

# M

COMPANIES FORM No. 395

105498/50

## Particulars of a mortgage or charge

# 395

Please do not  
write in  
this margin

Pursuant to section 395 of the Companies Act 1985

CHA 116

To the Registrar of Companies

For official use

Company number

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



1154197

Name of company

\* TRINIFOLD MANAGEMENT LIMITED (the "Company")

Date of creation of the charge

6 JUNE 2003

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

COMPOSITE GUARANTEE AND DEBENTURE ACCESSION DEED to a Composite Guarantee and Debenture dated 14 June 2002 (the "Deed")

Amount secured by the mortgage or charge

(a) All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Charging Company to the Bank under the BoS Documents to which such Charging Company is a party;

(b) all reasonable costs, charges and expenses properly incurred by the Bank in connection with the preparation and negotiation of the BoS Documents; and

(c) all costs, charges and expenses incurred by the Bank in connection with the protection, preservation or enforcement of its rights under any BoS Document,

continued on continuation sheet 1, page 2

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

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND of PO Box 39900, Level 7, Bishopsgate Exchange, London EC2M 3YB (the "Bank")

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

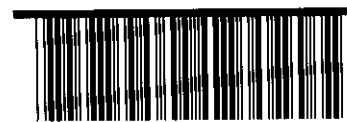
DLA  
3 Noble Street  
London EC2V 7EE

DXP/tr/banking

philipsd\forms395\Sanct71

Time critical reference

For official use  
Mortgage



A19  
COMPANIES HOUSE

0830  
24/06/03

A01  
COMPANIES HOUSE

0701  
18/06/03

Short particulars of all the property mortgaged or charged

1. FIXED AND FLOATING CHARGES

1.1 Fixed charges

As a continuing security for the payment of the Secured Obligations, the Company, with full title guarantee, charged, and agreed to charge, in favour of the Bank the following assets which are at any time owned by the Company, or in which the Company is from time to time interested:

1.1.1 by way of first legal mortgage all the freehold and leasehold property (if any) vested in or charged to the Company including, without limitation, the property specified in together with all buildings and fixtures (including trade fixtures) at any time thereon;

continued on continuation sheet 1, page 4

Please do not  
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lettering

Particulars as to commission allowance or discount (note 3)

N/A

Signed

DLA

Date 17/6/03

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

† delete as  
appropriate

**NOTES**

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
  - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
  - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)

Please do not  
write in this  
binding margin

**Particulars of a mortgage or charge  
(continued)**

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

CHA 116

Please complete  
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bold block lettering

Company Number

1154197

Name of Company

TRINFOLD MANAGEMENT LIMITED (the "Company")

~~limited~~

\* delete if  
inappropriate

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

provided that insofar as ASV Limited only is concerned the Secured Obligations shall not include the ASV Loan or any costs charges or expenses incurred in relation to it and provided that no obligation or liability shall be included in the definition of "Secured Obligations" to the extent that, if it were so included, the Deed (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985 ("Secured Obligations")

NOTE.

In this form:-

"ASV Loan" means the term loan of £1,500,000 made available to The Sanctuary Group Plc as Principal Borrower pursuant to the Facility Letter;

"BoS Documents" means the Facility Letter, the Security Documents, any agreement for Working Capital and all documents supplemental to any of them and any other document entered into from time to time between BoS and any Group Company (all terms as more particularly defined in the Facility Letter);

"Charged Assets" means all property and assets from time to time charged by or pursuant to the Deed;

"Charged Shares" means all shares specified in schedule 3 of the Deed, together with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and Investments (as defined in the Deed) owned by any Charging Company;

"Charging Companies" means this Company, those companies set out in Schedule 1 of the Deed and any company which accedes to the terms of the Deed pursuant to the terms of a duly executed Deed of Accession (as defined in the Deed) (each a "Charging Company");

"Collections Accounts" has the meaning ascribed to that term in clause 11.1.2 of the Deed;

"Debtor" means any person who is liable (whether as principal debtor or as surety and whether actually or contingently) to discharge or pay a Receivable;

"Event of Default" means an event set out in Schedule 6 of the Facility Letter;

"Facility Letter" means the Facility Letter of 26 October 1998 and made between The Sanctuary Group plc (1) and the Bank (2) pursuant to which the Bank has agreed to make certain facilities available to The Sanctuary Group plc and others as the same may be amended and/or restated from time to time including as amended by the Supplemental Agreements (as more particularly defined in the Deed);

"Insurances" means the policies of insurance in which a Charging Company has an interest from time to time;

"Intellectual Property Rights" means patents, patent applications, trade marks, community trade marks, service marks, trade names, brand names, registered designs, copyright and all other industrial and intellectual property rights;

continued on continuation sheet 2, page 2

Please do not  
write in this  
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please complete  
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1.1.2 by way of first fixed charge all other interests (not being charged by clause 4.1.1 of the Deed) in any freehold or leasehold property vested in or charged to the Company, the buildings and fixtures (including trade fixtures) at any time thereon, all proceeds of sale derived therefrom and the benefit of all covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;

1.1.3 by way of first fixed charge all plant, machinery, computers, vehicles, office and other equipment and the benefit of all contracts, licences and warranties relating to the same;

1.1.4 by way of first fixed charge all Investments, together with all Related Rights from time to time accruing thereto;

1.1.5 by way of first fixed charge all rights and interests of the Company in, and claims under, the Insurances and all proceeds thereof held by, or written in favour of, the Company or in which the Company is otherwise interested;

1.1.6 by way of first fixed charge all its right, title, interest and benefit in and to the Collections Accounts, all monies standing to the credit of the Collections Accounts, all interest accrued on monies standing to the credit of the Collections Accounts and all rights of the Company to repayment of any of the foregoing;

1.1.7 by way of first fixed charge all monies standing to the credit of the Company from time to time on any and all accounts with any bank, financial institution, or other person;

1.1.8 by way of first fixed charge all Intellectual Property Rights;

1.1.9 by way of first fixed charge the benefit of all licences, consents, agreements and authorisations held or utilised by the Company in connection with its business or the use of any of its assets;

1.1.10 to the extent not effectively assigned under clause 4.2 of the Deed (Assignment), by way of first fixed charge all Receivables;

1.1.11 by way of first fixed charge all the goodwill and uncalled capital of the Company; and

1.1.12 by way of first fixed charge all the Charged Shares together with all the Related Rights from time to time accruing thereto.

## 1.2 Assignment

As a continuing security for the payment of the Secured Obligations, the Company, with full title guarantee, assigned and agreed to assign absolutely in favour of the Bank all the rights, title, interest and benefit of the Company in and to the Receivables, except to the extent that the Company is prohibited under the terms of any Receivable, to do so.

## 1.3 Floating charge

As further continuing security for the payment of the Secured Obligations, the Company charged with full title guarantee in favour of the Bank by way of first floating charge all its assets and undertaking whatsoever and wheresoever situated both present and future not effectively charged by way of first fixed mortgage or charge pursuant to the provisions of clause 4.1 of the Deed, including, without prejudice to the generality of the foregoing, heritable property and all other property and assets in Scotland.

continued on continuation sheet 2, page 4

COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)

Please do not  
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**Particulars of a mortgage or charge  
(continued)**

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

CHA 116

Please complete  
legibly, preferably  
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bold block lettering

Company Number

1154197

Name of Company

TRINFOLD MANAGEMENT LIMITED (the "Company")

~~limited~~\*

\* delete if  
inappropriate

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

"Investments" means the policies of insurance in which a Charging Company has an interest from time to time;

"Permitted Disposals" means:-

1. the disposal of assets on an arm's length basis in the ordinary and usual course of trading including the use of cash for any such purpose;
2. disposals between Charging Companies;
3. disposals made other than in the ordinary and usual course of trading and not referred to in paragraphs 1 and 2 above but on an arm's length basis and only if the value of the assets disposed of (whether by a single or several transaction) in any one financial year when taken together with all similar disposals made by the Group (as defined in the Facility Letter) in such financial year is not in total more than £500,000;

"Permitted Security Rights" means:

- (i) liens and rights of set-off securing obligations which are not overdue beyond their standard payment dates, arising by operation of law in the ordinary and usual course of trading ;
- (ii) Security Rights arising out of title retention provisions in a supplier's standard conditions of supply of goods acquired in the ordinary and usual course of trading;
- (iii) Security Rights granted in terms of the BoS Documents or with the prior written approval of BoS (as defined in the Facility Letter);
- (iv) the Tribe Charge (as defined in the Facility Letter);
- (v) the chattel mortgage dated 5 October 2000 by The Sanctuary Group plc in favour of EMI;
- (vi) the debenture dated 18 August 2000 by Key Direct Limited in favour of Sword Business Services Limited;
- (vii) the debenture dated 27 August 2002 by AE Copyrights Limited in favour of National Westminster Bank plc provided it is discharged within 30 days of the Amendment Date (as defined in the Facility Letter);
- (viii) the BIG Existing Security (as defined in the Facility Letter);
- (ix) the charge over the rent deposit deed dated 31 December 1998 by ASV Limited in favour of Agincourt Associates Limited;
- (x) the debenture dated 12 July 1999 by Breakthrough Media Group plc in favour of Samuel Montague & Co Limited;
- (xi) the debenture dated 24 July 2000 by Evangeline Recorded Works Limited in favour of Sanctuary Records Limited;
- (xii) the mortgage dated 19 July 1996 by Fiddley Foodle Bird Limited in favour of Coutts & Co;
- (xiii) the mortgage of intellectual property rights by Trojan Three Limited and Trojan Recordings Limited in favour of Colin and Mette Newman dated 3 August 2000;

continued on continuation sheet 3, page 2



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

Please complete  
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## 2. CONVERSION OF FLOATING CHARGE

### 2.1 Conversion of floating charge

The Bank may by written notice to the Company convert the floating charge created by the Deed into a fixed charge as regards all or any of the Company's assets specified in the notice if:

2.1.1 an Event of Default has occurred and is continuing; or

2.1.2 the Bank in its reasonable opinion considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

### 2.2 Automatic conversion of floating charge

The floating charge created by the Company under the Deed shall (in addition to the circumstances in which the same will occur under general law) automatically be converted into a fixed charge in relation to any of the Charged Assets subject to the floating charge created by clause 4.3 of the Deed (a "Floating Charge Asset") if the Company creates (or purports to create) a Security Right (other than a Permitted Security Right) on or over the relevant Floating Charge Asset without the prior consent in writing of the Bank or if any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Floating Charge Asset.

### 2.3 No waiver

The giving by the Bank of a notice pursuant to clause 5.1 of the Deed in relation to any class of assets of the Company shall not be construed as a waiver or abandonment of the rights of the Bank to serve similar notices in respect of any other class of assets or of any of the other rights of the Bank.

## 3. CONTINUING SECURITY

3.1 The Deed shall be in addition to, and without prejudice to and shall not merge with, any other right, remedy, guarantee, mortgage or other security which the Bank may at any time hold for any of the Secured Obligations and the Deed may be enforced against the Company without the Bank first having recourse to any other right, remedy, guarantee, mortgage or other security held or available to it.

3.2 The Deed shall remain in full force and effect as a continuing security until the Bank shall have certified in writing that the Secured Obligations have been discharged in full.

## 4. NEGATIVE PLEDGE

Save as permitted by the terms of the Facility Letter, the Company covenanted with the Bank that, during the continuance of the security created by the Deed, it shall not without the prior written consent of the Bank:

4.1 create or permit to subsist any Security Right (other than a Permitted Security Right) upon any of the Charged Assets; and

4.2 sell, transfer, lease, lend or otherwise dispose of, whether by a single transaction or a number of transactions and whether related or not, the whole or any part of the Charged Assets save for a Permitted Disposal.

continued on continuation sheet 3, page 4

Please complete  
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COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)

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**Particulars of a mortgage or charge  
(continued)**

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

CHA 116

Please complete  
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Company Number

1154197

Name of Company

TRINFOLD MANAGEMENT LIMITED (the "Company")

~~limited~~\*

\* delete if  
inappropriate

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

(xiv) a rent deposit in the amount of \$64,097 granted by Sanctuary Records Group Inc. held with North Fork Bank in favour of 369 Lexington Avenue Co. L.P;

(xv) the rights created pursuant to Sanctuary Record Group Inc.'s distribution agreements (and related security agreements) with BMG Music dated March 15, 2000 and with EMI Group Canada Inc. dated 17 July 2000 (as the same shall have been and/or be amended, modified, restated, extended, renewed, replaced and substituted from time to time);

(xvi) the charge on deposits created by Cloud 9 (The Tribe) Limited in favour of ABN Amro Bank NV on 31 July 2002;

(xvii) the deed of deposit and charge on cash deposit created by Cloud 9 (The Tribe) Limited in favour of Abbey National Treasury Services plc on 31 July 2002;

(xviii) the charge over cash deposit and account created by Cloud 9 (The Tribe) Limited in favour of Barclays Bank plc on 2 August 2002;

(xix) the charge over cash deposit and account created by Cloud 9 (Atlantis High) Limited in favour of Barclays Bank plc on 2 August 2002; and

(xx) Security Rights granted by any company acquired pursuant to a Permitted Acquisition (as defined in the Facility Letter) provided however that such Security Rights are discharged within 60 days of the date of the relevant acquisition.

"Receivables" means:

(a) all present and future book and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts recoverable or receivable by any Charging Company from other persons or due or owing to such Charging Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever);

(b) the benefit of all rights and remedies relating to any of the foregoing including, without limitation, claims for damages and other remedies for non-payment of the same, all entitlements to interest, negotiable instruments, guarantees, indemnities, Security Rights, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights; and

(c) all proceeds of any of the foregoing;

"Related Rights" means, in relation to any Investments (as more particularly defined in the Deed) or Charged Shares, all dividends, distributions and other income paid or payable on the relevant Investment or Charged Shares (as the case may be), together with (a) all shares or other property derived from the relevant Investment or Charged Shares (as the case may be) and (b) all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to the relevant Investment or Charged Shares (whether by way of conversion, redemption, bonus, preference, option or otherwise);

"Security Right" means any mortgage, charge, security, pledge, lien, right of set-off, right to retention of title or other encumbrance, whether fixed or floating, over any present or future property, assets or undertaking.

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

Please complete  
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## 5. FURTHER ASSURANCE

5.1 The Company will, whenever requested by the Bank and at its own expense, promptly execute such deeds or documents and take any action required by the Bank to perfect and protect the security created (or intended to be created) by the Deed or to facilitate the realisation thereof or otherwise to enforce the same or exercise any of the rights of the Bank under the Deed. In particular, but without limitation, the Company will:

5.1.1 execute a valid legal mortgage in such form as the Bank shall reasonably require of any freehold or leasehold property as at 6 June 2003 or in the future belonging to the Company which is not effectively charged by way of legal mortgage;

5.1.2 execute a legal assignment in such form as the Bank may reasonably require over all or any of the Receivables and give notice of such assignment to the relevant Debtors;

5.1.3 execute a valid fixed charge in such form as the Bank may reasonably require over any asset the subject of the floating charge under the Deed; and

5.1.4 otherwise execute all transfers, assignments, conveyances and assurances whatsoever and give all notices, orders, instructions and directions whatsoever which the Bank may think expedient.

5.2 Any security document required to be executed by the Company pursuant to clause 8.1 of the Deed will be prepared at the reasonable cost of the Company and will contain terms and conditions which are no more onerous than those contained in the Deed.

5.3 The Company as registered proprietor appointed the Bank as its agent to apply for the particulars of the Deed and of the interest of the Bank in the Intellectual Property Rights and any other or future trade marks or trade mark applications registered or to be registered in the United Kingdom in the name of the Company to be made on the Register of Trade Marks under section 25(1) of the Trade Marks Act 1994 and the Company agreed to execute all documents and forms required to enable such particulars to be entered on the Register of Trade Marks.

## 6. COVENANTS OF THE CHARGING COMPANIES

The Company covenanted with the Bank that it will not assign, sever, dispose of, or otherwise part with control of its material Intellectual Property Rights (other than by way of a Permitted Disposal), or create or permit to subsist any Security Right thereon (other than a Permitted Security Right), or grant any licence to any person to use the same in any manner which will materially and adversely affect the value of such material Intellectual Property Rights.

## 7. RECEIVABLES

The Company covenanted with the Bank that it will not, without the prior written consent of the Bank sell, assign, charge, factor or discount or in any other manner deal with any of the Receivables (other than pursuant to arrangements permitted by the Facility Letter).

FILE COPY



## CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 01154197

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A COMPOSITE GUARANTEE AND DEBENTURE ACCESSION DEED (TO A COMPOSITE GUARANTEE AND DEBENTURE DATED 14 JUNE 2002) DATED THE 6th JUNE 2003 AND CREATED BY TRINIFOLD MANAGEMENT LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH CHARGING COMPANY TO THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 24th JUNE 2003.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 26th JUNE 2003.

A handwritten signature in black ink, appearing to be 'R. G. S.' or similar.



*Companies House*

— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES