



Registration of a Charge

Company name: **PAPER LILY PRODUCTIONS LIMITED**

Company number: **10907347**

Received for Electronic Filing: **28/02/2020**



X8ZRJBKG

Details of Charge

Date of creation: **20/02/2020**

Charge code: **1090 7347 0002**

Persons entitled: **COMERICA BANK**

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

Contains fixed charge(s).

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

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

Certified by:

WIGGIN LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 10907347

Charge code: 1090 7347 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 20th February 2020 and created by PAPER LILY PRODUCTIONS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 28th February 2020 .

Given at Companies House, Cardiff on 2nd March 2020

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



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATED 20 February 2020

(1) PAPER LILY PRODUCTIONS LIMITED

(2) COMERICA BANK, A TEXAS BANKING ASSOCIATION

GUARANTEE SECURITY ASSIGNMENT AND CHARGE IN RESPECT OF THE FILM PROVISIONALLY ENTITLED "THE ASSET"

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THIS DEED IS DATED

20 February 2020

BETWEEN:

1. **PAPER LILY PRODUCTIONS LIMITED**, a limited liability company incorporated under the laws of England and Wales (registered number: 10907347) of registered office address 150 Wharfedale Road, Winnersh Triangle, Wokingham, Berkshire, United Kingdom, RG41 5RB (attention: [REDACTED], email: [REDACTED]) (the "**Chargor**"); and
2. **COMERICA BANK, A TEXAS BANKING ASSOCIATION** of 2000 Avenue of the Stars, Second Floor, Los Angeles, CA 90067, United States (attention: [REDACTED], email: [REDACTED]; [REDACTED]) as agent for the Lenders (the "**Agent**").

RECITALS:

- A. Pursuant to the Facility Agreement, the Lenders have agreed to make available to the Borrower, in connection with the financing of the Film, a portion of the production costs of the Film on the terms and conditions set out in the Facility Agreement.
- B. By way of security for the discharge of the liabilities of the Borrower and Co-Obligor to the Lenders pursuant to the Facility Agreement and otherwise, the Chargor is required and has agreed to guarantee on demand the payment of all moneys which are due or owing by the Borrower and Co-Obligor to the Lenders pursuant to the Facility Agreement and to assign and charge to the Agent by way of security certain rights and properties in connection with its assets including without limitation in connection with the Film and has determined that it is in its commercial interests to do so.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. **Interpretation**

- 1.1 In this Guarantee Security Assignment and Charge capitalised terms shall have the meanings set out in Schedule 1 and in the list of parties above (as applicable).
- 1.2 In this Guarantee Security Assignment and Charge (a) any reference to the parties includes a reference to their respective successors in title and permitted assigns; (b) any reference to a person includes any body corporate, unincorporated association, partnership or other legal entity; (c) the singular includes the plural and vice versa; (d) words imparting gender include the other gender; (e) Clause headings are for convenience only and shall not be taken into account in the construction or interpretation of this Guarantee Security Assignment and Charge; (f) references to a "Clause" or a "Schedule" are references to a clause or a schedule, respectively, of this Guarantee Security Assignment and Charge; (g) any references to an agreement, deed, instrument or document are to the same as amended, modified, supplemented or restated from time to time; (h) references to "copyright", "films", "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 (as amended); (i) the covenants implied by Sections 2(1) and 3(1) of the Law of Property (Miscellaneous Provisions) Act 1994 shall apply to the assignment hereby created provided that the operation of such covenants shall be extended by the omission of the words following "third parties" in Section 3(1)(b); and (j) notwithstanding the foregoing, wherever in this Guarantee Security Assignment and Charge the word "Film" is used and the soundtrack is not expressly referred to, such word shall be deemed and construed to include the soundtrack of the Film.

2. **Consideration**

This Guarantee Security Assignment and Charge is executed in consideration of -

- (i) the Agent agreeing to make available a loan to the Borrower pursuant to the terms of the Facility Agreement (which the Chargor acknowledges is of benefit to it by enabling the Film to be financed and produced); and

- (ii) the payment by the Agent to the Chargor of £1 (the receipt and adequacy of which is hereby acknowledged by the Chargor).

3. **Guarantee and Covenant to Pay**

- 3.1 The Chargor hereby irrevocably and unconditionally guarantees to the Agent as principal obligor and not merely surety the due and punctual payment, performance and discharge on demand of the Secured Liabilities.
- 3.2 The guarantee given pursuant to Clause 3.1 is given subject to, and with the benefit of, the provisions set forth in Schedule 3.
- 3.3 The Chargor as principal obligor and as a separate and independent obligation and liability from its liabilities under Clause 3.1, irrevocably and unconditionally agrees to indemnify the Agent in full on demand against all losses, costs and expenses suffered or incurred by the Agent from or in connection with any failure by the Chargor, Borrower or Co-Obligor to pay, perform and discharge on demand the Secured Liabilities.
- 3.4 The Chargor shall be liable to make payment under the indemnity contained in Clause 3.3 immediately on demand of the amount demanded together with all costs, expenses, interest and other amounts payable by the Chargor under this Guarantee Security Assignment and Charge.
- 3.5 It shall not be necessary (prior to making demand under Clause 3.1 or Clause 3.3) for the Agent to make demand on or take proceedings against or take any action or enforce any security given by the Chargor or any other Person.
- 3.6 In consideration of the Lenders agreeing to make available a loan to the Borrower pursuant to the Facility Agreement which the Chargor confirms is of commercial benefit to it and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Chargor hereby covenants with the Agent that it shall:
- 3.6.1 perform and discharge when due all its obligations under the Relevant Agreements to which it is a party; and
- 3.6.2 pay to the Agent and perform and discharge when due all obligations owing to the Agent (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) under Clauses 3.1 to 3.5 above and all other provisions of this Guarantee Security Assignment and Charge.

4. **Charges**

- 4.1 The Chargor, as owner with full title guarantee and as security for the payment, satisfaction and discharge of the Secured Liabilities, charges in favour of the Agent (subject only to the Agent's obligation to release specified in Clause 23.1 hereof) by way of first fixed charge, all of the Chargor's right, title and interest (to the extent thereof and whether now owned or hereafter acquired), if any, in and to the following –
- 4.1.1 all copies made or to be made of the Film; and
- 4.1.2 the Film Assets, the Rights and the Distribution Rights; and
- 4.1.3 the benefit of all revenues accruing to the Chargor or to the Chargor's order or on the Chargor's behalf in respect of the exhibition, distribution and exploitation of the Film and/or of the Distribution Rights and/or of the Underlying Rights and/or of the Rights; and
- 4.1.4 any other films, programmes and any sound recordings made in the course of the production of the Film or pursuant to any right acquired in connection with, or arising from, the production of the Film; and

- 4.1.5 all copies made or to be made of the scripts and musical scores of the Film and any sketches and designs produced in connection with the Film; and
 - 4.1.6 all digital material, physical negative, internegative, interpositive and positive sound and visual material made or to be made incorporating or reproducing all or any part of the Film; and
 - 4.1.7 any agreements for the provision of any goods, services, facilities or finance for the Film and the benefit of any insurance policy taken out for or in connection with the production or exploitation of the Film; and
 - 4.1.8 the UK Tax Credit Collateral; and
 - 4.1.9 the Romanian State Aid Collateral; and
 - 4.1.10 the Accounts (including all monies standing to the credit of each Account, all interest accrued on each Account and all debts represented by the foregoing); and
 - 4.1.11 the Delivery Materials and all other rights and properties, including physical properties acquired or to be acquired by the Chargor in connection with the Film; and
 - 4.1.12 the benefit of the Relevant Agreements; and
 - 4.1.13 the proceeds of any or all of the foregoing.
- 4.2 The Chargor, as owner with full title guarantee and as security for the payment, satisfaction and discharge of the Secured Liabilities, charges in favour of the Agent by way of first floating charge all of the Chargor's undertaking, rights, title, interest and assets, whether now owned or hereafter acquired or created (including (without limitation) any assets expressed to be charged or assigned pursuant to Clauses 4.1 and 5 to the extent the same are not for the time being effectively charged by way of first fixed charge or effectively assigned (whether at law or in equity) by way of security to the Agent). Paragraph 14, schedule B1 Insolvency Act 1986 (incorporated by schedule 16 Enterprise Act 2002) shall apply to any floating charge created pursuant to this Guarantee Security Assignment and Charge, which floating charge is accordingly a qualifying floating charge for such purposes.
- 4.3 Notwithstanding Clause 4.2 above but without limiting the generality of the first floating charge created thereby, the Chargor shall be permitted to assign to any third party, at any time, either before or after the security hereby created shall have become enforceable (or have been enforced) any or all of the Chargor's rights, title and interest in and to the Development Work, free from the security created in favour of the Chargee pursuant to Clause 4.2.
5. **Assignment and Trust**
- 5.1 The Chargor, as owner with full title guarantee and as security for the payment, satisfaction and discharge of the Secured Liabilities, assigns absolutely to the Agent (subject only to the right of re-assignment in favour of the Chargor specified in Clause 23.1 hereof), all of the Chargor's right, title and interest (to the extent thereof and whether now owned or hereafter acquired or created), if any, in and to the following –
- 5.1.1 the Rights, the Distribution Rights and the Underlying Rights and any rights in and to the Film Assets; and
 - 5.1.2 all that copyright in the Film and any other films, programmes and any sound recordings made in the course of the production of the Film or pursuant to any right acquired in connection with, or arising from, the production of the Film; and
 - 5.1.3 the benefit of all revenues accruing to the Chargor or to the Chargor's order or on the Chargor's behalf in respect of the exhibition, distribution and exploitation of the Film and/or of the Distribution Rights and/or of the Underlying Rights and/or of the Rights; and

- 5.1.4 the benefit of all agreements for the provision of goods, services, facilities and finance for the Film; and
- 5.1.5 all those rights of the Chargor in relation to all music composed and sketches and designs made for or used in the production of the Film including the following -
 - (a) the right to adapt the same for the purpose of and to reproduce the same in the form of the Film and any such other programmes and/or films as are mentioned in Clause 5.1.2 hereof; and
 - (b) the right (except for musical performing rights if the composer is a member of the Performing Rights Society Limited) to perform the same in public by exhibition of the Film and any such programmes and/or films as aforesaid; and
 - (c) such rights as the Chargor may own to broadcast the same by radio and television and to include it in cable programmes whether by live performance of living persons or by performances of the Film; and
- 5.1.6 the benefit of all agreements entered into or to be entered into by the Chargor (or its agent) relating to the Film with all rights granted and all monies receivable thereunder and any interest thereon and the benefit of all subsisting undertakings, warranties, representations, covenants, agreements and acknowledgements therein contained; and
- 5.1.7 the benefit of the Relevant Agreements; and
- 5.1.8 the benefit of any and all policy of insurance taken out and maintained in connection with the Film and any and all sums paid or payable thereunder; and
- 5.1.9 the UK Tax Credit Amount and the right to make a claim for and receive the UK Tax Credit, and the benefit of all the UK Tax Credit Collateral; and
- 5.1.10 the Romanian State Aid Amount and the right to make a claim for and receive the Romanian State Aid, and the benefit of all the Romanian State Aid Collateral; and
- 5.1.11 the Accounts (including all monies standing to the credit of each Account, all interest accrued on each Account and all debts represented by the foregoing); and
- 5.1.12 the proceeds of any or all of the foregoing.
- 5.2 The Chargor shall hold on trust for the Agent (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 and benefits to which the Chargor is beneficially entitled in respect of such Collateral.
- 5.3 Where any asset, right, collateral or other thing is stated to be the subject of the fixed charge made pursuant to Clause 4.1 and the assignment made pursuant to Clause 5.1, such asset, right, collateral or other thing, to the extent it may be assigned by the Agent and to the extent such assignment has been perfected at the material time, shall be the subject of such assignment and not of such fixed charge. To the extent such asset, right, collateral or other thing is not capable of being assigned by the Agent or to the extent such assignment has not been perfected at the material time, such asset, right, collateral or other thing shall be the subject of such fixed charge and not of such assignment.
- 6. **Warranty and Negative Pledge**
- 6.1 Other than the Permitted Encumbrances, the Chargor represents, warrants and undertakes that there are and there shall be no charges or other security interests, encumbrance or arrangements having the effect of conferring security interests created by the Chargor or permitted by the Chargor to arise over the Collateral or over any other of the Chargor's property otherwise than in favour of the Agent or with the Agent's prior written consent. Notwithstanding anything to the contrary contained herein, if the Chargor

charges or otherwise encumbers any of the Collateral in any manner contemplated by this Clause 6.1 the charges created in favour of the Agent shall rank in priority to such other charges or encumbrances whether they be fixed, floating or otherwise.

- 6.2 The Chargor hereby warrants and undertakes with the Agent that it is or will be absolutely entitled to the benefit of those properties (subject to the Permitted Encumbrances) and of the agreements referred to in Clauses 4 and 5 hereof (as applicable) to which it is a party (subject to the terms of such agreements) and has full power, right and title to assign and/or charge the Collateral and is duly incorporated and validly existing and in good standing under the laws of England and Wales and has taken all action necessary to authorise the execution, performance and delivery of this Guarantee Security Assignment and Charge.

7. **Licence**

- 7.1 The Agent hereby grants to the Chargor a non-exclusive licence of the Underlying Rights solely to the extent necessary to allow Chargor to produce the Film, which licence shall terminate automatically upon the earlier of: (i) the occurrence of an Event of Default which (if capable of being cured) has not been cured in accordance with any relevant cure periods after notice thereof to the Chargor; or (ii) the completion and delivery of the Film to the Chargor.

8. **Default**

On the happening of any Event of Default which (if capable of being cured) has not been cured within any relevant cure period or at any time thereafter, the floating charge created by Clause 4.2 shall automatically be converted with immediate effect into a fixed charge, the obligation of the Lenders to advance monies under the Facility Agreement shall immediately terminate, the security hereby created shall become enforceable and the Secured Liabilities shall immediately become due and payable PROVIDED THAT solely for the purposes of this clause, the obtaining of a moratorium under Schedule A1 of the Insolvency Act 1986 or any action with a view to obtaining such a moratorium shall not cause the floating charge to automatically crystallise.

9. **Exercise of Rights**

- 9.1 The Agent may at any time after the security hereby created shall have become enforceable -

9.1.1 without prejudice to any other powers the Agent may have by law, exercise all of the powers set out in the Law of Property Act 1925 and in Schedule 1 to the Insolvency Act 1986 and any other powers the Agent may have by law and, in addition, all of the powers set out in Clause 9.2 below; and

9.1.2 in writing appoint a Receiver over the whole or any part of the Collateral upon customary terms as to remuneration or such reasonable variation thereof and otherwise as the Agent shall think fit and may from time to time remove any Receiver so appointed and appoint another in his stead PROVIDED THAT solely for the purposes of this clause, the obtaining of a moratorium under Schedule A1 of the Insolvency Act 1986 or any action with a view to obtaining such a moratorium shall not of itself (but without prejudice to the Agent's rights should other Events of Default then exist) entitle the Agent to appoint a Receiver; and

9.1.3 appoint an administrator of the Chargor.

- 9.2 If a Receiver is appointed he shall be the agent of the Chargor and, without prejudice to any other powers the Receiver may have by law, he shall have all the powers set out in the Law of Property Act 1925 and in Schedule 1 to the Insolvency Act 1986 and in addition shall have power –

9.2.1 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 in relation to the Collateral as he or the Agent shall think fit;

- 9.2.2 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;
- 9.2.3 to assign, sell, lease, license (including, but not in limitation, by appointing a replacement distributor to distribute and exploit the Collateral in place of the Chargor), 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, licences or tenancies of any of the Collateral in such manner and generally on such terms and conditions as the Agent or he shall think fit and to carry any such transactions into effect in the name of and on behalf of the Chargor or otherwise;
- 9.2.4 to take any steps that may be necessary or desirable to effect compliance with all or any of the agreements hereby charged;
- 9.2.5 to exercise all the powers of the Chargor including to carry on and manage or concur in carrying on and managing the business of the Chargor in relation to the Collateral or any part thereof and the Chargor acknowledges that it shall not seek to prevent the Receiver from so carrying on or managing the business;
- 9.2.6 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;
- 9.2.7 to give valid receipts for all monies and execute all assurances and things which may be proper or desirable for realising the Collateral;
- 9.2.8 to appoint and discharge advisers, managers, agents, employees, contractors and workmen in relation to the business of the Chargor relating to the Collateral at such salaries and for such periods as the Receiver may determine;
- 9.2.9 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 the Agent;
- 9.2.10 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 the Agent for maintaining the value of the Collateral in every such case as the Agent or he shall think fit;
- 9.2.11 to make calls conditionally or unconditionally on the shareholders of the Chargor in respect of the uncalled capital of the Chargor (with the same powers for the purpose of enforcing payment of any calls so made as are by the Articles of Association or equivalent constitutional documents of the Chargor conferred upon the Chargor or the directors of the Chargor (as the case may be) in respect of calls authorised to be made by them and to make the same in the name of the directors or in that of the Chargor or otherwise and to the exclusion of the any other person's power in that behalf);
- 9.2.12 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;
- 9.2.13 to manage, develop, reconstruct, improve, amalgamate or diversify or concur in managing, developing, reconstructing, improving, amalgamating or diversifying the business of the Chargor in relation to the Collateral;
- 9.2.14 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

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

PROVIDED ALWAYS THAT nothing herein contained shall make the Agent liable to the Receiver in respect of his remuneration, costs, charges or expenses or otherwise for which together with the Receiver's acts, contracts, defaults and omissions the Chargor alone shall be liable.

- 9.3 In addition, but without prejudice to the foregoing remedies, if the security hereby created shall become enforceable the Agent shall (without prejudice to the statutory power of sale conferred by the Law of Property Act 1925 which is applicable to this Guarantee Security Assignment and Charge) be 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 the Agent in its absolute discretion may think fit, without notice to the Chargor or any other formality, all of which are hereby waived by the Chargor. The Agent 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.
- 9.4 The restrictions contained in sections 93, 103 and 109 of the Law of Property Act 1925 shall not apply to the security hereby created.
- 9.5 The Agent or the Receiver may enforce the security created by this Guarantee Security Assignment and Charge in any order which the Agent or the Receiver in their or its absolute discretion think(s) fit.
- 9.6 The Agent may appoint more than one Receiver and in such event any reference in this Guarantee Security Assignment and Charge to a Receiver shall apply to both or all of the Receivers so appointed and the appointment of Receivers so made shall be deemed to be a joint and several appointment and so that the rights, powers, duties and discretion vested in the Receivers so appointed may be exercised by them all jointly or severally by each of them.
- 9.7 The Agent shall not nor shall the Receiver by reason of the Agent or the Receiver entering into possession of the Collateral or any part thereof be liable to account as mortgagee in possession or for any default or omission of any nature whatsoever for which a mortgagee in possession might be liable, or be liable for any loss or damage occasioned by or upon realisation or diminution in value happening in or about the exercise of any power conferred hereby or by statute and the Chargor shall have no right or action or claim against the Agent on the grounds that a better price could or might have been obtained on any such realisation, sale or disposal. The Agent and the Receiver shall be entitled to all the rights, powers, privileges and immunities conferred by statute on mortgagees and receivers.
- 9.8 If the Chargor shall without the express written agreement of the Agent thereto create or permit to arise or subsist any encumbrance (other than the Permitted Encumbrances) affecting the Collateral of which the Agent shall receive notice, actual or constructive, the Agent may open a new account for the Chargor in respect of the Collateral and if the Agent does not in fact open such new account it shall nevertheless be treated as if it had done so at the time when it received such notice and as from that time all payments made by or on behalf of the Chargor to the Agent shall be credited or be treated as having been credited to the new account, and such payments shall not operate to reduce the amount due from the Chargor to the Agent at the said time until such payments may be indefeasibly so applied by the Agent (but this Clause shall not prejudice any security which apart from this Clause the Agent would have had but for the discharge by the Chargor of liabilities or obligations incurred after that time).
- 9.9 The Agent may at any time without prior notice transfer, where the Agent has more than one account for the Chargor in its books, all or any part of any balance standing to the credit of any such account to any other such account which may be in debt, combine and consolidate all or any of the accounts for the time being of the Chargor with the Agent and/or in any event set off any monies or other assets which the Agent may at any time hold for the account of the Chargor against the Chargor's liability under this Guarantee Security Assignment and Charge and without prejudice to any other right of set-off or similar right to which the Agent may be entitled in law.

9.10 All monies received, recovered or realised by the Agent under this Guarantee Security Assignment and Charge may at the sole discretion of the Agent be credited by the Agent to any suspense or impersonal account pending the application from time to time of such monies and accrued interest thereon at the rate if any agreed in writing between the Chargor and the Agent from time to time (as the Agent shall be entitled to do in their discretion) in or towards the payment of the Secured Liabilities.

9.11 The proceeds of any Collateral obtained or disposed of pursuant to this Guarantee Security Assignment and Charge shall be applied firstly in payment of the Secured Liabilities and any and all expenses and fees (including, but not limited to, reasonable solicitor's fees) incurred by the Agent in obtaining, taking possession of, removing, insuring, storing and disposing of the Collateral and any and all amounts incurred by the Agent in connection therewith (including without limitation in connection with any proceedings brought in connection with any administration of the Chargor) and secondly in accordance with the terms of the Interparty Agreement.

10. **Indemnity and Interest**

10.1 The Chargor indemnifies the Agent, the Receiver and any administrator appointed by the Agent in respect of, and agrees to keep the Agent, the Receiver and any administrator appointed by the Agent fully and effectively indemnified from and against, all liabilities and expenses properly incurred in the execution or purported execution of any of the powers, authorities or discretion vested in the Agent, the Receiver or any administrator appointed by the Agent pursuant hereto and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted by the Chargor in any way relating to the Collateral and the Agent, the Receiver and any administrator appointed by the Agent may retain and pay all sums in respect of the same out of any monies received under the powers hereby conferred.

10.2 Any sums which are payable by the Chargor under this Guarantee Security Assignment and Charge and which are paid by the Agent or the Receiver or any administrator appointed by the Agent, shall be repaid by the Chargor on demand together with interest at the Default Rate from the time of the same having been paid or incurred by the Agent or, as the case may be, the Receiver or any administrator appointed by the Agent to the time that payment is made in full by the Chargor (after as well as before judgment or demand therefor), and the payment of any such sum by the Agent or the Receiver or any administrator appointed by the Agent shall not constitute the Agent or the Receiver or any administrator appointed by the Agent a mortgagee in possession of the Collateral in respect of which such payment is made.

11. **Warranties, Representations and Covenants**

11.1 The Chargor hereby covenants and undertakes with the Agent that it will comply at all times with the terms (express or implied) of this Guarantee Security Assignment and Charge and further covenants and undertakes that it shall so long as the Secured Liabilities have not been indefeasibly paid, satisfied or discharged and until the Lenders have no obligation, actual or contingent, to make further sums available under the Facility Agreement –

11.1.1 (save to the extent such liability is discharged in accordance with the terms of such contracts and agreements) remain liable under the contracts and agreements (including, without limitation, all Relevant Agreements to which it is a party) charged or assigned or to be charged or assigned hereunder to perform all the obligations assumed by it thereunder and the Agent shall not be under any obligations or liability under or in respect of any of such contracts and agreements;

11.1.2 not require the Agent to enforce any term of any of the said contracts and agreements against any party (it being acknowledged that in no circumstances shall the Agent have any obligation so to enforce);

11.1.3 duly perform its obligations under the said agreements, notify the Agent of any material default by itself and institute and maintain all such proceedings (subject to the terms hereof) as may be necessary or expedient to preserve or protect the interest of the Agent and itself in the said agreements;

- 11.1.4 not exercise any right or power conferred on it by or available to it under the said agreements (including, without limitation, the right of termination) if to do so might adversely affect the position of the Agent unless and until requested to do so by the Agent. Thereupon it will exercise such right or power as the Agent may direct;
- 11.1.5 not accept or make any claim that the said agreements have been frustrated or have ceased to be in full force if to do so might adversely affect the position of the Agent;
- 11.1.6 not assign or otherwise dispose of any of its rights under the said agreements save pursuant to the Permitted Encumbrances or as otherwise acknowledged and/or permitted pursuant to any Relevant Agreement approved by the Agent;
- 11.1.7 do all such things as are necessary to maintain its corporate existence in good standing (including without limitation the filing of all necessary returns); and
- 11.1.8 upon the request of the Agent give written notice (in such form and to such persons as the Agent may require) of the security hereby created.

11.2 The Chargor further covenants and undertakes with the Agent that until the Secured Liabilities have been indefeasibly paid, satisfied or discharged (as applicable) to the Agent –

- 11.2.1 it shall not exercise any right or power conferred on it or available to it in relation to the Collateral that might adversely affect the interests of the Agent unless and until requested to do so by the Agent. Thereupon it will exercise such right or power as the Agent may direct; and
- 11.2.2 it shall not assign or otherwise dispose of any of its copyright (if any) in the Collateral save pursuant to the Permitted Encumbrances or as otherwise acknowledged and/or permitted pursuant to any Relevant Agreement approved by the Agent.

11.3 The Chargor hereby repeats in favour of the Agent the warranties, representations, undertakings and covenants set out in the Interparty Agreement as if the same were set forth and incorporated herein.

12. **Nature of Security**

Subject to Clause 23, this Guarantee Security Assignment and Charge shall be a continuing security to the Agent notwithstanding any settlement of account or other act, omission, matter or thing whatsoever which but for this provision might operate to release or otherwise exonerate the Chargor from its obligations hereunder or affect such obligations or release or diminish the security conferred hereunder. Such security is in addition to, and shall not be merged into, or in any way prejudice any other security interest, charge document or right which the Agent may now or at any time hereafter hold or have as regards the Chargor or any other person firm or corporation in respect of the Collateral and shall not in any way be prejudiced or affected thereby or by the invalidity thereof or by the Agent now or hereafter dealing with, exchanging, releasing, modifying or abstaining from perfecting or enforcing any of the same or any rights which it now or hereafter has or by the Agent giving time for payment or indulgence or compounding with any other person liable and this security shall remain in full force and effect as a continuing security unless and until the Agent shall release and discharge this Guarantee Security Assignment and Charge in accordance with Clause 23 hereof. The rights granted to the Agent hereunder are in addition to, and in no way limit or restrict, the rights granted to the Agent in the Facility Agreement or any other agreement. The exercise by the Agent of its rights under this Guarantee Security Assignment and Charge shall in no way affect or be in substitution for such other legal or equitable rights and remedies as the Agent may have against the Chargor or any third party.

13. **Grant of Time or Indulgence**

The security created by this Guarantee Security Assignment and Charge shall not be affected or prejudiced in any way by the Agent giving time or granting any indulgence or accepting any composition from or compounding with or making any other arrangement with the Chargor or any other person firm or company in respect of the Secured Liabilities or otherwise.

14. **Protection of Third Parties**

14.1 No purchaser from the Agent and/or the Receiver or other person dealing with the Agent and/or the Receiver shall be concerned to enquire whether any of the powers which the Agent or the Receiver have exercised or purported to exercise have arisen or become exercisable or whether the Secured Liabilities remain outstanding or as to the propriety or validity of the exercise or purported exercise of any such power and the title of a purchaser and the position of such a person shall not be prejudiced by reference to any of those matters.

14.2 The receipt of the Agent or the Receiver shall be an absolute and conclusive discharge to a purchaser and shall relieve such person of any obligation to see to the application of any sums paid to or by the direction of the Agent or the Receiver.

15. **Waivers, Remedies Cumulative**

The powers which this Guarantee Security Assignment and Charge confers on the Agent are cumulative and without prejudice to its powers under general law and may be exercised as often as the Agent deems appropriate. The rights of the Agent and the Receiver (whether arising under this Guarantee Security Assignment and Charge or under the general law) shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing; and in particular any failure to exercise or any delay in exercising on the part of the Agent or the Receiver any of such rights shall not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any such right shall not preclude any other or further exercise of that or any other such right; and no act or course of conduct or negotiation on the part of either the Agent or the Receiver or on its or their behalf shall in any way preclude either the Agent or the Receiver from exercising any such right or constitute a suspension or variation of any such right.

16. **Governing Law**

This Guarantee Security Assignment and Charge and any non contractual obligation or liability arising from or in connection with it shall be governed by and construed in accordance with the laws of England & Wales and the parties hereto submit to the exclusive jurisdiction of the English courts.

17. **Further Assurance**

17.1 The Chargor agrees to execute all further documents reasonably required by the Agent to give effect to or perfect the security hereby created.

17.2 Without limiting the generality of Clause 17.1 hereof in the event that any of the agreements relating to the Collateral are executed by the Chargor after the date of this Guarantee Security Assignment and Charge, the Chargor will, at the request of the Agent and the expense of the Chargor, execute supplementary charges and deeds of assignment in substantially the same form as this Guarantee Security Assignment and Charge and execute all further documents reasonably required by the Agent to give effect to such security and shall procure that the other party of any such agreements shall execute an acceptance of assignment of the benefit thereof in such form as may be required from time to time by the Agent.

18. **Notice of Default**

The Chargor shall give written notice to the Agent at the address set out against such party at the beginning of this Guarantee Security Assignment and Charge or as shall be notified from time to time to the Chargor hereafter of the occurrence of any Event of Default as soon as such occurrence becomes known to the Chargor.

19. **Power of Attorney**

19.1 The Chargor hereby irrevocably appoints the Agent and, if any Receiver or an administrator has been appointed, each of the Agent, the Receiver and any administrator appointed by the Agent to be an attorney of it in its name and on its behalf to sign, execute and deliver all deeds and documents and do all acts and things which the Agent, the Receiver or an administrator appointed by the Agent may

reasonably require or reasonably deem appropriate for the purpose of exercising any of its powers or for the perfection, protection or realisation of any security hereby constituted. The Chargor hereby acknowledges that such appointment shall be irrevocable (until this Guarantee Security Assignment and Charge is released and reassigned under Clause 23).

19.2 This appointment shall operate as a power of attorney for the purposes of Clause 19.1 only made under Section 10 of the Powers of Attorney Act 1971 such appointment constituting a power coupled with an interest under English law. This power of attorney shall terminate without further notice on the release and discharge of this Guarantee Security Assignment and Charge pursuant to sub-Clause 23.1 hereof but subject to sub-Clause 23.2 hereof.

19.3 The Chargor hereby covenants with the Agent that on request it will ratify and confirm all documents, acts and things and all transactions entered into by the Agent, the Receiver or an administrator appointed by the Agent or by the Chargor at the instance of the Agent, the Receiver or an administrator appointed by the Agent in the exercise or purported exercise of the aforesaid powers.

20. **Invalidity of any Provision**

If at any time any one or more of the provisions of this Guarantee Security Assignment and Charge becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

21. **No Partnership**

Nothing herein shall constitute a partnership or a joint venture between the parties and no party is or shall hold itself out as the agent or partner of the other.

22. **Assignment**

The Agent shall be entitled to assign, participate, transfer, charge, sub-charge or otherwise grant security over or deal in all or any of its right, title and interest in this Guarantee Security Assignment and Charge.

23. **Release and Reassignment**

23.1 Upon unconditional and indefeasible payment, satisfaction and discharge to the Agent of the Secured Liabilities in full, the Agent will, at the written request of the Chargor and at the expense of the Chargor –

23.1.1 release the Collateral charged pursuant to Clause 4 hereof;

23.1.2 re-assign to the Chargor or any third party continuing to have a security interest in the Collateral, the Collateral assigned pursuant to Clause 5 hereof (but not any sums by then paid to the Agent and retained to satisfy the Secured Liabilities in respect thereof); and

23.1.3 execute such documents and do such things as the Chargor shall reasonably require to give effect to sub-Clauses 23.1.1 and 23.1.2 hereof.

23.2 Where any release and discharge (whether in respect of the Secured Liabilities 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 Guarantee Security Assignment and 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. The Agent shall be entitled to concede or compromise any claim that any such payment, security or other disposition is liable to avoidance or repayment.

24. **Filing of Security in the United States**

The Agent shall be entitled to create and to file such documentation as the Agent, in its sole discretion, deems necessary in order to perfect the security set out in this Guarantee Security Assignment and Charge under United States law which may include but is not limited to a UCC-1 financing statement.

25. **Notices**

25.1 **Manner of giving notices**

Any notice or other information required or authorised by this Guarantee Security Assignment and Charge to be given by either party shall be given by:

- 25.1.1 delivering it by hand;
- 25.1.2 sending it by prepaid courier; or
- 25.1.3 sending it by email,

to the other party at the addresses given in Clause 25.4 or 25.5.

25.2 **Notices sent by hand or by courier**

Any notice or other information delivered by hand as provided by Clause 25.1.1 shall be deemed given on the date delivered (if delivered during the business hours of the recipient, or (if not) at the start of the next Business Day thereafter. Any notice or other information sent by courier in the manner as provided by Clause 25.1.2 which is not returned to the sender as undelivered shall be deemed to have been given on the seventh day after the envelope containing it was so couriered.

25.3 **Notices sent by email**

Any notice or other information sent by email as provided in Clause 25.1.3 shall be deemed given when actually received in readable form if received during business hours (local time at the place of receipt) or (if not) at the start of the next Business Day thereafter provided that the sender complies with any automatic response received directing emails to be sent to an alternative address and that the sender has not received a delivery failure notice.

25.4 **Notices to the Agent**

Any notice or other communication required to be given to the Agent under this Guarantee Security Assignment and Charge shall be sent to the Agent to the person and at the address detailed at the top of this Guarantee Security Assignment and Charge and copied to [REDACTED] (email: [REDACTED]) or such other address, email and/or for such other attention as may be notified by the Agent.

25.5 **Notices to the Chargor**

Any notice or other communication required to be given to the Chargor under this Guarantee Security Assignment and Charge shall be sent to the Chargor to the persons and at the address detailed at the top of this Guarantee Security Assignment and Charge and copied to [REDACTED] (email: [REDACTED]) or such other address, email and/or for such other attention as may be notified by the Chargor to the Agent.

25.6 **Notice on a Business Day**

Any notice or other communication received or deemed given on a day which is not a Business Day or after business hours in the place of receipt shall be deemed received and given on the next Business Day.

26. **Notices of Charge and Acknowledgement**

The Chargor must give notice to any relevant third party of this Guarantee Security Assignment and Charge in a form approved by the Agent and to use reasonable endeavours to procure that each such third party acknowledges such notice in a form approved by the Agent.

27. **Counterparts**

This Guarantee Security Assignment and Charge may be executed in counterparts. A counterpart of this Guarantee Security Assignment and Charge executed by a party and sent by facsimile or transmitted electronically in either Tagged Image Format File (TIFF) or Portable Document Format (PDF) to the other shall be treated as an original, fully binding and with full legal force and effect, and each of the parties waives any right it may have to object to such treatment.

SCHEDULE 1

Definitions

Accounts means any accounts opened by the Chargor in connection with the Film;

Assumption Agreement means the assumption and joinder agreement between the Agent and the Co-Obligor in connection with the Facility Agreement;

Borrower means Millennium Funding, Inc (a Nevada corporation);

Borrower Event of Default means a breach by the Borrower or Co-Obligor of any of the terms of, or any other default under, the Facility Agreement or any other Relevant Agreement to which either is a party;

Business Day(s) means any day other than a Saturday, Sunday or a day on which banks in London, England or Los Angeles, USA are required or permitted to be closed;

CDA means the commissioning and distribution agreement in respect of the Film dated on or about the date hereof pursuant to which the Commissioning Distributor has commissioned the Chargor to produce the Film;

Chargor Event of Default means a breach by the Chargor of any of the terms of, or any other default under, the PSA and/or the CDA, this Deed or any other Relevant Agreement to which the Chargor is a party;

Co-Obligor means Makac Productions Inc, (a Nevada corporation);

Collateral means the Chargor's right, title and interest in and to the property charged pursuant to Clauses 4.1 and 4.2 hereof and the property assigned pursuant to Clause 5 hereof;

Commissioning Distributor means The Guard Productions Ltd (company number: 11740010), a limited liability company incorporated under the laws of England and Wales whose registered office is at 10 Royal College Street, London, United Kingdom, NW1 0TH;

Completion Guarantee means the completion guarantee issued by Film Finances, Inc. in favour of the Agent relating to the Film dated on or about the date hereof;

Default Rate means the default interest rate payable in accordance with the Facility Agreement;

Delivery Materials means all the film materials to be created and delivered by the PSC to the Chargor (or to its order) pursuant to and subject to the terms of the PSA and all the film materials to be created and delivered by the Chargor to the Commissioning Distributor (or to its order) pursuant to and subject to the terms of the CDA;

Development Work means the development work undertaken by the Chargor in respect of the project "The Sky is Falling" which shall for the avoidance of doubt exclude any such work which may also relate to the Film;

Distributor Event of Default means a breach by the Commissioning Distributor of any of the terms of, or any other default under, the CDA or any other Relevant Agreement to which the Commissioning Distributor is a party;

Distribution Rights means all rights of exploitation and distribution of the Film by all means and in all media throughout the universe, together with all such rights in and to the Film Assets as are necessary solely to exploit such rights, including all rights, if any, to authorise, prohibit and/or control and collect revenues from the rental, lending, private copying, fixation, reproduction and/or other exploitation of the Film by any means and/or media now known or hereafter devised as may be conferred under applicable laws, regulations and/or directives, including any so-called "Rental and Lending Rights" pursuant to any directives and/or implementing law enacted in any jurisdiction and including without limitation all allied and ancillary rights in and to the Film including without limitation all format, merchandising, commercial tie-in, literary publishing, music publishing, soundtrack album, non broadcast (including videogram, airline and ship rights), on-line rights and all other ancillary rights whether now known or hereafter invented;

Encumbrance means any mortgage, charge, lien, pledge, assignment, hypothecation or security interest or arrangement having similar effect;

Event of Default means any event specified in Schedule 2 of this Guarantee Security Assignment and Charge;

Facility Agreement means the first amended and re-stated credit, security, guaranty and pledge agreement dated as of 27 August 2019, together with the Note between, amongst others, the Borrower and the Agent, together with the Assumption Agreement, pursuant to which the Lenders have agreed, subject to the terms thereof, to make available loans to the Borrower;

Film means the feature film provisionally entitled "The Asset";

Film Assets means the Delivery Materials and all other materials and properties, equipment, hardware and copies of the Film and the Source Material created or acquired in respect of the production and/or exploitation of the Film;

Intellectual Property Rights means all trade marks, service marks, trade names, design rights, copyright (including rights in computer software and databases), patents, rights in know-how, confidential information and other intellectual property rights, in each case whether registered or unregistered and including applications for and the right to apply for registration for, the grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the universe, in each case only to the extent relating solely to the Film;

Intercreditor Agreement means the intercreditor agreement relating to the Film dated on or about the date hereof between, amongst others, the Chargor, the Commissioning Distributor, the Agent and Film Finances Inc.;

Interparty Agreement means the interparty agreement relating to the Film dated on or about the date hereof between, amongst others, the Chargor, the Commissioning Distributor, the PSC, Film Finances, Inc., and the Agent;

Laboratory means NBUK Post Ltd;

Laboratory Pledgeholder Agreement means the pledgeholder agreement between, among others, the Laboratory, the Chargor, the Agent, the PSC and the Commissioning Distributor;

Lenders means the lenders from time to time under the Facility Agreement including, without limitation, Comerica Bank;

Note has the meaning given to that term in the Facility Agreement;

Permitted Encumbrances means the security interests permitted by the Agent in writing or referenced in the Intercreditor Agreement;

PSA means the production services agreement in respect of the Film dated on or about the date hereof pursuant to which the Chargor has engaged the PSC to render certain production services in connection with the Film;

PSC means Paper Lily (The Asset) Limited, a limited liability company incorporated under the laws of England and Wales (registered number: 12225135) of registered office address 10 Royal College Street, London, United Kingdom, NW1 0TH;

PSC Event of Default means a breach by the PSC of any of the terms of, or any other default under, the PSA or any other Relevant Agreements to which it is a party;

Receiver means a receiver or administrative receiver (where such an administrative receiver may be appointed) of the Collateral;

Relevant Agreements means this Guarantee Security Assignment and Charge, the Facility Agreement, any document referred to as a "Condition Precedent" in the Facility Agreement, the PSA, the Romanian PSA, the CDA, the Security Agreements, the Interparty Agreement, the Intercreditor Agreement, the Completion Guarantee, the Laboratory Pledgeholder Agreement and any other agreements to which the Chargor and/or the Borrower and/or the Co-Obligor and/or the PSC and/or the Commissioning Distributor is a party in relation to the Film;

Relevant Parties means any of the Chargor, the Borrower, the Co-Obligor, the PSC, the Commissioning Distributor, the Romanian PSC and each party to each of the Relevant Agreements;

Rights means:

- (a) the entire copyright and all other rights whether vested or contingent, in and to the Film and all material created therefor, whether included in the final version or not;
- (b) all allied and ancillary rights in and to the Film including, without limitation, all format, merchandising, commercial tie-in, literary publishing, music publishing, soundtrack album, non broadcast (including videogram, airline and ship rights), on-line rights and all other ancillary rights whether now known or hereafter invented;
- (c) all rights of copyright, Intellectual Property Rights and any and all other rights, whether vested or contingent, present or future, in all literary, dramatic, musical and artistic material commissioned or otherwise acquired solely in connection with the production, distribution and exploitation of the Film;
- (d) all property and ownership in all Delivery Materials to be created or acquired in connection with the Film including the Source Material, the master negative and all materials held at any laboratory or facilities house from time to time;
- (e) the benefit of all contracts and agreements entered into relating to the acquisition of rights by or provision of goods or services in connection with and solely in so far as this relates to the Film including all warranties and indemnities given therein; and
- (f) the entire remaining benefit of all grants, licences or rights, waivers, consents, covenants, warranties, undertakings and/or representations in all of the licences and agreements solely as necessary for the production and exploitation of the Film;

Romanian PSA means the production services agreement in respect of the Film dated on or about the date hereof pursuant to which the PSC has engaged the Romanian PSC to render certain production services in connection with the Film;

Romanian PSC means Frame Film s.r.l.;

Romanian Qualifying Expenditure means the eligible expenses incurred on the provision of goods and services directly linked to the implementation of an eligible project as detailed in the Government Decision No. 421/2018 (as amended from time to time), which constitute the base for calculating the Romanian State Aid;

Romanian State Aid means the amount representing state aid, pursuant to the Government Decision No. 421/2018 (as amended from time to time), receivable by the Romanian PSC in respect of the Romanian Qualifying Expenditure;

Romanian State Aid Amount means the total Romanian State Aid, if any, payable to the Romanian PSC in respect of the Film;

Romanian State Aid Collateral means the Romanian State Aid Amount, the right to make a claim for and receive the Romanian State Aid, any account used for the purpose of receiving the Romanian State Aid Amount (and all rights relating to it) and the proceeds thereof;

Secured Liabilities means all or any money and liabilities up to the amount of the Secured Liabilities Cap, which shall from time to time (and whether on or at any time after demand) be due, owing or incurred in whatsoever manner to the Lenders by the Borrower, the Co-Obligor, the Chargor, the Commissioning Distributor and the PSC in relation to the Facility Agreement or this Guarantee Security Assignment and Charge, or in relation to the Film, whether actually or contingently, solely or jointly and whether as principal or surety (or guarantor), including any money and liabilities of the Chargor, the Commissioning Distributor, the PSC, the Borrower or Co-Obligor owed to a third party which have been assigned or novated or otherwise vested in the Agent and whether pursuant to the Facility Agreement, the Security Agreements, the Intercreditor Agreement or otherwise;

Secured Liabilities Cap means an amount equal to the outstanding indebtedness (which shall include any interest, fees and expenses) due under the Facility Agreement in so far as it relates to the Film;

Security Agreements has the meaning ascribed to that term in the Intercreditor Agreement;

Source Material means any and all documentary, interview, archive, literary, dramatic, musical and artistic material incorporated in the Film, including any underlying material including contributor agreements, releases, clearances and underlying rights assignments upon which the Film is based;

UK Tax Credit means the cash element payable by HM Revenue and Customs (or any other body from time to time appointed for the purpose under legislation) in respect of losses (including any additional deduction permitted under the Corporation Tax Act 2009) surrendered by a film production company (which has the meaning given to it in the UK Tax Credit Legislation) as calculated under Schedules 4 (*Taxation of Activities of Film Production Company*) and 5 (*Film Tax Relief: Further Provisions*) of the Finance Act 2006;

UK Tax Credit Account means the Sterling account in the name of the PSC, with the following account details:

GBP Tax Credit account:

Account No:	██████████
Sort Code:	██████████
IBAN:	██
SWIFTCODE:	██████████

which will be used only for the purpose of receiving the UK Tax Credit Amount and paying the UK Tax Credit Amount in accordance with the Intercreditor Agreement;

UK Tax Credit Amount means the total UK Tax Credit, if any, payable by HM Revenue and Customs in respect of the Film;

UK Tax Credit Collateral means the UK Tax Credit Amount, the right to make a claim for and receive the UK Tax Credit, the UK Tax Credit Account (and all rights relating to it) and the proceeds thereof;

UK Tax Credit Legislation means together (a) the Guidance Notes to Schedule 1 to the Films Act 1985 for films starting principal photography on or after 1st April 2006 issued by DCMS in April 2006, as supplemented and amended by any later guidance notes relating to the UK Film Tax Credit; (b) the Films Act 1985; (c) Chapter 3 (Films and Sound Recordings), Schedule 4 (Taxation of Activities of Film Production Company) and Schedule 5 (Film Tax Relief: Further Provisions) of the Finance Act 2006; and (d) Part 15 of the Corporation Tax Act 2009 each as the same may be supplemented, amended and implemented from time to time; and

Underlying Rights means any and all rights of copyright, trade mark, patents or other intellectual property rights or other rights of whatsoever nature in the Source Material.

SCHEDULE 2

Events of Default

An Event of Default means any of the following:

1. a Borrower Event of Default;
2. a Chargor Event of Default;
3. a PSC Event of Default;
4. a Distributor Event of Default;
5. the occurrence of an "Event of Default" (howsoever defined in Facility Agreement);
6. a default shall be made in the payment, satisfaction and/or discharge of the Secured Liabilities or any instalment of the Secured Liabilities, on the due date and in the currency and at the place in which or at which it is expressed to be payable under the Facility Agreement or any Security Agreements in favour of the Agent;
7. any breach, default, failure or refusal or neglect of any Relevant Party to observe or perform any of the terms of the Relevant Agreements or any amendment to the Relevant Agreements or any event of default occurs pursuant to any of such agreements and/or documents subject to any applicable cure periods thereunder and only to the extent the same is unremedied in accordance with a Relevant Agreement;
8. if any of the Relevant Agreements shall be terminated or become unenforceable;
9. if any of the warranties and representations given by any Relevant Party under any of the Relevant Agreements shall at any time prove to be incorrect or false;
10. if it becomes illegal for the parties or any Relevant Party to perform their respective obligations under any of the Relevant Agreements or if any of the Relevant Agreements becomes void, invalid or unenforceable or ceases to be in full force and effect;
11. any consent, authorisation, licence, filing, registration, notarisation or other requirement of any governmental, judicial or public body or authority required or advisable in connection with the execution, delivery, performance, validity, admissibility in evidence or enforceability of the Relevant Agreements or performance by a Relevant Party of its obligations under the Relevant Agreements is modified in a manner unacceptable to the Agent or is not granted or is revoked or terminated or expires;
12. a material adverse change in the business or financial condition of a Relevant Party or in relation to any rights, assets or monies over which the Agent has security;
13. any meeting of creditors of a Relevant Party being held or any arrangement or steps being taken by a Relevant Party with a view to proposing or implementing (under any enactment or otherwise) any kind of scheme of arrangement, compromise or composition with or for the benefit of its creditors (including any voluntary arrangement as defined in the Insolvency Act 1986);
14. a trustee, liquidator, provisional liquidator, supervisor, receiver, administrator (in bankruptcy or otherwise), administrative receiver or other encumbrancer taking possession of or being appointed over or any distress, execution or other process being levied or enforced (and not being discharged within seven (7) days) over the whole or any substantial part of the assets of a Relevant Party or the directors or officers of a Relevant Party requesting any person to appoint such a trustee, liquidator, supervisor, receiver, administrator, administrative receiver or other encumbrancer;

15. a Relevant Party ceasing or threatening to cease to carry on business or being or becoming unable to pay its debts within the meaning of section 123 Insolvency Act 1986 (on the basis that, in relation to sections 123(1)(e) and 123(2) Insolvency Act 1986 the words "if it is proved to the satisfaction of the court that" are omitted) or suspending or threatening to suspend making payments with respect to all or any class of its debts;
16. a Relevant Party obtaining a moratorium or other protection from its creditors;
17. a petition being presented, or steps being taken, or a meeting being convened for the purpose of considering a resolution for the making of an administration order, the winding-up, bankruptcy or dissolution of a Relevant Party;
18. an application being presented for the making of an administration order, or there is served on any person a notice of intention to appoint an administrator or any such appointment is made in relation to any Relevant Party, or a meeting being convened for the purpose of considering a resolution for the making of such an application or the service of such a notice;
19. a decision being taken for a Relevant Party to cease to trade or any Relevant Party ceases to trade;
20. any Relevant Party changing or threatening to change the nature or scope of its business, or suspending or threatening to suspend all or a substantial part of its business operations;
21. the taking of a decision without the prior consent of the Agent by a Relevant Party that the whole or a part of the undertaking or assets of a Relevant Party be sold, transferred or otherwise disposed of (whether or not for full consideration);
22. any indebtedness or guarantee, indemnity or similar obligation of a Relevant Party not being paid when due or called upon, or any such indebtedness or obligation being declared due prior to its stated maturity;
23. the occurrence of any event which would result in the crystallisation of any floating charge over the whole or any part of the undertaking and assets of a Relevant Party;
24. any Encumbrance which may materially prejudice any assets of any Relevant Party becoming enforceable;
25. any Encumbrance or any guarantee or indemnity given by any Relevant Party ceasing to be in full force and effect;
26. the occurrence of any event or the receipt by the Agent of any information or the coming to the attention of the Agent of any matter or thing which causes the Agent to believe that all or any part of the Collateral is in danger of seizure, distress or other legal process or that all or any part of its security is otherwise for any reason in danger;
27. any Relevant Party has a written demand for the payment of sums due served upon it in accordance with section 123(1)(a) Insolvency Act 1986 or otherwise (which is not settled or disputed);
28. any Relevant Party is struck off the register of companies or otherwise ceases to exist;
29. if any event, which is in the opinion of the Agent analogous to or having a similar effect or result to any of the events described above, shall happen in any jurisdiction to any Relevant Party;
30. the Agent determines (in its sole and absolute discretion) that the rights of any Relevant Party with respect to the Collateral are materially adversely affected as a result of any claim and/or claims asserted by any third party; and
31. the Agent determines (in its sole and absolute discretion) that its security hereunder shall be in jeopardy.

SCHEDULE 3

Guarantee provisions pursuant to Clause 3

1. This Guarantee is a continuing security and shall remain in full force and effect until all moneys, obligations and liabilities referred to in Clause 3 of this Guarantee Security Assignment and Charge have been paid, discharged or satisfied in full notwithstanding the liquidation or other incapacity or any change in the constitution of the Chargor, the Borrower or Co-Obligor or in the name and style of any of them or any settlement of account or other matter whatsoever.
2. This Guarantee is in addition to and shall not merge with or otherwise prejudice or affect or be prejudiced by any other right, remedy, guarantee, indemnity or security and may be enforced without first having recourse to the same or any other bill, note, mortgage, charge, pledge or lien now or hereafter held by or available to the Agent.
3. Notwithstanding that this Guarantee ceases to be continuing for any reason whatsoever, the Agent may continue any accounts of the Borrower and Co-Obligor or open one or more new accounts and the liability of the Chargor hereunder shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such accounts.
4. If any purported obligation or liability of the Borrower or Co-Obligor to the Agent which if valid would have been the subject of this Guarantee is not or ceases to be valid or enforceable against the Borrower or Co-Obligor on any ground whatsoever whether or not known to the Agent including but not limited to any defect in or want of powers of the Borrower or Co-Obligor or irregular exercise thereof or lack of authority by any person purporting to act on behalf of the Borrower or Co-Obligor or any legal or other limitation (whether under the Limitation Acts or otherwise), disability, incapacity or any change in the constitution of or any amalgamation, reconstruction or liquidation of the Borrower or Co-Obligor, the Chargor shall nevertheless be liable to the Agent in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Chargor was the principal debtor in respect thereof. The Chargor hereby agrees to keep the Agent fully indemnified against all damages, loss, costs and expenses arising from any failure of the Borrower or Co-Obligor to carry out any such purported obligation or liability.
5. The liability of the Chargor shall not be affected nor shall this Guarantee Security Assignment and Charge be discharged or diminished by reason of:
 - 5.1. any present or future bill, note, guarantee, indemnity, mortgage, charge, pledge, lien or other security or right or remedy held by or available to the Agent becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Agent from time to time dealing with, exchanging, varying, realising, releasing or failing to perfect or enforce any of the same; or
 - 5.2. the Agent compounding with, discharging, releasing or varying the liability of or granting any time, indulgence or concession to the Borrower or Co-Obligor or any other person or renewing, determining, varying or increasing any bill, promissory note or other negotiable instrument, accommodation, facility or transaction in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from any of the Borrower or Co-Obligor and the Chargor or any other person; or
 - 5.3. any act or omission which would have discharged or affected the liability of the Chargor had it been principal debtor instead of guarantor or by anything done or omitted which but for this provision might operate to exonerate the Chargor.
6. The Chargor warrants to the Agent that it has not taken or received and undertakes that it will not take or receive the benefit of any security from the Borrower or Co-Obligor in connection with this Guarantee Security Assignment and Charge. If any such security is taken, the Chargor hereby declares that such security and all moneys at any time received in respect thereof shall be held on trust for the Agent and as security for the liabilities of the Chargor under this Guarantee.

7. The Chargor hereby agrees to pay interest to the Agent for the account of the Agent on all sums demanded under this Guarantee Security Assignment and Charge from the date of demand until actual payment (as well after as before any judgment) at the Default Rate. Such interest shall be compounded monthly in accordance with the usual practice of the Agent but without prejudice to the right of the Agent to require payment of such interest.
8. Until the Secured Liabilities have been paid, discharged or satisfied in full, the Chargor hereby waives all rights of subrogation and indemnity against the Borrower and or Co-Obligor and agrees not to share in any security held or moneys received by the Agent on account of the Secured Liabilities or to claim or prove in competition with the Agent in the liquidation of the Borrower or Co-Obligor in respect of any moneys paid by the Chargor to the Agent under this Guarantee Security Assignment and Charge. If the Chargor receives any payment or other benefit or exercises any set-off or counter-claim or otherwise acts in breach of this Clause anything so received and any benefit derived directly or indirectly by the Chargor therefrom shall be held in trust for the Agent and as security for the liabilities of the Chargor under this Guarantee Security Assignment and Charge.
9. Any money received in connection with this Guarantee Security Assignment and Charge may be placed to the credit of a suspense account with a view to preserving the right of the Agent to prove for the whole of its claim against the Borrower and Co-Obligor or any other person liable or may be applied by the Agent in or towards satisfaction of such of the moneys, obligations or liabilities of the Chargor under this Guarantee Security Assignment and Charge as the Agent may from time to time conclusively determine.
10. Any release, discharge or settlement between the Chargor and the Agent shall be conditional upon no security, disposition or payment to the Agent by the Borrower or Co-Obligor or any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to bankruptcy, liquidation or insolvency or for any reason whatever and, if such condition shall not be fulfilled, the Agent shall be entitled to enforce this Guarantee Security Assignment and Charge subsequently as if such release, discharge or settlement had not occurred and any such payment had not been made.
11. Unless and until the Agent is satisfied in its absolute discretion as to the solvency of the Borrower and Co-Obligor and the Chargor, the Agent shall be entitled to retain any security constituted by or pursuant to Clause 3 of this Guarantee Security Assignment and Charge for a period of up to six months after the payment, discharge or satisfaction of all moneys, obligations and liabilities that are or may become due, owing or incurred to or in favour of the Agent from the Borrower, Co-Obligor or the Chargor and notwithstanding any such payment, discharge or satisfaction, in the event of an act of bankruptcy by or the commencement of winding-up of the person making such payment or effecting such discharge or satisfaction at any time within the said period of six months, the Agent shall be entitled to retain any such security for such further period as the Agent may determine.
12. If this Guarantee is determined or called in by demand made by the Agent, then the Agent may open a new account or accounts with the Borrower or Co-Obligor ; if the Agent does not open a new account it shall nevertheless be treated as if it had done so at the time of determination or calling in and as from that time all payments made to the Agent shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount for which this Guarantee is available as security at that time.
13. The Agent shall not be obliged before it takes steps to enforce this Guarantee:
 - 13.1. to take action or obtain judgment in any court against the Borrower, the Co-Obligor or any other person; or
 - 13.2. to make or file any claim in a bankruptcy or liquidation of the Borrower, the Co-Obligor or any other person; or
 - 13.3. to make, enforce or seek to enforce any claim against the Borrower, the Co-Obligor or any other person under any security or other document, agreement or arrangement.

14. All sums due and payable by the Chargor under this Guarantee Security Assignment and 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:
- 14.1. the Chargor is required by any law to make any deduction or withholding from any sum payable by the Chargor to the Agent hereunder; or
- 14.2. the Agent is required by law to make any payment, on account of tax (other than tax on its overall net income) or otherwise, on or in relation to any amount received or receivable by the Agent hereunder;
- then the sum payable by the Chargor in respect of which such deduction, withholding or payment is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction, withholding or payment, (and after taking account of any deduction, withholding or payment which is required to be made as a result of the increase) the Agent receives and retains a net sum equal to the sum which it would have received and so retained had no such deduction, withholding or payment been made.
15. This Guarantee Security Assignment and Charge is and will remain the property of the Agent.

EXECUTION PAGE TO COMERICA BANK CHARGE OVER PAPER LILY PRODUCTIONS LIMITED

"THE ASSET"

In Witness whereof this Guarantee Security Assignment and Charge has been entered into the day and year first before written:

EXECUTED and unconditionally delivered as a)
deed by PAPER LILY PRODUCTIONS LIMITED)
acting by SIMON WILLIAM)
for and on behalf of INGENIOUS MEDIA DIRECTOR)
LIMITED, its duly authorised Director)



for and on behalf of

INGENIOUS MEDIA DIRECTOR LIMITED

in the presence of:

Witness Name:

Jessica Hudson

Witness Signature:



Witness Address:

SHERIDANS SOLICITORS
76 WARDOUR STREET
LONDON.....
W1F 0UR
TEL: 020 7079 0100
FAX: 020 7079 0200
DX 138879 MAYFAIR

Witness Occupation:

Solicitor

EXECUTED and DELIVERED)
as a DEED by COMERICA BANK,)
A TEXAS BANKING ASSOCIATION)
by _____, being a Person)
who in accordance with the laws of that)
territory is empowered to execute)
instruments in its name)

.....
Authorised Officer

EXECUTION PAGE TO COMERICA BANK CHARGE OVER PAPER LILY PRODUCTIONS LIMITED

"THE ASSET"

In Witness whereof this Guarantee Security Assignment and Charge has been entered into the day and year first before written.

EXECUTED and unconditionally delivered as a)
deed by **PAPER LILY PRODUCTIONS LIMITED**)
acting by _____)
for and on behalf of **INGENIOUS MEDIA DIRECTOR**)
LIMITED, its duly authorised Director)

_____)
for and on behalf of

INGENIOUS MEDIA DIRECTOR LIMITED

in the presence of:

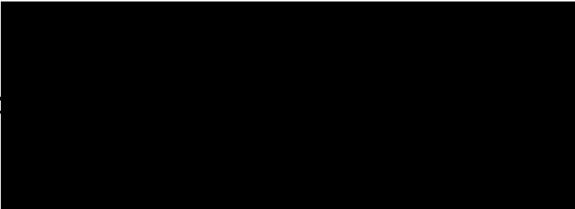
Witness Name:

Witness Signature:

Witness Address:
.....

Witness Occupation:

EXECUTED and **DELIVERED**)
as a **DEED** by **COMERICA BANK,**)
A TEXAS BANKING ASSOCIATION)
by DEREK RIEDEL being a Person)
who in accordance with the laws of that)
territory is empowered to execute)
instruments in its name)


Authorised Officer