

100579/13

In accordance with
Sections 859A and
859J of the Companies
Act 2006

MR01

Particulars of a charge



Companies House

A fee is payable with this form
Please see 'How to pay' on the
last page

You can use the WebFiling service to file this form online.
Please go to www.companieshouse.gov.uk

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

☐ **What this form is NOT for**
You may not use this form to
register a charge where the charge is
instrument Use form MR01



LD2 22/07/2013 #92

COMPANIES HOUSE

This form **must be delivered to the Registrar for registration within 21 days** beginning with the day after the date of creation of the charge. If delivered outside of the 21 days it will be rejected unless it is accompanied by a court order extending the time for delivery



You must enclose a certified copy of the instrument with this form. This will be scanned and placed on the public record

1 Company details

Company number 08286958

Company name in full AVA FILMS LIMITED

For official use

Filing in this form
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 18/07/2013

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name FILM4, A DIVISION OF CHANNEL FOUR TELEVISION
CORPORATION

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

MRO1

Particulars of a charge

4	Description	
	<p>Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security</p>	<p>Continuation page Please use a continuation page if you need to enter more details</p>
Description	<p>Deed of Assignment and Charge in respect of the Film provisionally entitled "Ex Machina" dated 18 July 2013 (the "Security Agreement") between (1) Ava Films Limited ("Chargor"), and (2) Film4, A Division of Channel Four Television Corporation ("Film4")</p> <p>Amount Secured All sums and obligations due from time to time to Film4 from the Chargor under certain financing and related agreements with respect to the production and distribution of the feature film provisionally entitled "Ex Machina" (the "Film"), as more particularly set out in the Security Agreement referred to above and below (the "Secured Obligations") All capitalised terms used herein shall have the same meaning as defined under the Security Agreement unless otherwise stated herein</p> <p>3 ASSIGNMENT AND TRUST</p> <p>3.1 The Chargor with full title guarantee and as a continuing security for the full and timely payment, performance and discharge of the Secured Obligations assigns the Assigned Property absolutely to Film4 (and in so far as necessary by way of present assignment of future copyright pursuant to Section 91 of the Copyright Designs and Patents Act 1988)</p>	
5	Fixed charge or fixed security	
	<p>Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
6	Floating charge	
	<p>Is the instrument expressed to contain a floating charge? Please tick the appropriate box</p> <p><input checked="" type="checkbox"/> Yes Continue</p> <p><input type="checkbox"/> No Go to Section 7</p> <p>Is the floating charge expressed to cover all the property and undertaking of the company?</p> <p><input type="checkbox"/> Yes</p>	
7	Negative Pledge	
	<p>Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

MR01 - continuation page

Particulars of a charge

4	Description
	<p>Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security</p>
Description	<p>3 2 The Chargor shall hold on trust for Film4 (which trust the Chargor hereby declares) the Chargor's entire interest and benefit in and to the Collateral or any part thereof which cannot be charged or assigned by the Chargor together with all proceeds, money and other rights or benefits to which the Chargor is beneficially entitled in respect of such Collateral</p> <p>4 FIXED CHARGE</p> <p>The Chargor with full title guarantee charges the Fixed Charge Property to Film4 by way of first fixed charge as a continuing security for the payment, performance and discharge of the Secured Obligations</p> <p>5 FLOATING CHARGE</p> <p>5 1 CHARGE</p> <p>The Chargor with full title guarantee charges the Floating Charge Property to Film4 by way of first floating charge as a continuing security for the payment, performance and discharge of the Secured Obligations</p> <p>5 2 CONVERSION TO A FIXED CHARGE</p> <p>Film4 may, to the extent permitted by law, at any time by notice in writing to the Chargor, convert the floating charge into a fixed charge as regards any of the Floating Charge Property upon the happening of any Event of Default and the Chargor shall promptly execute a fixed charge or a legal assignment over such assets in such form as Film4 shall require and in any event, the floating charge shall automatically be converted into a fixed charge as regards the Floating Charge Property without notice from Film4 to the Chargor upon the happening of any Event of Default</p> <p>5 3 AUTOMATIC CONVERSION</p> <p>If, without prior written consent of Film4</p> <p>(a) the Chargor creates, agrees to create or permits to subsist any Prohibited Security Interest on, over, or with respect to, the Floating Charge Property or any part of it, or attempts to do so, or</p> <p>(b) any person levies, or attempts to levy, any distress, attachment, execution or other legal process against the Floating Charge Property or any part of it,</p> <p>the floating charge over such Floating Charge Property or part thereof that is the subject of such Prohibited Security Interest or process shall be deemed to have been automatically converted into a fixed charge the instant before such event occurs</p>

MRO1
Particulars of a charge

8

Trustee statement ¹

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

¹ This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here

Signature

Signature

X



X

This form must be signed by a person with an interest in the charge

MRO1

Particulars of a charge



Presenter information

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name Don McNicholl

Company name Film4, A Division of Channel Four

Television Corporation

Address 124 Horseferry Road

Post town London

County/Region UK

Postcode S W 1 P 2 T X

Country

DX

Telephone 0207 306 8155



Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☐ You have given a description in Section 4, if appropriate
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.



Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

For companies registered in England and Wales
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 8286958

Charge code: 0828 6958 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 18th July 2013 and created by AVA FILMS LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 22nd July 2013.

P

Given at Companies House, Cardiff on 24th July 2013



DATED: 18th JULY 2013


(1) AVA FILMS LIMITED

(2) FILM4, A DIVISION OF CHANNEL FOUR
TELEVISION CORPORATION

DEED OF ASSIGNMENT AND CHARGE

IN RESPECT OF THE FILM PROVISIONALLY
ENTITLED "EX MACHINA"

Certified to be a true copy of the original
as seen by me: HAMISH THOMSON

: 
: 22/7/13

DEED OF ASSIGNMENT AND CHARGE dated 18th JULY 2013

BETWEEN

- (1) **AVA FILMS LIMITED** a company incorporated under the laws of England and Wales (company number 08286958) ("the **Chargor**") of 10 Amwell Street London EC1R 1UQ (facsimile number +44 20 7843 4411) attention Joanne Smith, email joanne.smith@dnafilms.com, and
- (2) **FILM4, A DIVISION OF CHANNEL FOUR TELEVISION CORPORATION**, ("Film4") of 124 Horseferry Road, London, SW1P 2TX attention Head of, Legal and Business Affairs,

RECITALS

(A) Film4 has agreed to pay to Machina Movies Limited (company number 08527493) ('the **Producer**') the Film4 Advance on the terms of the Film4 Agreement to be used to enable the Producer to pay for part of the cost of producing, completing and delivering the Film which the Producer is engaged in producing

(B) Pursuant to the PSA the Producer has engaged the Chargor to provide certain production services in connection with the Film

(C) By way of security for the performance and discharge of its obligations under the PSA and as third party security for the Producer's obligations to Film4 under the Film4 Agreement, the Chargor has agreed to execute this Charge in favour of Film4 to secure the repayment of the Secured Obligations and has determined that it is in its commercial interests to do so

OPERATIVE PROVISIONS

1 INTERPRETATION

1.1 DEFINED TERMS

In this Charge the following capitalised terms shall have the meanings set out below and all other terms used but not expressly defined in this Charge have the meaning set out in the Film4 Agreement

'**Act**' means the Law of Property Act 1925,

'**Administrator**' means any administrator appointed pursuant to Schedule 1 of the Insolvency Act,

'**Approved Screenplay**' means the screenplay dated 17th December 2012 written by Alex Garland subject to any further minor changes necessary due to the exigencies of production and the requirements of the production schedule for the Film approved by Film Finances,

'**the Assigned Property**' means all of the Chargor's right, title and interest in and to the following throughout the world for the full period of copyright and thereafter for such additional time as may be possible and lawful

(a) all rights of every kind and nature in and to the Literary Property including all underlying rights,

(b) all rights of every kind and nature in and to any and all music and musical compositions created for, or from time to time used in, the Film, including all rights to perform, copy, record,

rerecord, produce, publish, reproduce or synchronise all of such music or musical compositions and all record, soundtrack recording and music publishing rights,

(c) all rights including all copyrights, rights in copyrights, interests in copyrights and renewals and extensions of copyrights, domestic and foreign, common law and statutory, heretofore or hereafter obtained in the Film and the Literary Property or any part thereof, and the right (but not the obligation) to make publication thereof for copyright purposes, to register claims under copyright, and the right (but not the obligation) to renew and extend such copyrights, and the right (but not the obligation), to sue in the name of Chargor and/or in the name of Film4 for past, present and future infringements of copyright,

(d) the Rights (but excluding the UCSP Rights),

(e) the title of the Film and all of the Chargor's rights to the exclusive use thereof including rights protected pursuant to registered or unregistered trade mark, service mark, unfair competition, passing off and/or other laws, rules or principles of law or equity,

(f) all inventions, processes, formulae, licences, patents, patent rights, trademarks, trademark rights, service marks, service mark rights, trade 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 relating to the Film, and the right (but not the obligation) to register claims under trademark 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 Film4 for past, present or future infringement of trademark or patent,

(g) the benefit of those of the Transaction Agreements to which the Chargor is a party and any other contracts or agreements at any time entered into or made by or assigned to the Chargor relating (whether directly or indirectly) to the Film, including all rights granted and all amounts payable thereunder and the benefit of all undertakings, covenants, representations and warranties made therein,

(h) all of the Chargor's right, title and interest in and to any and all sums paid or payable to the Chargor now due or which may hereafter 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,

(i) all right to receive payment under, or in connection with, all contracts and policies of insurance or indemnity relating to any of the Collateral taken out by or on behalf of the Chargor or (to the extent of its interest) in which the Chargor has an interest, all claims of whatsoever nature relating thereto and all returns of premiums in respect of such contracts or policies,

(j) all other accounts receivable, contract rights, general intangibles, intellectual property, investment property, letter of credit rights and supporting obligations, which are related to or used in connection with the Film,

(k) (to the extent not included in the Fixed Charge Property) all rights in and to any accounts relating to the Film,

(l) to the extent not granted to Film4 all distribution rights relating to the Film, including all rights to distribute, license, sell, exhibit, broadcast, transmit, reproduce, market, lease, sub-lease or otherwise deal with such rights in perpetuity by all methods and means and in all media whether now

known or in the future conceived, devised or created and all collateral, allied, ancillary and subsidiary rights of any kind and nature derived from or related to the Film and/or the Literary Property or any part thereof including the title of the Film, the characters appearing in the Film and the names and/or characteristics of such characters, and

(m) the products and proceeds of any or all of the foregoing,

'the Co-financing Agreement' means a co-financing and distribution agreement dated 6th June 2013 entered into by UCSP and the Producer in relation to the Film as amended or novated from time to time,

'the Collateral' means the Assigned Property, the Fixed Charge Property and the Floating Charge Property,

'Encumbrance' means any mortgage, charge, 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 considered by any of the Secured Parties to be material), assignment, option, right of set off, 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,

'the Film' means the film provisionally entitled "Ex Machina" including its soundtrack and all revisions thereof,

'Film Finances' means Film Finances, Inc

'Film4 Advance' means the sum of £1,500,000 (one million five hundred thousand pounds) being the aggregate of the Film4 Equity and the Film4 Licence Fee,

'the Film4 Agreement' means the financing agreement between Film4 and the Producer dated on or about the date hereof,

'the Film4 Delivery Items' means those items which the Chargor has agreed to deliver to Film4 on or before 1st November 2014, as agreed between the Chargor and Film4 and which items shall, where applicable, be of first class technical quality suitable for television broadcast of the Picture ,

'the Film4 Equity' means the Film4's equity investment in the Film made available pursuant to the Film4 Agreement in the amount to £750,000 (seven hundred and fifty thousand pounds),

'the Film4 Licence Fee' means the amount payable by Film4 for a licence of the Film4 Rights pursuant to and in accordance with the terms of the Film4 Agreement in the amount of £750,000 (seven hundred and fifty thousand pounds),

'the Film4 Rights' means all distribution rights granted to Film4 in relation to the Film in the United Kingdom pursuant to the Film4 Agreement,

'the Film Specification' means the specification for the Film as agreed between the Chargor and Film4,

'Finance Documents' means

(a) the Film4 Agreement,

- (b) the PSA,
- (c) the Interparty Deed,
- (d) this Charge, and
- (e) any other agreement, deed, notice or certificate entered into or given by the Chargor from time to time creating, evidencing or entered into as security for, or for supporting either of, or entered into in accordance with the Film4 Agreement or the PSA or the Interparty Deed or this Charge or which Film4 and the Chargor may from time to time agree constitutes a Finance Document,

'the Fixed Charge Property' means all the Chargor's right, title and interest (whether now owned or hereafter acquired) in and to the following throughout the world

- (a) all physical properties of every kind or nature of or relating to the Film and all versions thereof, including 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,
- (b) all physical elements of the Film, including all negatives, duplicate negatives, fine grain prints, soundtracks, positive prints (cut-outs and trims excepted), and all sound properties, video formats (including PAL/NTSC), and other physical properties in connection with the Film and the trailer of the Film, exposed film, developed film, positives, negatives, prints, answer prints, special effects, preprint materials (including interpositives, negatives, duplicate negatives, internegatives, colour reversals, intermediates, lavenders, fine grain master prints and matrices and all other forms of preprint 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 video 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 of the aforesaid,
- (c) all machinery, electrical and electronic components, equipment, fixtures, furniture, office machinery, vehicles, trailers, implements and other tangible personal property of every kind and description used or useful in connection with the Film (including, without limitation, all wardrobe, props, mikes, 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 Chargor in substitution or replacement thereof, and all additions and accessions thereto, wherever any of the foregoing is located,
- (d) any and all documents, receipts or books and records, including, without limitation, documents or receipts of any kind or nature issued by any pledgeholder, warehouseman or bailee with respect to the Film and any element thereof and the equipment containing such books and records,
- (e) any account in the name of the Chargor into which UCSP or Film4 pays funds in respect of the Film and any other account of the Chargor or in which the Chargor has any rights relating to the Film and all sums from time to time standing to the credit of such accounts to the Chargor and all certificates and instruments, if any, from time to time representing or evidencing such accounts and any rights as a creditor of the bank holding such an account,
- (f) all collateral, allied, ancillary and subsidiary rights in the Film and all other rights, properties (including physical properties whether related to the development, production, completion, delivery, distribution or other exploitation of the Film),

(g) all other properties and things of value which are pertaining to, related to or used in connection with the Film to the extent the same do not form part of the Assigned Property, and

(h) the proceeds and products of any and/or all of the foregoing,

'the Floating Charge Property' means

(a) the business, undertaking, property, assets, revenues, rights and uncalled capital, present and future of the Chargor (but excluding the UCSP Rights, the Fixed Charge Property and the Assigned Property),

(b) the Fixed Charge Property to the extent (if at all) that the fixed charge over the Fixed Charge Property or any part thereof is for any reason ineffective as a fixed charge, and

(c) the Assigned Property to the extent (if at all) that the assignment of such Assigned Property or part thereof is for any reason ineffective as an assignment,

'Funding Agreements' means the Finance Documents, the UCSP Agreement and a loan agreement dated [on or about the date hereof] between the Chargor and Coutts & Co,

'Insolvency Act' means the Insolvency Act 1986 and the rules made thereunder as from time to time amended and in respect of any jurisdiction outside England and Wales includes any local laws regulating the rights of creditors, insolvency officers or the distribution of assets of the Chargor on an insolvency,

'the Interparty Deed' means the Interparty Deed relating to the Film to be entered into between the Chargor, the Producer, UCSP, Film4 and others,

'the Literary Property' means the Approved Screenplay and any other literary, dramatic or musical material of any kind or nature upon which the Film is (in whole or in part) based or from which it is or may be adapted or inspired or which may from time to time be used or included in the Film,

'Prohibited Security Interest' means any Encumbrance other than the Security Interests,

'the PSA' means the production services agreement between the Producer and the Chargor dated 3rd June 2013 (but with effect from 8th November 2012) relating to the Film,

'Rate' means 10% per annum (calculated on a compounded monthly basis),

'Receiver' means any one or more individuals acting as a receiver or manager of any of the Collateral appointed under powers contained in this Charge or the Act and, where the context permits and the law allows, such expression shall include any Administrator appointed by Film4,

'Relevant Party' means any party to this Deed or the Transaction Agreements other than Film4,

'Rights' means the following rights for the full period of copyright and thereafter (so far as is possible) in perpetuity

(a) all rights to distribute, lease, license, sell or otherwise exploit or deal with the Film in all media (whether now known or hereafter invented or devised), including, without limitation, the rights in the Film,

(b) all rights to exhibit and broadcast the Film,

(c) all the allied and ancillary rights (whether now known or hereafter invented) throughout the world vested or hereafter vesting in the Chargor in respect of the Film and/or the Approved Screenplay and/or any and all versions thereof including sequel, prequel, remake and spin-off rights, soundtrack album rights, music publishing rights, merchandising rights, sponsorship rights, commercial tie in rights, product placement rights and the right to publish the screenplay of the Film or any story based on the whole or any part of the Film or its screenplay (as all such terms are customarily understood in the motion picture and television industry of England),

'Secured Obligations' means all present and future monies, obligations and liabilities, whether actual or contingent, whether due, owing or incurred by the Chargor and/or the Producer to Film4 under the Finance Documents and whether such monies, obligations or liabilities are express or implied, present or future, actual or contingent, joint or several, incurred as principal or surety or in some other capacity and whether unascertained collateral or unmatured and whether originally owing to Film4 or purchased or otherwise acquired by it, and whether denominated in sterling, or in any other currency, or incurred on any account or in any manner whatsoever to the extent all or any of the foregoing are due or owing during the Security Period,

'Secured Parties' means UCSP, Film4, Coutts & Co and Film Finances,

'the Security Agreements' means this Charge and the deed of charge and assignment dated on or about the date hereof between UCSP and the Chargor, the deeds of charge and assignment between the Producer and each of UCSP and Film4 both dated 6th June 2013, the deeds of charge and assignment to be entered into between the Chargor and Coutts & Co and between the Producer and Coutts & Co and the completion agreement relating to the Film to be entered into between the Chargor, the Producer and Film Finances,

'Security Interest' means the Encumbrances created by the Security Agreements,

'Security Period' means the period from the date hereof until such time as the Secured Obligations have been unconditionally and irrevocably repaid and performed in full and there are no further payments or obligations owing or outstanding to Film4 pursuant to any of the Finance Documents and such period includes any period during which any administrator, liquidator or trustee in bankruptcy of the Chargor may claim any payment made to Film4 in discharge or reduction of the Secured Obligations was a preference, transaction at an under value or otherwise liable to be repaid by Film4 pursuant to any power in that regard given to it under the Insolvency Act, and

'the Transaction Agreements' means any and all agreements entered into by the Chargor or to which the Chargor is a party relating to the development, production, completion, delivery and exploitation of the Film,

"UCSP" means **Universal City Studios Productions LLLP** of 1 Central St Giles, St Giles High Street, London WC2 8NU,

"UCSP Rights" means all distribution rights and other rights granted to UCSP in relation to the Film pursuant to the Co-Financing Agreement excluding the Film4 Rights

1.2 REFERENCES

Each reference in this Charge to

- (a) **'copyright', 'film', 'sound recordings', 'copies of films and sound recordings'** and to all other rights therein mentioned shall (where the context requires or admits) be construed in accordance with the Copyright, Designs and Patents Act, 1988 (UK),
- (b) any statute, statutory provision, delegated legislation, code or guideline is a reference to the same as it may from time to time be amended, modified, extended, varied, superseded, replaced, substituted or consolidated,
- (c) **'writing'**, and any cognate expression, includes a reference to any communication effected by facsimile transmission or similar means,
- (d) **'this Charge'** is a reference to this Deed of Assignment and Charge as amended, modified, supplemented or restated (where and as permitted by this Charge) at the relevant time,
- (e) any other agreement, deed, instrument or document is to the same as amended, modified, supplemented or restated from time to time,
- (f) **'including'** means including without limitation,
- (g) a Clause is a reference to a provision of this Charge (other than a Schedule)
- (h) **'Film4'** includes a reference to its successors in title and permitted assignees,
- (i) a person includes a reference to any body corporate, unincorporated association, partnership or other legal entity,
- (j) the singular includes the plural and vice versa, and
- (k) words importing any gender include any other gender

1.3 CLAUSE HEADINGS

The headings in this Charge are for convenience only and shall not affect its interpretation

2 COVENANT TO PAY

2.1 The Chargor covenants as principal obligor and not merely as surety with Film4 to pay or discharge to Film4 the Secured Obligations on demand as and when due in accordance with the terms of the Finance Documents and to duly and punctually perform and discharge all its respective obligations and liabilities under the Transaction Agreements to which it is a party. The Chargor acknowledges that the entry by Film4 into the Film4 Agreement and the agreement by Film4 to make available the amounts pursuant to the Film4 Agreement to the Producer will be of commercial benefit to the Chargor as it will enable the Film to be financed and produced. Accordingly, if the Secured Obligations (or any part of them) are at any time void or unenforceable against the Producer for any reason, the Secured Obligations (or any part of them) shall nevertheless be recoverable by Film4 from the Chargor under this Charge and this Charge shall nevertheless secure the same amount as that which it would have secured had the Secured Obligations (or any part of them) not been void or unenforceable as if the Chargor were a principal debtor.

2 2 The Chargor agrees to pay interest to Film4 for the account of Film4 on all sums demanded under this Charge from the date of demand until actual payment (as well after as before any judgment) at the Rate

2 3 All sums due and payable by the Chargor under this Charge 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 Film4 under this Charge, or

(b) Film4 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 Film4 under this Charge, 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), Film4 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

2 4 The Chargor unconditionally and irrevocably agrees at all times as a continuing security to keep Film4 indemnified against all demands, claims, liabilities, damages, losses, proceedings and expenses incurred or suffered by Film4 directly or indirectly by reason of or in connection with any failure by the Chargor or the Producer to pay any sums owing to Film4 pursuant to the Finance Documents, including where such failure arises from any invalidity or unenforceability of any of the Transaction Agreements, or any legal limitation, inability to pay or other incapacity of the Chargor or the Producer or affecting any of the Transaction Agreements

2.5 In consideration of Film4 advancing funds to the Producer, the Chargor

(a) guarantees to Film4 punctual performance by the Producer of all the Secured Obligations,

(b) agrees, as an additional and independent obligation, that if any of the Secured Obligations are not, for any reason, recoverable from the Chargor under any guarantee contained in this clause, the Chargor will be liable to Film4 as principal debtor or by way of indemnity for the same amount as it would have been liable for had those Secured Obligations been recoverable under that guarantee and further agrees to discharge that liability immediately on demand from time to time, and

(c) agrees to indemnify Film4 immediately on demand against any cost, loss or liability incurred by Film4 if any obligation guaranteed by it under this Charge is or becomes unenforceable, illegal or invalid and the amount of the cost, loss or liability will be equal to the amount which Film4 would otherwise have been entitled to recover

2 6 This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Producer to Film4, regardless of any intermediate payment or discharge in whole or in part

2 7 The liability of the Chargor to the Chargee shall not, unless otherwise agreed in writing by the Chargee, be discharged by

(i) any agreement, arrangement or understanding between any Relevant Party, or

- (ii) any alteration in the obligations undertaken by any Relevant Party (however material or fundamental), or
- (iii) reason of any invalidity or any unenforceability of any Relevant Agreement or any legal limitation or incapacity of a Relevant Party,
- (iv) any forbearance by the Film4 whether as to payment, time, performance or otherwise, or
- (v) anything else affecting the relationship between the Chargor and the Film4 or the status or constitution of the amalgamation or consolidation with a third party of either the Chargor or the Chargee

3 ASSIGNMENT AND TRUST

3.1 The Chargor with full title guarantee and as a continuing security for the full and timely payment, performance and discharge of the Secured Obligations assigns the Assigned Property absolutely to Film4 (and in so far as necessary by way of present assignment of future copyright pursuant to Section 91 of the Copyright Designs and Patents Act 1988)

3.2 The Chargor shall hold on trust for Film4 (which trust the Chargor hereby declares) the Chargor's entire interest and benefit in and to the Collateral or any part thereof which cannot be charged or assigned by the Chargor together with all proceeds, money and other rights or benefits to which the Chargor is beneficially entitled in respect of such Collateral

4 FIXED CHARGE

The Chargor with full title guarantee charges the Fixed Charge Property to Film4 by way of first fixed charge as a continuing security for the payment, performance and discharge of the Secured Obligations

5 FLOATING CHARGE

5.1 CHARGE

The Chargor with full title guarantee charges the Floating Charge Property to Film4 by way of first floating charge as a continuing security for the payment, performance and discharge of the Secured Obligations

5.2 CONVERSION TO A FIXED CHARGE

Film4 may, to the extent permitted by law, at any time by notice in writing to the Chargor, convert the floating charge into a fixed charge as regards any of the Floating Charge Property upon the happening of any Event of Default and the Chargor shall promptly execute a fixed charge or a legal assignment over such assets in such form as Film4 shall require and in any event, the floating charge shall automatically be converted into a fixed charge as regards the Floating Charge Property without notice from Film4 to the Chargor upon the happening of any Event of Default

5.3 AUTOMATIC CONVERSION

If, without prior written consent of Film4

- (a) the Chargor creates, agrees to create or permits to subsist any Prohibited Security Interest on, over, or with respect to, the Floating Charge Property or any part of it, or attempts to do so, or
- (b) any person levies, or attempts to levy, any distress, attachment, execution or other legal process against the Floating Charge Property or any part of it,

the floating charge over such Floating Charge Property or part thereof that is the subject of such Prohibited Security Interest or process shall be deemed to have been automatically converted into a fixed charge the instant before such event occurs

5.4 PART 14 OF SCHEDULE B1 OF THE INSOLVENCY ACT

Paragraph 14 of Schedule B1 of the Insolvency Act shall apply to the floating charge created by this Charge

6 NEGATIVE PLEDGE

The Chargor undertakes that it shall not, without the prior written consent of Film4, create, agree to create or allow to subsist any Prohibited Security Interest on or over the Collateral or any part of it

7 LICENCE

Film4 grants the Chargor a revocable licence to continue with the production, completion, delivery, distribution and exploitation of the Film on the terms set out in the PSA and the other Transaction Agreements. Film4 may terminate such licence on the happening of an Event of Default

8 ENFORCEMENT AND DEFAULT

8.1 Default By Chargor Each of the following shall hereinafter be referred to as an 'Event of Default' and collectively as 'Events of Default' and the occurrence of any of the following shall constitute an Event of Default by the Chargor or Chargor's Default

- (a) **General Default** Chargor fails, refuses or neglects to perform any material obligation under this Charge or any of the Finance Documents or Funding Agreements or Transaction Agreements or breaches any material representation, warranty, material term or material provision hereunder and, where such failure or breach is capable of cure, fails to cure it within thirty (30) days after written notice thereof,
- (b) **Specification Default** If the Film fails to comply with the Film Specification (unless Film4 has given its prior written approval to a variation of any such Film Specification and the Film complies with such approved variation),
- (c) **Delivery Default** If Chargor and/or Producer abandons production of the Film or otherwise fails to deliver the Film4 Delivery Items for the Film to Film4 in accordance with the terms, conditions, requirements and specifications of this Charge and (if capable of remedy) fails to remedy the same within ten (10) business days of receipt of written notice of the same,

- (d) **Financial Default** If at any time prior to delivery of the Film to Film4, Chargor or Producer shall
- (i) **Bankruptcy** Be adjudicated a bankrupt, or petition for or consent to any relief under any bankruptcy, reorganization, receivership, liquidation, compromise or arrangement or moratorium statutes, or
 - (ii) **Assignment to Creditors** Make an assignment for the benefit of its creditors, or
 - (iii) **Receivership** Petition for or be subjected to the appointment of a receiver, liquidator, trustee or custodian for all or a substantial part of its assets who is not discharged within sixty (60) days from the date of appointment thereof, or
 - (iv) **Levy on Film** If the Film or any portion thereof is attached or levied upon and such attachment or levy is not released within thirty (30) days after such levy, or
 - (v) **Inability to Pay Debts** If Chargor or Producer admits in writing its inability to pay its debts generally when due, or
 - (vi) **Analogous Event** If Chargor or Producer is subject to any analogous event or proceeding referred to in subparagraphs (1)-(5) inclusive above in any applicable jurisdiction, or
 - (vii) **Cease Business** If Chargor or Producer ceases or threatens to cease carrying on business or sells all or substantially all of its assets or is merged or reorganised in circumstances where it is not the surviving entity

8.2 EVENT OF DEFAULT

On the happening of any Event of Default (which in this Charge shall include any breach or non performance by the Chargor of the PSA) (if the Event of Default, if capable of remedy, remains uncured in accordance with the provisions of the Transaction Agreements) or at any time thereafter the security created by this Charge shall become enforceable, and, on the expiry of written notice requiring remedy within the Cure Period (or at any time after such expiry) in the case only of an Event of Default capable of remedy by the Chargor which remains unremedied and, in all other cases, upon notice to that effect, the Secured Obligations shall immediately become due and payable, and thereafter (or at any time if the Chargor requests the same and Film4 in its absolute discretion agrees) Film4 may, in respect of the Collateral or any part of it

- (a) sell, call in, convert into money or otherwise, take possession of, hold, dispose of or deal with any part of the Collateral in such manner and upon such terms as it shall think fit,
- (b) appoint one or more persons to be a Receiver of some or all of the Collateral,
- (c) appoint an Administrator of the Chargor,
- (d) exercise the power of sale and other powers conferred by section 101 of the Act without the restrictions imposed by section 103 of the Act, and

(e) exercise all or any of the powers conferred upon Film4 by this Charge or otherwise conferred by statute or common law on mortgagees

8 3 RIGHTS PRIOR TO ENFORCEMENT

Prior to this Charge becoming enforceable Film4 may upon notice to the Chargor exercise any discretions, options, remedies and other rights of whatever nature assigned or charged to it pursuant to this Charge as if it were the sole and absolute beneficial owner of the same and, to the extent that Film4 considers it necessary to issue legal proceedings to enforce any such discretion, option, remedy or other right against the relevant counterparty, the Chargor irrevocably consents to the use of its name in any legal proceeding and agrees to be joined as a party to the same if reasonably required by Film4

9 APPOINTMENT OF RECEIVER

9 1 APPOINTMENT AND REMOVAL

(a) Upon this security becoming enforceable, or at any time if so requested by the Chargor, Film4 may, subject to statutory restrictions, appoint any person or persons as a Receiver Joint Receivers may act jointly or severally

(b) Film4 may remove any Receiver appointed under this Charge and appoint any person or persons as Receiver either in the place of a Receiver so removed or who has otherwise ceased to act or to act jointly with a Receiver previously appointed under this Charge

(c) Every such appointment or removal and every delegation, appointment or removal by Film4 in the exercise of any right to delegate its powers or to remove delegates herein contained may be made either by deed or by instrument in writing under the hand of any duly authorised officer of Film4 or any person so authorised in writing in that behalf by any such officer

9 2 AGENCY

The Receiver shall, at all times and for all purposes, be deemed to be the agent of the Chargor and the Chargor (to the exclusion of Film4) shall be solely responsible for his acts or defaults and for his remuneration

9 3 REMUNERATION

The Receiver shall be entitled to remuneration for his services and the services of his firm appropriate to the work and responsibility involved upon the basis of charging from time to time adopted by the Receiver or his firm and without being limited by the maximum rate specified in Section 109(6) of the Act From time to time, Film4 may fix the remuneration of the Receiver and direct that such remuneration be paid from monies accruing to the Receiver in the exercise of his powers as receiver, but the Chargor alone shall be liable for the payment of such remuneration

9 4 POWERS

The Receiver shall, until his removal, and notwithstanding any administration or liquidation of the Chargor have the powers set out in Section 109 of the Act and in Schedule 1 to the Insolvency Act and, in addition, shall have power either in his own name or in the name of the Chargor

- (a) to take possession of, get in or realise the Collateral and to take, enforce, defend or abandon any actions, suits and proceedings in the name of the Chargor or otherwise solely in relation to the Collateral as he or Film4 shall think fit,
- (b) 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 relating in any way to the Collateral or any part thereof,
- (c) to assign, sell, lease, license (including, but not in limitation, by appointing a replacement distributor to distribute and exploit the Film and the Rights in place of the Chargor or any other person), grant options to sell, deal with or manage or concur in assigning, selling, leasing, licensing, granting options to sell, dealing with or managing and to vary, terminate or accept surrenders of leases or licences of any of the Collateral in such manner and generally on such terms and conditions as Film4 or the Receiver 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 or contracts charged or assigned to Film4 by this Charge,
- (e) to carry on manage or concur in carrying on and managing the business of the Chargor in relation to the Film or any part thereof and the Chargor acknowledges that it shall not seek to prevent the Receiver from so carrying on or managing,
- (f) to raise or borrow any money that may be required upon the security of the whole or any part of the Collateral or without such security,
- (g) to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising the Collateral,
- (h) to appoint and discharge advisers, managers, agents, employees, contractors and workmen in relation to the business of the Chargor relating to the Film at such salaries and for such periods as the Receiver may determine,
- (i) to make any arrangement or compromise pay any compensation or incur any obligation and enter into any contracts in relation to the Collateral which the Receiver shall think expedient in the interests of Film4,
- (j) to make, effect and do all maintenance, repairs, developments, reconstructions, improvements, furnishings, equipment, insurances, alterations or additions to or in respect of the Collateral in the interests of Film4 for maintaining the value of the Collateral in every such case as Film4 or he shall think fit,
- (k) to promote the formation of companies with a view to purchasing, leasing, licensing or otherwise acquiring interests in all or any of the Collateral, to arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Collateral on such terms and conditions whether or not including payment by instalments secured or unsecured as the Receiver shall think fit,
- (l) to manage, develop, reconstruct, improve, amalgamate or diversify or concur in managing, developing, reconstructing, improving, amalgamating or diversifying the business in relation to the Film of the Chargor,

(m) to exercise in relation to the Collateral or any part of it an election in accordance with paragraph 2 of Schedule 10 to the Value Added Tax Act 1994 and/or to revoke any such election,

(n) to do all such other acts and things as may be considered to be incidental or conducive to any of the matters or powers aforesaid and which he lawfully may or can do, and

(o) to exercise all such other power and authority in relation to the Collateral as Film4 shall think fit and so that Film4 and/or the Receiver may in relation to all or any part of the Collateral exercise and confer any powers and authorities which Film4 or the Receiver could exercise and confer if it were the absolute beneficial owner thereof and to use the name of the Chargor for any such purposes

9 5 TAKEOVER

In addition, but without prejudice, to the foregoing remedies if the security created by this Charge becomes enforceable Film4 shall (without prejudice to the statutory power of sale conferred by the Act) be entitled to take over and complete the production of the Film on notice to the Chargor, and entitled to sell the Collateral or any part or parts thereof or otherwise exploit or turn to account the Collateral for such price and in such manner as Film4 in its absolute discretion may think fit, without any formalities, all of which are hereby waived by the Chargor, other than the formality of first notifying the Chargor of its intention to exercise such rights. Film4 shall be entitled to repayment of all costs and charges in connection therewith including all costs fees and charges it may incur as a consequence of the enforcement hereof

9 6 FILM4'S POWERS

All the powers, authorities and discretions which are conferred by this Charge either expressly or impliedly upon the Receiver may be exercised by Film4 in relation to the Collateral or any part of it without first appointing a Receiver or notwithstanding the appointment of a Receiver

9 7 POWERS TO BE ADDITIONAL

The powers conferred by this Charge in relation to the Collateral on Film4 or on the Receiver shall be in addition to, and not in substitution for, the powers conferred on mortgagees or receivers under the Act and the Insolvency Act or otherwise available at law

9 8 DELEGATION OF POWERS

(a) Film4 and any Receiver may, at any time and from time to time, delegate by power of attorney or in any other manner (including, under the hand of any duly authorised officer of Film4) to any person all or any of the powers, authorities and discretions which are, for the time being, exercisable by Film4 or any Receiver under this Charge, the Act or the Insolvency Act in relation to the Collateral or any part of it, and any such delegation may be made upon such terms and conditions (including power to sub-delegate) and subject to such regulations as Film4 or the Receiver (as the case may be) may think fit

(b) Except for negligence in its selection of any such delegate, Film4 and the Receiver shall not be in any way liable or responsible to the Chargor for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate (or sub-delegate)

99 CONFLICT

If there is any ambiguity or conflict between the powers conferred on the Receiver by the Act, Schedule 1 of the Insolvency Act and the powers conferred by this Clause 9, the powers conferred by this Clause 9 shall prevail

10 APPROPRIATION

10.1 APPROPRIATION

Upon the happening of any Event of Default or at any time thereafter (if the Event of Default, if capable of remedy, remains uncured in accordance with the provisions of the Transaction Agreements) all money received by Film4 or the Receiver shall be applied in the following order

- (a) in payment of the remuneration of the Receiver and the costs of realisation including all costs and expenses of, or incidental to, any exercise of any power conferred by this Charge,
- (b) in, or towards, the payment and performance of any debts or other liabilities which are by statute made payable in preference to the Secured Obligations to the extent to which such debts or liabilities are made so payable, and
- (c) (when so required) in or towards satisfaction of the Secured Obligations in such order as Film4 or the Receiver shall, in his absolute discretion, determine

and the surplus (if any) shall be applied in accordance with the Film4 Agreement and/or the Interparty Deed

10.2 VARIATION OF STATUTES

The provisions of Clause 10.1 shall take effect as and by way of variation and extension of the provisions of Sections 99 to 109 inclusive of the Act, which provisions so varied and extended shall be regarded as incorporated herein

10.3 SUSPENSE ACCOUNT

Film4 may, in its absolute discretion at all times pending the payment to Film4 of the whole of the Secured Obligations, place and keep to the credit of a separate or suspense account any money received by Film4 by virtue of this Charge for so long and in such manner as Film4 may determine without any obligation to apply the same or any part thereof in or towards the discharge of the Secured Obligations

11 FILM4 IN POSSESSION

11.1 RECEIPTS

Film4 shall not, in any circumstances either by reason of any entry by it into, or taking by it of possession of, the Collateral or any part of it or for any other reason whatsoever and whether as mortgagee in possession or on any other basis whatsoever

- (a) be liable to account to the Chargor for anything except Film4's own actual receipts,
- (b) be liable to the Chargor for any loss or damage arising from

- (i) any realisation by Film4 of the Collateral or any part of it, or
- (ii) any act, default or omission of Film4 in relation to the Collateral or any part of it, or
- (iii) any exercise or non-exercise by Film4 of any power, authority or discretion conferred upon it in relation to the Collateral or any part of it by, or pursuant to, this Charge, the Act or by the Insolvency Act,

except to the extent that such loss or damage is caused by Film4's own negligence or wilful default

11.2 RECEIVERS AND DELEGATES

The provisions of Clause 11.1 shall apply in respect of the liability of the Receiver and in respect of the liability of any such delegate (or sub-delegate) as aforesaid in all respects as though every reference in Clause 11.1 to Film4 were instead a reference to the Receiver or, as the case may be, to such delegate (or sub-delegate)

12 FILM4'S DISCRETION

12.1 FILM4 MAY CURE BREACHES OF COVENANTS

In the event of the failure of the Chargor to observe or perform the provisions of this Charge Film4 may do all such acts and things as may be necessary to secure the observance or performance thereof and nothing done by Film4 in the exercise of this power shall as between Film4 and the Chargor make Film4 liable as a mortgagee in possession

12.2 EXPENSES SO INCURRED

All monies expended and all costs incurred by Film4 in carrying out any of its discretions or powers referred to in Clause 12.1 shall be considered to have been properly incurred by Film4, shall constitute expenses and shall be recoverable from the Chargor upon demand and shall accordingly be part of the Secured Obligations

13 NEW ACCOUNT

If Film4 receives notice (either actual or constructive) of any Prohibited Security Interest or other interest affecting the Collateral or any part of it, Film4 may open a new account or accounts with the Chargor. If Film4 does not open a new account it shall nevertheless be treated as if it had done so at the time when it received notice or was deemed to have received such notice and, as from that time, all payments made by or on behalf of the Chargor to Film4 shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount due from the Chargor to Film4 at the time when it received notice or was deemed to have received such notice

14 CONSOLIDATION AND SET OFF

14.1 COMBINING OF ACCOUNTS

Film4 shall have, in addition to any general lien or similar right (if any) to which it may be entitled by law, the right at any time or times and without notice to the Chargor (as well before as after any demand under this Charge) to combine or consolidate all or any of the existing accounts (including accounts in the name of Film4) with any liabilities to Film4 of the Chargor

14.2 SET-OFF

Film4 may set-off any liability or obligation (whether matured or not) owed by the Chargor under any of the Finance Documents against any liability or obligation (whether or not matured) owed by Film4 to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the respective obligations are in different currencies, Film4 may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, Film4 may set-off in an amount estimated by it in good faith to be the amount of that obligation.

15 LAW OF PROPERTY ACT 1925

The restriction on consolidation of mortgages contained in Section 93 of the Act shall not apply to this security. The powers conferred by Section 101 of the Act, as varied and extended by this Charge, shall be deemed to have arisen immediately on the execution of this Charge.

16 LAW OF PROPERTY (MISCELLANEOUS PROVISIONS) ACT 1989

The terms of the other Transaction Agreements and of any side letters between the parties to this Charge in relation to the Transaction Agreements are incorporated into each Transaction Agreement to the extent required for any purported disposition of any property contained in any Transaction Agreement to be a valid disposition within section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

17 PROTECTION FOR PURCHASERS

(a) No person dealing with Film4 or with the Receiver or with any such delegate or sub-delegate as aforesaid shall be concerned to enquire whether any event has happened upon which any of the powers, authorities and discretions conferred by this Charge in relation to the Collateral or any part of it is or may be exercisable by Film4, the Receiver, delegate (or sub-delegate) or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers, and all the protection to purchasers contained in Sections 104 and 107 of the Act and Sections 42 of the Insolvency Act shall apply to any person purchasing from, or dealing with, Film4 or the Receiver, delegate or sub-delegate in like manner as if the statutory powers of sale and of appointing a Receiver in relation to the Collateral or any part of it had not been varied or extended by this Charge.

(b) In favour of a purchaser the Secured Obligations shall be deemed to have become due on the date a demand for the same is made by Film4 and all powers exercisable by Film4 under this Charge shall be exercisable from that time.

18 FURTHER ASSURANCE AND POWER OF ATTORNEY

18.1 FURTHER ASSURANCE

The Chargor shall, at any time if and when required by Film4, execute in favour of Film4 (or as Film4 shall direct) such further legal or other assignments, mortgages, securities or charges as Film4 may reasonably require of, and on, the Collateral or any part of it in order to secure the payment and discharge of the Secured Obligations insofar as the Chargor is lawfully entitled so to do and subject to any third party consents which are required being obtained (which the Chargor covenants to use its reasonable endeavours to obtain). The assignments, mortgages, securities or charges shall be prepared by, or on behalf of, Film4 at the cost of the Chargor and shall contain all such provisions as Film4 may reasonably require.

18 2 ATTORNEY

For the purpose of securing the interest of Film4 in the Collateral or any part of it and for facilitating the perfection or realisation of the security constituted by this Charge, the Chargor irrevocably and by way of security appoints each of Film4 and any Receiver to be its attorney (with full power to appoint delegates and to sub-delegate in both cases with regard to the Collateral or any part of it) on its behalf and in its name or otherwise and as its act and deed to sign, execute and do any deed, document, act or thing which the Chargor is or may become obliged to sign, execute and do pursuant to this Charge or which Film4 or the Receiver may, in its or his absolute discretion, consider appropriate in connection with the exercise of any of the powers of Film4 or of the Receiver or the perfection, protection or realisation of any security constituted by this Charge and which the Chargor does not sign, execute or do within 5 Business Days of being requested to do so Film4 shall supply the Chargor with copies of any such deeds or documents executed by Film4 or any Receiver as attorney for the Chargor pursuant to this Clause 18 2 but a failure to do so shall not be a breach of this Charge or affect Film4's rights under it The powers contained in this Clause 18 2 are additional to any powers Film4 may be granted pursuant to the Film4 Agreement or the Interparty Deed

18 3 RATIFICATION

The Chargor shall, upon written request of Film4, ratify and confirm the actions which Film4 or the Receiver or any delegate or sub-delegate carries out in its capacity as attorney for the Chargor as provided in Clause 18 2, and Film4, the Receiver, delegate or sub-delegate in its capacity as attorney may, on behalf of the Chargor, so ratify and confirm

19 WARRANTIES, REPRESENTATIONS, UNDERTAKINGS AND COVENANTS OF THE CHARGOR

The Chargor repeats in favour of Film4 the warranties, representations, undertakings and covenants given by it to Film4 and/or the Producer in the other Finance Documents and the Interparty Deed as if the same were set forth and incorporated in this Charge mutatis mutandis and, in addition, hereby represents, warrants and undertakes to Film4 that

- (a) save as otherwise acknowledged in the Interparty Deed, it has not sold, assigned or in any way encumbered any of its rights, title and interest in and to the Collateral and, without prejudice to the rights of the Chargor pursuant to Clause 7 above, that it will not hereafter sell, assign or in any way encumber any of such right, title or interest without the prior written consent of Film4,
- (b) save as otherwise acknowledged in the Interparty Deed, it will not use or allow to be used or do any act or omit to do any act or enter into any arrangement with any third party in relation to the Collateral in any manner which may materially or adversely affect its value, and
- (c) it has full power and title to assign (by way of security) the Assigned Property and to charge the Fixed Charge Property and the Floating Charge Property herein and has taken all corporate action necessary to authorise the execution and performance of this Charge

20 INDEMNITIES AND EXPENSES

20 1 GENERAL INDEMNITY

The Chargor indemnifies, and agrees to keep indemnified, Film4, the Receiver and any of their managers, contractors, agents, officers or employees for whose liability, acts or omissions Film4 or, as the case may be, the Receiver may be answerable, from and against all liabilities, costs, charges, losses and expenses suffered or incurred by them arising from or as a result of

- (a) the exercise or the purported exercise of any powers, authorities or discretions vested in them in accordance herewith,
- (b) any breach by the Chargor of any covenants or other obligations to Film4 under this Charge,
- (c) the enforcement of the provisions of this Charge, or
- (d) any action, claim or proceeding relating to any of the above

20.2 INDEMNIFICATION OF EXPENSES

20.2 The Chargor covenants that it shall pay to Film4 on demand the following items of expenditure -

(a) all expenses including legal and out-of-pocket expenses (on a full indemnity basis) incurred by Film4 in connection with

(i) the preparation and negotiation of documentation relating to any amendment or extension of this Charge, regardless of the form which such documentation takes and whether or not such documentation is acceptable to, and/or executed by, any or all parties thereto, and

(ii) the granting of any waiver, approval, consent, confirmation or release under, or in respect of, this Charge, and,

(iii) any investigation or due diligence into the financial or other condition of the Chargor or into ascertaining whether or not the Chargor has complied or is complying with the provisions of any of the Finance Documents which Film4 requires to carry out for reasonably sufficient cause,

together with interest at the Rate from the date such expenses were incurred to the date of payment (as well after as before judgment),

(b) an amount equal to any stamp duties, search fees, registration fees and duties payable in connection with this Charge and any penalties with respect to, or resulting from the Chargor's delay or omission to pay any such duties or fees, and

(c) all expenses (including legal and out of pocket expenses on a full indemnity basis) incurred by Film4 -

(i) in contemplation of, or otherwise in connection with, the enforcement of any rights or exercise of any powers under this Charge or in investigating any possible breach by the Chargor of the provisions of any of the Transaction Agreements, or

(ii) in respect of any proceedings (legal or otherwise) involving Film4 in connection with this Charge or property secured by this Charge, whether such proceedings are brought by the Chargor or a third party,

together with interest at the Rate from the date such expenses were incurred to the date of payment (as well after as before judgment)

20.3 VAT

All payments to be made by the Chargor pursuant to this Charge shall be paid together with Value Added Tax (if any) thereon

21 NOTICES

The provisions of clause 18 of the Film4 Agreement shall apply to any notices under this Charge as if the same were hereinafter set out in full

22 GOVERNING LAW AND JURISDICTION

This Charge and all matters and any non-contractual obligations or liabilities arising from or connected with it shall be governed by, and construed in accordance with, the laws of England and Wales, and the Chargor submits to the exclusive jurisdiction of the courts of England and Wales provided however that Film4 may commence and maintain any action against the Chargor arising under this Charge in the courts of any other jurisdiction. The Chargor irrevocably waives any objection it might have to the courts of England being nominated as the forum to hear and decide any proceedings brought before it and to settle any dispute which may arise out of or in any way in connection with this Charge and agrees not to claim that the courts of England are not a convenient or appropriate forum for these purposes

23 NATURE OF THE SECURITY

23.1 ADDITIONAL SECURITY

The security created by this Charge is in addition to any other security that Film4 may now or from time to time hold or take from the Chargor or any third party

23.2 CONTINUING SECURITY

This Charge shall be a continuing security to Film4 notwithstanding any intermediate payment or settlement of account or any other matter whatever, and shall be in addition to, and shall not prejudice or be prejudiced by, any right of lien, set-off, combination of accounts or other rights exercisable by Film4 as banker against the Chargor or any security, guarantee, indemnity and/or negotiable instrument now or in the future held by Film4

23.3 NO MERGER

Nothing herein contained shall operate so as to merge or otherwise prejudice or affect any bill, note, guarantee, mortgage or other security or any contractual or other right which Film4 may at any time have for any money or liabilities or other sums due or incurred by the Chargor to Film4 or any right or remedy of Film4 thereunder and any receipt, release or discharge of the security provided by, or of any liability arising under, this Charge shall not release or discharge the Chargor from any liability to Film4 for the same or any other moneys which may exist independently of this Charge

23.4 COLLATERAL SECURITY

Where the security given to Film4 by this Charge initially takes effect as a collateral or further security then notwithstanding any receipt, release or discharge endorsed on, or given in respect of, or under, the principal security to which this Charge operates as a collateral or further security, the security provided by this Charge shall, in respect of any moneys which were originally intended to be secured, be an independent security for any such moneys

23 5 SECURITY INTEREST NOT TO BE AFFECTED

Neither the security created by this Charge nor the liability of the Chargor for the Secured Obligations shall be prejudiced or affected by

- (a) any variation or amendment of, or waiver or release granted under or in connection with, any other Security Interest or any guarantee or indemnity or other document,
- (b) time being given, or any other indulgence or concession being granted, by Film4 to the Chargor or any other person,
- (c) the taking, holding, failure to take or hold, varying, realisation, non-enforcement, non-perfection or release by Film4 or any other person of any other Encumbrance, or any guarantee or indemnity or other document,
- (d) the winding-up or administration of the Chargor or any other person,
- (e) any change in the constitution of the Chargor,
- (f) any amalgamation, merger or reconstruction that may be effected by Film4 with any other person or any sale or transfer of the whole or any part of the property, assets and undertaking of Film4 to any other person,
- (g) the existence of any claim, set-off or other right which the Chargor may have at any time against Film4 or any other person,
- (h) the making or absence of any demand for payment of the Secured Obligations on the Chargor or any other person, whether by Film4 or any other person,
- (i) any arrangement, moratorium or compromise entered into by Film4 with the Chargor or any other person, or
- (j) any other thing done or omitted or neglected to be done by Film4 or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the liability of the Chargor for the Secured Obligations

24 RELEASE AND REDEMPTION

24 1 CONDITIONAL DISCHARGE

Any release, settlement or discharge between Film4 and the Chargor shall be conditional upon no security, disposition or payment to Film4 by the Chargor or any other person being avoided, set aside, reduced or ordered to be refunded by virtue of any statutory provision relating to insolvency or liquidation for the time being in force or for any reason whatsoever. If the same is so avoided, set aside, reduced or ordered to be refunded, Film4 shall be entitled to recover the value or amount of any such security or payment from the Chargor subsequently as if such settlement or discharge had not occurred, and the Chargor assigns and charges the Collateral on mutatis mutandis the terms of Clauses 3, 4 and 5 with any liability, actual or contingent, under this Clause

24 2 RETENTION OF SECURITY

Film4 shall be entitled to retain this Charge for the duration of the Security Period

24.3 FINAL REDEMPTION

Subject to and without prejudice to Clause 24.1, in the event that Film4 provides written notification to the Chargor that in its sole and unfettered discretion Film4 is satisfied that all the Secured Obligations have been paid, performed and discharged in full and all agreements which might give rise to the Secured Obligations have been terminated, and Film4 is satisfied that it has no further obligation whether actual or contingent to make any advance, payment or other accommodation available to the Chargor under the Finance Documents, and that the Chargor shall be fully released from this Charge, then Film4 shall, at the request and cost of the Chargor, execute and do all such deeds, acts and things as may be reasonably necessary to release the Collateral from the assignments mortgages and charges contained in this Charge, including (a) reassigning to the Chargor the Chargor's right title and interest in and to the Assigned Property and (b) releasing to the Chargor the Chargor's right, title and interest in and to the Fixed Charge Property and the Floating Charge Property

24.4 Where any release and discharge (whether in respect of the Secured Obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on bankruptcy, liquidation or otherwise, the security constituted by this Charge (and the liability of the Chargor in respect thereof) shall continue or shall be reinstated as if there had been no such discharge or arrangement. Film4 shall be entitled to concede or compromise any claim that any such payment, security or other disposition is liable to avoidance or repayment.

24.5 PRIOR SECURITY INTERESTS

Film4 may redeem any prior Prohibited Security Interest or any prior Security Interest and may settle and prove the accounts of the beneficiary of that prior Prohibited Security Interest or prior Security Interest, and accounts so settled and proved shall be conclusive and binding on the Chargor and the money so paid shall be a receivership expense and be secured by this Charge.

25 MISCELLANEOUS

25.1 COUNTERPARTS

This Charge may be executed in any number of counterparts and this has the same effect as if the signatures on the separate counterparts were on a single copy of this Charge.

25.2 ASSIGNMENTS

The Chargor may not assign any of its rights under this Charge. Film4 may assign the benefit of this Charge.

25.3 SEVERABILITY

If any provision of this Charge is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect -

- (a) the validity or enforceability in that jurisdiction of any other provision of this Charge, or
- (b) the validity or enforceability in any other jurisdiction of that or any other provision of this Charge.

25.4 FILM4'S RIGHTS

DULY EXECUTED AND DELIVERED as a DEED)
by AVA FILMS LIMITED)
acting by a director)
in the presence of)

JOANNE SMITH

PRINT NAME OF WITNESS

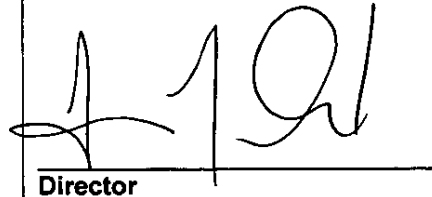
Witness Signature

Name

JOANNE SMITH.

Address

420 CAXWAY APTS
2 CAYENNE COURT
LONDON SE12 8P



Director

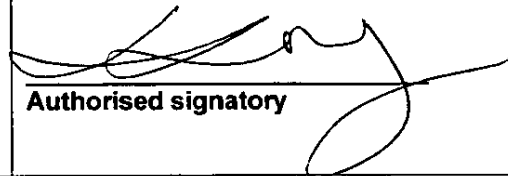
SIGNED FOR AND ON BEHALF OF

FILM4, A DIVISION OF CHANNEL FOUR
TELEVISION CORPORATION

BY TWO AUTHORISED SIGNATORIES



Authorised signatory



Authorised signatory