Security Document under the terms of any composition or arrangement with any creditor of the Borrower or of any other party to any Security Document any other person or of any other party to any Security Document;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Borrower or other person or other party to any Security Document or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Borrower or any other person or any other party to any Security Document;
- (e) any amendment (however fundamental) or replacement of a Loan Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Loan Document or any other document or security; or
- (g) any insolvency or similar proceedings.

15.9 Immediate recourse

The Chargor waives any right it may have of first requiring the Agent to proceed against or enforce any other rights or security or claim payment from any person before enforcing the security constituted by this Deed. This waiver applies irrespective of any law or any provision of a Loan Document to the contrary.

15.10 Appropriations

Until all the Secured Obligations have been irrevocably paid in full, the Agent may:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by the Agent in respect of the Secured Obligations, or apply and enforce the same in such manner and order as it sees fit (whether against the Secured Obligations or otherwise) and the Chargor shall not be entitled to the benefit of the same; and
- (b) hold in an interest bearing suspense account any monies received from the Chargor or on account of the Chargor's liability in respect of the Secured Obligations.

15.11 Deferral of Chargor's rights

Until all the Secured Obligations have been irrevocably paid in full and unless the Agent otherwise directs, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under the Loan Documents:

- (a) to be indemnified by the Borrower or by any other party to any Loan Document;
- (b) to claim any contribution from any other guarantor of the Borrower's obligations under the Loan Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any of the Agent's rights under the Loan Documents or of any other guarantee or security taken pursuant to, or in connection with, the Loan Documents by the Agent.

15.12 Further assurance: The Chargor undertakes with the Agent that until indefeasible payment and discharge in full of the Secured Obligations to promptly, and in any event, within 7 days of request, execute any further documents and do all acts and things which may be necessary from time to time in the opinion of the Agent to establish, maintain and protect the rights of the Agent under the Loan Documents and generally to carry out and procure the carrying out of the intent of the Loan Documents.

16 Notices

Any demand, notice or other communication given or made under this Deed shall be in writing and may be delivered to the relevant party or sent by international air courier, or by first class prepaid recorded delivery letter to the address of that party specified in this Deed or by email transmission to that party's email address specified in this Deed, or such other address as may be notified hereunder by that party from time to time for this purpose and shall be effectual notwithstanding any change of address not so notified. Any such demand, notice or communication given to the Agent shall be marked for the attention of Bryan LaCour and shall be copied by email to Wiggin LLP (Attn: Chris Hanson (email: [REDACTED])). Any such demand or other communication given to the Chargor shall be marked for the attention of Matthew Vaughn and shall be copied by email to Harbottle & Lewis LLP (Attn: Alan Moss (email: [REDACTED])). Unless the contrary shall be proved, each such demand, notice or communication shall be deemed to have been given or made and delivered, if by air courier, 48 hours after despatch, if by letter, 5 Business Days after posting, if by delivery, when left at the relevant address and, if by email transmission, when transmitted (provided that the sender does not receive an "undelivered" or similar message), provided that where in the case of delivery by hand or transmission by email such delivery or transmission occurs after 5:00 p.m. (local time) on a Business Day or on a day which is not a Business Day, it shall be deemed to occur at 9:30 a.m. (local time) on the next following Business Day.

17 Governing law

This Deed and any non-contractual obligation arising in relation hereto will be governed by and construed in accordance with English law and it is irrevocably agreed for the benefit of the Chargor and the Agent that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed and any non-contractual obligations relating hereto and that accordingly any suit, action or proceeding arising out of or in connection with this Deed and any non-contractual obligations relating hereto (in this Clause referred to as "**Proceedings**") may be brought in those courts. Nothing in this Clause will limit the right of the Agent to take Proceedings against the Chargor in any other court of competent jurisdiction, nor will the taking of proceedings in one or more jurisdictions prevent Proceedings being taken in any other jurisdiction, whether concurrently or not.

18 This Deed may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, respectively. An executed counterpart of this Deed transmitted electronically in either Tagged Image Format Files ("**TIFF**") or Portable Document Format ("**PDF**") shall be treated as originals, fully binding and with full force and effect, and the parties

waive any right they may have to object to such treatment. Any party delivering an executed counterpart by TIFF or PDF, shall also deliver a manually executed counterpart of this Deed, but failure to do so shall not effect the validity, enforceability, or binding effect of this Deed or the applicable Loan Documents.

IN WITNESS whereof the parties hereto have executed this instrument as their respective deeds the date first above written.

Schedule1

Chain of Title Documents

1. Agreement dated as of 5 April 2012 and entered into between Millarworld Limited for the services of Mark Millar, Dave Gibbons Ltd. for the services of Dave Gibbons and Marv Films Limited (now known as MSL) for the services of MV in connection with the development, production, distribution and/or exploitation of rights in and to that certain comic book series entitled "The Secret Service"
2. Assignment Agreement dated as of 30 May 2013 and entered into by Marv Films Limited (now known as MSL) (as assignor) and MOHL (as assignee)
3. Writers' agreements dated on or about the date hereof and entered into between Chargor and MSL for the services of MV, and between Marv Films Development Limited and Big Sun Productions for the services of Karl Gajdusek (the "Writers' Agreements")
4. Inducement letters from MV to Chargor and from Karl Gajdusek to Marv Films Development Limited in connection with the Writers' Agreements
5. One Picture Licence Agreement dated on or about the date hereof and entered into between MOHL and Borrower
6. One Picture Licence Agreement dated on or about the date hereof and entered into between MOHL and Borrower
7. One Picture Licence Agreement dated on or about the date hereof and entered into between Marv Films Development Limited and Chargor
8. Assignment Agreement dated on or about the date hereof and entered into between MSL and Borrower
9. Trade Mark Licence dated on or about the date hereof and entered into between MSL and Borrower

Schedule 2

Guarantee provisions pursuant to Clause 2

- 1.1 This Guarantee is a continuing security and shall remain in full force and effect until all moneys, obligations and liabilities referred to in Clause 2 of this Deed have been paid, discharged or satisfied in full notwithstanding the liquidation or other incapacity or any change in the constitution of the Chargor or the Borrower or in the name and style of either of them or any settlement of account or other matter whatsoever.
- 1.2 This Guarantee is in addition to and shall not merge with or otherwise prejudice or affect or be prejudiced by any other right, remedy, guarantee, indemnity or security and may be enforced without first having recourse to the same or any other bill, note, mortgage, charge, pledge or lien now or hereafter held by or available to the Agent.
- 1.3 Notwithstanding that this Guarantee ceases to be continuing for any reason whatsoever, the Agent may continue any accounts of the Borrower or open one or more new accounts and the liability of the Chargor hereunder shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such accounts.
- 1.4 If any purported obligation or liability of the Borrower to the Agent which if valid would have been the subject of this Guarantee is not or ceases to be valid or enforceable against the Borrower on any ground whatsoever whether or not known to the Agent including but not limited to any defect in or want of powers of the Borrower or irregular exercise thereof or lack of authority by any person purporting to act on behalf of the Borrower or any legal or other limitation (whether under the Limitation Acts or otherwise), disability, incapacity or any change in the constitution of or any amalgamation, reconstruction or liquidation of the Borrower, the Chargor shall nevertheless be liable to the Agent in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Chargor was the principal debtor in respect thereof. The Chargor hereby agrees to keep the Agent fully indemnified against all damages, loss, costs and expenses arising from any failure of the Borrower to carry out any such purported obligation or liability.
- 1.5 The liability of the Chargor to the Agent shall not be affected nor shall this Deed be discharged or diminished by reason of:
 - (a) any agreement, arrangement or understanding between the Agent and the Borrower; or
 - (b) any alternation in the obligations undertaken by the Borrower (however material or fundamental); or
 - (c) any Relevant Agreement, Security Document, present or future bill, note, guarantee, indemnity, mortgage, charge, pledge, lien or other security or right or remedy held by or available to the Agent becoming wholly or in part void, voidable, invalid or unenforceable on any ground whatsoever or by the Agent from time to time dealing with, exchanging, varying, realising, releasing or failing to perfect or enforce any of the same; or
 - (d) the Agent compounding with, discharging, releasing or varying the liability of or granting any time, indulgence or concession to the Borrower or any other person or renewing, determining, varying or increasing any bill, promissory note or other negotiable instrument, accommodation, facility or transaction in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from any of the Borrower and the Chargor or any other person; or
 - (e) any legal limitation or incapacity of the Borrower; or
 - (f) any act or omission which would have discharged or affected the liability of the Chargor had it been principal debtor instead of guarantor or by anything done or omitted which but for this provision might operate to exonerate the Chargor; or

- (g) anything else affecting the relationship between the Chargor and the Agent or the status or constitution of the amalgamation or consolidation with a third party of either the Chargor or the Agent.
- 1.6 The Chargor warrants to the Agent that it has not taken or received and undertakes that it will not take or receive the benefit of any security from the Borrower in connection with this Deed. If any such security is taken, the Chargor hereby declares that such security and all moneys at any time received in respect thereof shall be held on trust for the Agent and as security for the liabilities of the Chargor under this Guarantee.
- 1.7 The Chargor hereby agrees to pay interest to the Agent for the account of the Agent on all sums demanded under this Deed from the date of demand until actual payment (as well after as before any judgment) at the Default Rate (as defined in the Loan Agreement) and calculated on a day to day basis. Such interest shall be compounded monthly in accordance with the usual practice of the Agent but without prejudice to the right of the Agent to require payment of such interest.
- 1.8 Until the Secured Obligations have been paid, discharged or satisfied in full, the Chargor hereby waives all rights of subrogation and indemnity against the Borrower and agrees not to share in any security held or moneys received by the Agent on account of the Secured Obligations or to claim or prove in competition with the Agent in the liquidation of the Borrower in respect of any moneys paid by the Chargor to the Agent under this Deed. If the Chargor receives any payment or other benefit or exercises any set-off or counter-claim or otherwise acts in breach of this Clause anything so received and any benefit derived directly or indirectly by the Chargor therefrom shall be held in trust for the Agent and as security for the liabilities of the Chargor under this Deed.
- 1.9 Any money received in connection with this Deed may be placed to the credit of a suspense account with a view to preserving the right of the Agent to prove for the whole of its claim against the Borrower or any other person liable or may be applied by the Agent in or towards satisfaction of such of the moneys, obligations or liabilities of the Chargor under this Deed as the Agent may from time to time conclusively determine.
- 1.10 Any release, discharge or settlement between the Chargor and the Agent shall be conditional upon no security, disposition or payment to the Agent by the Borrower or any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to bankruptcy, liquidation or insolvency or for any reason whatever and, if such condition shall not be fulfilled, the Agent shall be entitled to enforce this Deed subsequently as if such release, discharge or settlement had not occurred and any such payment had not been made.
- 1.11 Unless and until the Agent is satisfied in its absolute discretion as to the solvency of the Borrower and the Chargor, the Agent shall be entitled to retain any security constituted by or pursuant to Clause 2 of this Deed for a period of up to six months after the payment, discharge or satisfaction of all moneys, obligations and liabilities that are or may become due, owing or incurred to or in favour of the Agent from the Borrower or the Chargor and notwithstanding any such payment, discharge or satisfaction, in the event of an act of bankruptcy by or the commencement of winding-up or administration of the person making such payment or effecting such discharge or satisfaction at any time within the said period of six months, the Agent shall be entitled to retain any such security for such further period as the Agent may determine.
- 1.12 If this Guarantee is determined or called in by demand made by the Agent, then the Agent may open a new account or accounts with the Borrower; if the Agent does not open a new account it shall nevertheless be treated as if it had done so at the time of determination or calling in and as from that time all payments made to the Agent shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount for which this Guarantee is available as security at that time.
- 1.13 The Agent shall not be obliged before it takes steps to enforce this Guarantee:
- (a) to take action or obtain judgment in any court against the Borrower or any other person; or
 - (b) to make or file any claim in a bankruptcy or liquidation of the Borrower or any other person; or

- (c) to make, enforce or seek to enforce any claim against the Borrower or any other person under any security or other document, agreement or arrangement.

1.14 All sums due and payable by the Chargor under this Deed shall be made in full without set-off or counter-claim and free and clear of and (subject as provided in the next sentence) without deduction for or on account of any future or present taxes. If:

- (a) the Chargor is required by any law to make any deduction or withholding from any sum payable by the Chargor to the Agent hereunder; or
- (b) the Agent is required by law to make any payment, on account of tax (other than tax on its overall net income) or otherwise, on or in relation to any amount received or receivable by the Agent hereunder,

then the sum payable by the Chargor in respect of which such deduction, withholding or payment is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction, withholding or payment, (and after taking account of any deduction, withholding or payment which is required to be made as a result of the increase) the Agent receives and retains a net sum equal to the sum which it would have received and so retained had no such deduction, withholding or payment been made.

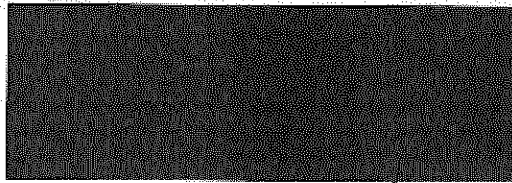
1.15 This Deed is and will remain the property of the Agent.

Schedule 3

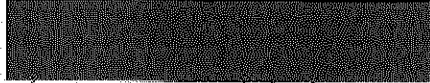
UK Tax Credit Representations, Warranties and Undertakings

1. The Chargor represents, warrants and undertakes with the Agent that until indefeasible payment and discharge in full of the Secured Obligations:
 - (a) the Film is intended for exhibition to the paying public at commercial cinemas, is and shall remain a British Film as a result of, inter alia, satisfying the Cultural Test and shall be produced in accordance with the UK Interim Certificate and the Chargor shall qualify as a film production company for the purposes of the UK Tax Credit;
 - (b) save in relation to the MSL Tax Credit Charge it has not and shall not assign any amount of the UK Tax Credit or the UK Tax Credit Proceeds (either absolutely or by way of security) nor has the Chargor directed payment of any amount of the UK Tax Credit Proceeds to any Person other than the Agent and there are no Encumbrances in, on or against any of the Chargor's Interest in the UK Tax Credit, the UK Tax Credit Proceeds or any part thereof;
 - (c) not to take any action under, or exercise any rights it may have, at law, in equity, or otherwise which would knowingly (i) disturb, infringe upon, interfere with, delay, prevent or impede, impair the ability of the Chargor to timely claim the UK Tax Credit and/or effect a successful application for the UK Tax Credit; and/or (ii) cause the Film to fail or prejudice the ability of the Film to qualify as a British Film or to satisfy the Cultural Test and the Chargor to qualify as the film production company for the purposes of the UK Tax Credit; and/or (iii) impede or hamper the performance of the undertakings and obligations set out in the Relevant Agreements;
 - (d) the Chargor shall apply for and will be capable of obtaining the UK Tax Credit;
 - (e) the UK Tax Credit Proceeds shall be paid directly into the UK Tax Credit Proceeds Account;
 - (f) the Chargor is and shall continue to be a limited company within the charge of United Kingdom corporation tax and the Chargor does not have any outstanding liability to HMRC in relation to unpaid Tax or interest and shall not have any such outstanding liability as at the end of the accounting period of the Chargor during which the Film is completed;
 - (g) no event has occurred or shall occur during the production of the Film which might lead to the Chargor's company tax return for the period during which the Film is completed being enquired into by HMRC; and
 - (h) the Chargor shall ensure that full and timely payment is made to HMRC of any and all sums (including without limitation any associated penalty charges late payment charges and interest charges) in relation to the Film owed to HMRC in respect of Value Added Tax PAYE or Class 1 National Insurance obligations or sums required to be withheld pursuant to Chapter 18 of Part 15 of the Income Tax Act 2007 and shall ensure that all such sums are paid to HMRC in full before any application is made by the Chargor to HMRC for surrender of the UK Tax Credit (the being of the essence for the purposes of this Clause).
2. The Chargor irrevocably agrees to appoint the Agent or any company nominated by it as its attorney and such appointment shall take effect as an irrevocable appointment pursuant to the Powers of Attorney Act 1971 Section 4.

EXECUTED and DELIVERED as a DEED by
MARY TAILOR PRODUCTIONS LIMITED acting
by a director in the presence of a witness



Director



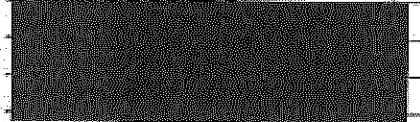
Witness signature:

Witness name:

Witness Occupation:

Witness Address:

ANOWKA SPIERS
Solicitor



EXECUTED and DELIVERED
as a DEED by MUFG UNION BANK, N.A.

by _____, being a person
who in accordance with the laws of that
territory is empowered to execute
instruments in its name

.....
Authorised Officer

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud.

2. The second part of the document outlines the specific requirements for record-keeping, including the need for timely and accurate reporting of all transactions. It also discusses the importance of maintaining the confidentiality of the information and the need for proper storage and security measures.

3. The third part of the document discusses the role of the auditor in ensuring the accuracy and integrity of the records. It emphasizes that the auditor must maintain independence and objectivity and must follow strict professional standards in conducting the audit.

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

16.

17.

18.

19.

20.