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COMPANIES FORM No. 395

Particulars of a mortgage or charge

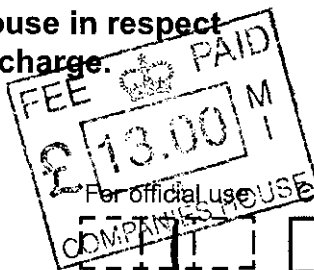
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395

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

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



Name of company

* Towner Art Limited (the **Chargor**)

Date of creation of the charge

6 September 2006

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

Legal Charge dated 6 September 2006 between the Chargor and the Lender (as defined below) (the **Deed**)

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owned jointly or severally or in any other capacity whatsoever) of the Chargor to the Lender under the Bonds and/or the Deed except for any obligation which, if it were so included, would result in the Bonds and/or the Deed contravening Section 151 of the Companies Act 1985 (the **Secured Liabilities**).

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

Strand Associates Limited, Richmond House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1GZ (the **Lender**)

Postcode

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

Allen & Overy
One New Change
London
EC4M 9QQ
EK/ANCO/CO:3717968

Time critical reference

For official Use (06/2005)
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

Please see continuation sheets.

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

Nil.

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

Signed Allen & Overy LLP

Date 11 September 2006

On behalf of ~~XXXXXX~~ [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.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

SHORT PARTICULARS OF THE PROPERTY MORTGAGED OR CHARGED

1.1 General

The security created under the Deed:

- (a) is created in favour of the Lender;
- (b) is security for the payment of all the Secured Liabilities; and
- (c) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

1.2 Land

The Chargor charges by way of a first legal mortgage all its estate or interest in the Property.

1.3 Insurance

The Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all its rights in respect of any contract or policy of insurance taken out by it or on its behalf or in which it has an interest in respect of the Property.

1.4 Authorisations

The Chargor charges by way of first fixed charge:

- (a) the benefit of any authorisation (statutory or otherwise) held in connection with its use of any Security Asset; and
- (b) the right to recover and receive compensation which may be payable to it in respect of any authorisation referred to in paragraph (a).

2. RESTRICTIONS ON DEALINGS

The Chargor must not:

- (a) create or permit to subsist any Security Interest on any Security Asset; or
- (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset or grant any right in favour of a third party over any Security Asset,

or agree to do any of the foregoing without the prior written consent of the Lender.

3. DEFINITIONS

In this Form 395:

Bonds means the instrument constituting £1,267,759.00 nominal amount of secured deep discount bonds 2008 dated the same date as the deed which were issued at a discount for an aggregate subscription price of £1,047,735.00;

Property means the property known as Eastbourne Towner Art Gallery situated at 18-31 High Street, Eastbourne with registered title EB3540 as at the date of the deed:

- (a) all buildings, fixtures, fittings and fixed plant and machinery on it;
- (b) all alterations and additions to it; and
- (c) the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of it or any moneys paid or payable in respect of those covenants;

Security Assets means all assets of the Chargor the subject of any security created by the Deed;

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 05918601

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A LEGAL CHARGE DATED THE 6th SEPTEMBER 2006 AND CREATED BY TOWNER ART LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO STRAND ASSOCIATES LIMITED ON ANY ACCOUNT WHATSOEVER 10 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 12th SEPTEMBER 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 15th SEPTEMBER 2006 .



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —

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