



Registration of a Charge

Company name: **BTR PROD LTD**

Company number: **11193293**



X71TEP94

Received for Electronic Filing: **16/03/2018**

Details of Charge

Date of creation: **12/03/2018**

Charge code: **1119 3293 0002**

Persons entitled: **CREATIVE SCOTLAND**

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) .

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: 11193293

Charge code: 1119 3293 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 12th March 2018 and created by BTR PROD LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 16th March 2018 .

Given at Companies House, Cardiff on 20th March 2018

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**

**DEED OF SECURITY ASSIGNMENT AND CHARGE
RELATING TO "BORN TO RUN"**

- (1) BTR PROD LTD
- (2) CREATIVE SCOTLAND

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THIS DEED OF SECURITY ASSIGNMENT AND CHARGE is made on 12 March 2018

BETWEEN:

- (1) **BTR PROD LTD** (Company No: 11193293) with its registered office at Shipleys 10 Orange Street, Haymarket, London, United Kingdom, WC2H 7DQ (the "**Chargor**", which expression shall be deemed to include the Chargor's successors in title and assigns); and
- (2) **CREATIVE SCOTLAND**, a public body established by the Public Services Reform (Scotland) Act 2010 and having its place of business at The Lighthouse, Mitchell Lane, Glasgow, G1 3NU (the "**Chargee**", which expression shall be deemed to include the Chargee's successors in title and assigns).

RECITALS

- (A) Pursuant to a funding agreement dated on or about the date of this Deed between the Chargee, the Commissioning Company and the Chargor (the "**CS Agreement**"), the Chargee agrees to make available the CS Funding to the Commissioning Company in relation to the production of a feature film provisionally entitled "Born To Run" (the "**Film**").
- (B) The Chargor has agreed to execute this Deed in favour of the Chargee as security for the performance of the Secured Obligations.

THE PARTIES NOW AGREE as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Deed (including the Recitals) the following words and expressions shall, unless the context otherwise requires, have the following meanings respectively:

"**Accounts**" means any account established for the Film by the Chargor;

"**Associated Company**" means in relation to any company, another company which is a subsidiary of, or a holding company of, or another subsidiary of the holding company of, that company or another company (within the meaning of section 1159 of the Companies Act 2006) or is an associated company or associate within the meaning of Part 10 of the Corporation Tax Act 2010 and section 435 of the Insolvency Act 1986;

"**BBC**" means the British Broadcasting Corporation;

"**BBC Agreement**" means the production finance agreement between BBC, the Chargor and the Commissioning Company in respect of the Film;

"**BFI**" means the British Film Institute;

"**BFI Agreement**" means the production finance agreement between BFI, the Commissioning Company and the Chargor in relation to the Film;

"CDA" means the commissioning and distribution agreement dated on or about the date of this Deed between Slendro Media Ltd and the Commissioning Company relating to the Film;

"Collateral" means the property, assets and interests (whether present or future) hereby charged or assigned or to be charged or assigned or each or any of them or part thereof under this Deed in favour of the Chargee and all other property and assets which at any time are or are required to be charged in favour of the Chargee under the Deed;

"Collection Agreement" means the collection agreement relating to the Film to be entered into by *inter alios* the Chargor, the Chargee, Slendro Media Limited, the BFI, the BBC, the Sales Agent and Freeway CAM BV and Stichting Freeway Custody as the same may be amended, varied and supplemented from time to time;

"Commissioning Company" means BTR (WT) Ltd (Company No. 11177017) of Shipleys 10 Orange Street, Haymarket, London, United Kingdom, WC2H 7DQ;

"CS Funding" means the funding made available by the Chargee pursuant and subject to the terms of the CS Agreement;

"Debt" means all sums due to the Chargee from the Chargor and/or the Commissioning Company in connection with the Film including sums due pursuant to the CS Agreement, this Deed and all other agreements or charges entered into by the Chargor and/or the Commissioning Company with the Chargee in relation to the Film so that any interest, fees, expenses (including any expenses or fees incurred in the preservation or enforcement of the security contained in this Charge) and costs and any value added tax on any interest, fees, expenses and costs or any other sum that is owed to the Chargee and is not paid when due shall be added to and deemed part of the Debt;

"Deed" means this Deed of Security Assignment and Charge;

"Distribution Agreements" means any and all distribution agreements entered into by the Commissioning Company, the Sales Agent or any intermediary licensor appointed by the Commissioning Company for the exploitation of any of the rights in and to the Film;

"Encumbrance" means any mortgage, charge, assignment for the purpose of security, pledge, lien, right of set off, arrangement for retention of title or hypothecation or trust arrangement for the purpose of, or which has the effect of, granting security, or other security interest of any kind whatsoever and any agreement, whether expressed to be conditional or otherwise, to create any of the same or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased to or reacquired or acquired by the person so agreeing or disposing;

"Event of Default" means any of the occurrences listed in Clause 6.2;

"Film" bears the meaning ascribed to it in Recital A;

"Interparty Agreement" means the interparty agreement in respect of the Film between (inter alios) Chargor, Chargee, the Commissioning Company, Slendro Media Limited, the BBC, the BFI and the Sales Agent;

"One Picture Licence" means the one picture licence between Bard Entertainments Ltd and the Commissioning Company dated on or about the date of this Deed and relating to the Film;

"Permitted Encumbrance" means any Encumbrance permitted pursuant to the Interparty Agreement;

"Production Account" means the production account in respect of the Film at Coutts & Co in the name of the Chargor with: Branch Sort Code: [REDACTED] Account No [REDACTED]

"Receiver" means any receiver or manager or administrative receiver;

"Relevant Agreements" means this Deed, the CDA, the Interparty Agreement, the Collection Agreement, the BFI Agreement, the BBC Agreement, the CS Agreement, the Distribution Agreements, the Sales Agency Agreement and any other document referenced in the Interparty Agreement and/or required as a condition precedent or condition subsequent to the CS Agreement and any other agreement entered into by the Commissioning Company and/or the Chargor in relation to the Film and any other agreement referred to in the Interparty Agreement;

"Relevant Party" means each and every party to this Deed and the Relevant Agreements, other than the Chargee;

"Reserved Rights" means the rights reserved Bard Entertainments Ltd pursuant to the One Picture Licence;

"Sales Agency Agreement" means the sales agency agreement in respect of the Film to be entered into between the Commissioning Company and the Sales Agent;

"Sales Agent" means Film Constellation Ltd of 18 Farthing Fields, London, E1W 3QG;

"Secured Obligations" means the Chargor's obligations set out in Clause 2;

"Security Period" means the period beginning on the date of this Deed and ending on the date on which the Chargee is satisfied that the Secured Obligations have been unconditionally and irrevocably discharged in full and are no longer capable of arising;

"UK Tax Credit" means the payable cash element constituting a tax credit pursuant to Part 15 of the Corporation Tax Act 2009 receivable by the Chargor in respect of the qualifying expenditure for the Film which satisfies the requirements of Part 15 of the Corporation Tax Act 2009 (as amended from time to time);

"UK Tax Credit Collateral" means the benefit of the UK Tax Credit and the UK Tax Credit Receipts; and

"UK Tax Credit Receipts" the actual amount of the UK Tax Credit for the Film which is received by and/or attributable to the Chargor.

1.2 Words denoting the singular shall include the plural and vice versa, words denoting any gender shall include every gender and words denoting persons shall include corporations and vice versa.

1.3 Any reference in this Deed to any statute, statutory provision, delegated legislation, code or guideline

shall be a reference thereto as the same may from time to time be amended, modified, extended, varied, superseded, replaced, substituted or consolidated.

- 1.4 Unless otherwise stated time shall be of the essence for the purpose of the performance of the Chargor's obligations under this Deed.
- 1.5 Any covenant of the Chargor under this Deed remains in force during the Security Period.
- 1.6 If the Chargee considers that an amount paid to the Chargee under this Deed is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.

2. THE CHARGOR'S COVENANT

- 2.1 The Chargor covenants as principal obligor and not merely as surety with the Chargee to pay or discharge to the Chargee the Debt on demand as and when due in accordance with the terms of the Relevant Agreements and to duly and punctually perform and discharge all its respective obligations and liabilities under the Relevant Agreements to which it is a party. The Chargor acknowledges that the entry by the Chargee into the CS Agreement and the agreement by the Chargee to make available the amounts pursuant to the CS Agreement to the Commissioning Company will be of commercial benefit to it as it will enable the Film to be financed and produced. Accordingly, if the Debt (or any part of it) is at any time void or unenforceable against the Commissioning Company for any reason, the Debt (or any part of it) shall nevertheless be recoverable by the Chargee from the Chargor under this Charge and this Charge shall nevertheless secure the same amount as that which it would have secured had the Debt (or any part of it) not been void or unenforceable as if the Chargor were a principal debtor.
- 2.2 The liability of the Chargor to the Chargee shall not, unless otherwise agreed in writing by the Chargee, be discharged by:
 - 2.2.1 any agreement, arrangement or understanding between any Relevant Party; or
 - 2.2.2 any alteration in the obligations undertaken by any Relevant Party (however material or fundamental); or
 - 2.2.3 reason of any invalidity or any unenforceability of any Relevant Agreement or any legal limitation or incapacity of a Relevant Party;
 - 2.2.4 any forbearance by the Chargee whether as to payment, time, performance or otherwise; or
 - 2.2.5 anything else affecting the relationship between the Chargor and the Chargee or the status or constitution of the amalgamation or consolidation with a third party of either the Chargor or the Chargee.

3. ASSIGNMENT

The Chargor, by way of continuing security for the payment and performance of the Secured

Obligations hereby assigns to the Chargee with full title guarantee (and insofar as necessary by way of present assignment of future copyright pursuant to section 91 of the Copyright, Designs and Patents Act 1988 as the same may be amended or replaced from time to time) all of its right, title and interest in and to the following:

- 3.1 the entire copyright and all of the Chargor's other rights in and to the Film and all elements contained therein and in any music, music compositions and / or recordings including lyrics and all rights to exploit the same and to produce, publish, reproduce and synchronise all or any of the same and other copyright works produced by or for the Chargor in connection with the Film;
- 3.2 the rights of copyright and other rights in all underlying material acquired or created by the Chargor to enable the Film to be produced and exploited in any and all media and by any and all means now known or invented in the future;
- 3.3 all literary, property and ancillary rights (including, without limitation, all publishing, merchandising, remake, sequel and spin off rights) in the Film;
- 3.4 all contracts and contract rights, agreements for personal services, book debts and all personal property of the Chargor relating to the Film or to any literary property and ancillary rights therein and the benefit of any insurance policy taken out in connection with the Film;
- 3.5 all other rights and tangible and intangible properties created or acquired or to be created or acquired by the Chargor in connection with the Film;
- 3.6 all rights to distribute, lease, licence, sell, exhibit, broadcast or otherwise deal with the Film, underlying material and ancillary rights by all methods and means in all media throughout the universe including, without limitation, the Chargor's entitlement to receive all monies and other proceeds derived therefrom;
- 3.7 the UK Tax Credit Collateral;
- 3.8 all the Chargor's rights, interests and benefits in and to the Relevant Agreements;
- 3.9 the revenues from book debts owed to the Chargor or in respect of, and proceeds of, any or all of the above including, without limitation, any and all sums, proceeds, money, products, profits or other property obtained or to be obtained from the distribution, exhibition, sale or other uses or dispositions of the Film or any part of the Film, including, without limitation, all proceeds, profits and products, whether in money or otherwise, from the sale, rental or licensing of the Film and / or any of the elements of the Film including, without limitation, from rights in underlying material or ancillary collateral, allied, subsidiary and merchandising rights;

but for the avoidance of doubt, excluding the Reserved Rights (which are retained by Bard Entertainments Ltd), for the Chargee TO HOLD the same absolutely, throughout the universe, for the full period of copyright (or other rights) in the same wherever subsisting or acquired and all renewals and extensions thereof, and thereafter (insofar as may be or become possible) in perpetuity.

4. CHARGE

4.1 The Chargor, by way of continuing security for the payment and performance of the Secured Obligations hereby charges by way of first fixed charge in favour of the Chargee, the Chargor's right, title and interest in and to the following throughout the universe:

- 4.1.1 all copies of the Film and any music and / or sound recordings or other works produced in connection with the Film and all materials in tangible or intangible form incorporating or reproducing the same or any part or element thereof;
- 4.1.2 all rights and properties, including, without limitation, physical properties created or acquired or to be created or acquired in connection with the production of the Film;
- 4.1.3 the Accounts and all sums from time to time standing to the credit of the Chargor in the Accounts;
- 4.1.4 the revenues from book debts owed to the Chargor in respect of, and proceeds of, any or all of the above;
- 4.1.5 (insofar as not effectively assigned pursuant to Clause 3) those items referred to in Clause 3;
- 4.1.6 any and all plant and machinery, fixture or equipment or chattels relating to the Film now or hereafter belonging to the Chargor;
- 4.1.7 all other tangible properties created or to be created or acquired by the Chargor in connection with the Film;
- 4.1.8 the UK Tax Credit Collateral; and
- 4.1.9 (insofar as not effectively assigned pursuant to Clause 3) all rights and claims to which the Chargor is or may become entitled in respect of any policy of insurance in respect of any item charged or assigned hereunder;

but for the avoidance of doubt, excluding the Reserved Rights (which are retained by Bard Entertainments Ltd).

4.2 The Chargor, by way of continuing security for the full and timely payment and performance of the Secured Obligations, hereby charges in favour of the Chargee by way of floating charge all the undertaking of the Chargor in respect of the Film, including, but not limited to, all rights, assets, property, stock-in-trade and cash in the bank or otherwise now, or at any time during the continuance of this Deed, belonging to the Chargor in each case only in respect of the Film and the Chargor agrees not to part with, sell or dispose of the whole or part of its said undertaking and assets in respect of the Film (except as permitted in accordance with the CS Agreement).

4.3 The floating charge referred to in Clause 4.2 shall automatically be converted into a fixed charge as regards all the assets subject to the said floating charge without notice from the Chargee to the

Chargor upon the happening of: (i) any Event of Default; (ii) if the Chargor creates or attempts to create any Encumbrance over all or any of the assets subject to the said floating charge other than the Permitted Encumbrances in accordance with the Interparty Agreement; or (iii) if any person levies or attempts to levy any distress, execution, sequestration or other process against any of the assets subject to the said floating charge.

- 4.4 The Chargor undertakes to hold upon trust for the Chargee absolutely the entire interest and benefit of the Chargor in and to all that Collateral or any part thereof which cannot be charged or assigned by the Chargor together with, without limitation, all proceeds, money and other rights and benefits to which the Chargor is beneficially entitled in respect of such Collateral.
- 4.5 The Chargor hereby covenants with the Chargee that the Chargor shall not without the Chargee's prior written consent create or permit to arise or to subsist any encumbrance, charge or pledge upon the whole or any part of the Collateral other than the Permitted Encumbrances in accordance with the Interparty Agreement.
- 4.6 Save for the Permitted Encumbrances, if the Chargor charges, pledges or otherwise encumbers any of the Collateral the charges created herein in favour of the Chargee shall (subject to the provisions of the Interparty Agreement) rank in priority to such other charges, pledges or encumbrances whether they be fixed, floating or otherwise.
- 4.7 This Deed is a continuing security and shall remain in force notwithstanding any intermediate payment or settlement of account or other matter whatsoever and is in addition to and shall not merge into or otherwise prejudice or affect any guarantee, encumbrance or other right or remedy now or hereafter held by or available to the Chargee and shall not be in any way prejudiced or affected thereby or by the invalidity thereof or by the Chargee now or hereafter dealing with, exchanging, releasing, modifying or abstaining from perfecting or enforcing any of the same or any right which the Chargee may now or hereafter have or giving time for payment or indulgence or compounding with any other person.
- 4.8 Until the expiry of the Security Period, the Chargee may refrain from applying or enforcing any moneys, security or rights held or received by it in respect of the Secured Obligations, or apply and enforce the same in such manner and in such order as it sees fit (whether against those amounts or otherwise) and the Chargor shall not be entitled to the benefit of the same.
- 4.9 The Chargor shall when required by and at the expense of the Chargee (whether before or after this Deed shall have become enforceable) execute and do all such mortgages, charges, transfers, assignments, assurances, documents, acts and things in such form and otherwise as the Chargee may reasonably require for perfecting the security intended to be hereby constituted, for further charging the Collateral in order to secure further the Secured Obligations, for converting any floating charge forming part of this Deed into a fixed charge, for protecting the Chargee's interest in the Collateral or for effecting or facilitating the exercise by the Chargee of its powers, authorities and discretions hereby or by statute conferred on them or any Receiver and shall from time to time when so required by the Chargee produce to or deposit with the Chargee during the continuance of this Deed all deeds and documents of title relating to the Collateral or any of them.

4.10 In this Deed references to "copyright", "films", "sound recordings", "copies of films and sound recordings" and to all other rights herein mentioned shall (where the context requires or admits) be construed in accordance with the Copyright, Designs and Patents Act 1988 and the covenants implied by sections 2(1) and 3(1) of the Law of Property (Miscellaneous Provisions) Act 1994 shall apply to the assignment hereby created. Notwithstanding the foregoing, wherever in this Deed 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.

4.11 Paragraph 14, Schedule B1 of the Insolvency Act 1986 (incorporated by Schedule 16 of the Enterprise Act 2002) shall apply to any floating charge created pursuant to this Deed, which floating charge is accordingly a qualifying floating charge for such purposes.

5. LICENCE

Subject to the terms of the Interparty Agreement, the Chargee hereby grants to the Chargor an exclusive licence in and to the Collateral for the sole purpose of the production, delivery and exploitation of the Film. This licence will terminate immediately on the occurrence of an Event of Default.

6. ENFORCEMENT

6.1 The security created by this Deed shall become enforceable upon or at any time after the happening of an Event of Default without notice to the Chargor and without liability for any loss (whether or not due to negligence) or any costs of any kind, and at such time the Chargee's obligations under the CS Agreement shall terminate (without prejudice to the Chargee's rights thereunder) and the Debt shall be immediately repayable.

6.2 Each of the following is an "Event of Default":

6.2.1 the occurrence of any event of default set out in the CS Agreement;

6.2.2 default in the repayment of the Debt or any instalment thereof on the due date, whether of principal or interest or any Relevant Party fails to pay any sum expressed to be payable by it under any Relevant Agreement at the time and otherwise in the manner specified in the Relevant Agreement;

6.2.3 failure, refusal or neglect by the Chargor to duly and promptly observe or perform any of the terms of this Deed or the CS Agreement, and/or failure, refusal or neglect by a Relevant Party to duly and promptly observe or perform any terms of the Relevant Agreements or any agreed amendment thereto or any event of default pursuant to any of these agreements;

6.2.4 breach by any of the parties thereto (other than the Chargee) of the terms of the Relevant Agreements or the occurrence of an event of default under any Relevant Agreement or termination of any Relevant Agreement;

- 6.2.5 the giving of any representation, warranty or covenant by the Chargor or the furnishing of any statements furnished by the Chargor or any person on its behalf or contained in any certificate, statement, legal opinion or notice delivered or made in, under or in connection with the Relevant Agreements, that is incorrect or misleading in any respect and considered by the Chargee to be material at its sole discretion;
- 6.2.6 it becoming illegal for any Relevant Party to perform their obligations under the CS Agreement, the Relevant Agreements or this Deed;
- 6.2.7 sale, transfer or disposal (or a decision to proceed with the same) (whether or not for full consideration) by a Relevant Party without the prior consent of the Chargee of all or a substantial part of its undertaking or assets or the creation of any mortgage, charge or other security or promissory interest upon any of the Chargor's undertakings or assets;
- 6.2.8 the occurrence, in the opinion of the Chargee, of a material adverse change in the business, assets or financial condition of a Relevant Party;
- 6.2.9 a meeting of creditors of a Relevant Party being held or the proposal or acceptance of an arrangement or composition with, or an assignment for the benefit of, creditors of or negotiations are commenced with a view to a general readjustment or re-scheduling of all or any part of the liabilities of a Relevant Party (including any voluntary arrangement pursuant to the Insolvency Act 1986);
- 6.2.10 the presentation of a petition (which is not discharged within seven (7) days) or a meeting being convened for the purpose of considering a resolution, for the making of an administration order or the winding-up, bankruptcy or dissolution of a Relevant Party;
- 6.2.11 the appointment of a trustee, supervisor, Receiver, administrator (in bankruptcy or otherwise), administrative receiver or other encumbrancer over, the taking of any step with a view to taking possession of or being appointed over, or the levy or enforcement of any distress, execution or other process in relation to, the whole or any part of the assets of a Relevant Party;
- 6.2.12 an application being presented for the making of an administration order, or service on any person of a notice of intention to appoint an administrator or the making of any such appointment in relation to the Chargor, or the convening of a meeting for the purpose of considering a resolution for the making of such an application or the service of such a notice; a Relevant Party (or any Associated Company) ceasing or threatening to suspend making payments with respect to all or any class of debts or being deemed or becoming unable to pay its debts (within the meaning set out in section 123 of the Insolvency Act 1986);
- 6.2.13 any liabilities, indebtedness, guarantee, indemnity or similar obligation of a Relevant Party not being paid or repaid when due or called upon or any such liabilities, indebtedness or obligation being declared due prior to its due date or if any facility or commitment available to any Relevant Party relating to such liabilities, indebtedness or obligation is

withdrawn, suspended or cancelled by reason of a default (howsoever described) of the person concerned, or if any Relevant Party goes into default under or commits a breach of any agreement relating to any such liabilities or indebtedness;

- 6.2.14 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;
- 6.2.15 any encumbrance or any guarantee or indemnity given by a Relevant Party or the Chargor or any of its Associated Companies, whether or not contained in this Deed, in favour of the Chargee ceasing to be in full force or effect or (in the case of a charge) ceasing to rank in the manner expressed therein;
- 6.2.16 any event which is, in the opinion of the Chargee, analogous to or having a similar effect or result to any of the foregoing occurring in a jurisdiction other than England and Wales;
- 6.2.17 any consent, authorisation, approval, licence, exemption, filing, registration, notarisation or other requirement of any governmental, judicial or public body or authority required or advisable in connection with the execution, delivery, performance, validity, admissibility in evidence or enforceability of the Relevant Agreements or the performance by any Relevant Party of its obligations under the Relevant Agreements is modified in a manner unacceptable to the Chargee or is not granted or is revoked or terminated or expires;
- 6.2.18 any Relevant Party changes or threatens to change the nature or scope of its business, or suspends or threatens to suspend all or a substantial part of its business operations, and the Chargee determines that the result is materially and adversely to affect its financial condition or its ability to observe or perform its obligations under the Relevant Agreements;
- 6.2.19 any encumbrance which may for the time being affect any of the assets of the Chargor becomes enforceable; and
- 6.2.20 it becomes or proves to be unlawful or impossible in any material respect for any Relevant Party duly and promptly to perform or observe any of the obligations or undertakings expressed to be binding on or undertaken by it in or under the Relevant Agreements or for the Chargee to exercise any rights vested in it under the Relevant Agreements, or if any of the Relevant Agreements for any other reason (other than due and complete performance in accordance with their respective terms) becomes invalid or unenforceable or ceases to be in full force and effect, or if any Relevant Party does or causes or permits to be done any act or thing evidencing an intention to contest or repudiate any of the Relevant Agreements in whole or in part.

7. EXERCISE OF RIGHTS

- 7.1 The Chargee may at any time after the security hereby created shall have become enforceable:

- 7.1.1 sell, call in, collect, convert into money or otherwise deal with or dispose of the Collateral or any part thereof on an instalment basis or otherwise and generally in such manner and upon such terms whatever as the Chargee may think fit;
 - 7.1.2 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 Chargee may have by law;
 - 7.1.3 in writing, appoint a Receiver over all or any part of the Collateral upon such terms as the Chargee shall think fit and remove the Receiver and appoint another in his place and exercise any or all of the powers which a Receiver could exercise; and / or
 - 7.1.4 appoint any person or persons to be an administrator of the Chargor.
- 7.2 If a Receiver is appointed he shall be the agent of the Chargor (which shall alone be personally liable for the Receiver's acts, defaults and remuneration) and, without prejudice to any other powers the Receiver may have by law (notwithstanding that he is or may not be an administrator or an administrative receiver), he shall have the power set out in the Law of Property Act 1925 and in Schedule 1 to the Insolvency Act 1986 and in addition shall have power:
- 7.2.1 to enter upon any premises necessary and to take possession of, collect, get in or realise all and any part of 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 Chargee shall think fit;
 - 7.2.2 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 or relating in any way to the Collateral or any part thereof;
 - 7.2.3 to assign, sell, lease, license, grant options to sell, deal with or manage or concur in assigning, selling, leasing, licensing, granting options to sell, dealing with or managing of any Collateral and to vary, terminate or accept surrenders of leases, licences or tenancies in respect of any of the Collateral in such manner and generally on such terms and conditions as he or the Chargee shall think fit and to carry any such transactions into effect in the name of and on behalf of the Chargor or otherwise;
 - 7.2.4 to take any steps that may be necessary or desirable to effect compliance with all or any of the agreements hereby assigned;
 - 7.2.5 to carry on, manage or concur in carrying on and managing the business of the Chargor or any part thereof including, without limitation, to take over and complete the production of the Film;
 - 7.2.6 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 upon such terms as the Chargee or he shall think fit;

- 7.2.7 to give valid receipts for all monies and execute all assurances and things which may be proper or desirable for realising the Collateral;
- 7.2.8 to appoint and discharge advisers, managers, agents, officers, employees, contractors and workmen at such salaries and for such periods and on such other terms as he or the Chargee may determine;
- 7.2.9 to make any arrangement or compromise, pay any compensation or incur any obligation and enter into any contracts which he or the Chargee shall think expedient in the interests of the Chargee;
- 7.2.10 to make, effect and do all maintenance, repairs, developments, reconstructions, improvements furnishings, equipment, alterations, additions, changes or insurance to or in respect of the Collateral in the interest of the Chargee for maintaining the value of the Collateral in every such case as the Chargee or he shall think fit;
- 7.2.11 to promote the formation of companies with a view to such companies 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, licence 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 he or the Chargee shall think fit;
- 7.2.12 to manage, develop, reconstruct, improve, amalgamate or diversify or concur in managing, developing, reconstructing, improving, amalgamating or diversifying the business of the Chargor;
- 7.2.13 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 or the Chargee lawfully may or can do; and
- 7.2.14 to exercise all such other power and authority as he or the Chargee shall think fit to confer and so that he or the Chargee 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 had full title guarantee thereto and to use the name of the Chargor for any such purposes.

PROVIDED ALWAYS that nothing herein contained shall make the Chargee 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 and PROVIDED FURTHER that the Receiver's rights and powers shall be subject to the distribution rights in the Film granted to any third party with the prior written approval of the Chargee provided there has been no breach of the agreements granting such distribution rights.

- 7.3 The restrictions contained in sections 93, 103 and 109 of the Law of Property Act 1925 shall not apply to the security hereby created.
- 7.4 The Chargee or the Receiver may enforce the security created by this Deed in any order which the Chargee or the Receiver in its absolute discretion thinks fit.

- 7.5 The Chargee may appoint more than one Receiver and in such event any reference in this Deed 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 discretions vested in the Receivers so appointed may be exercised by them all jointly or severally by each of them.
- 7.6 The Chargee shall not, nor shall the Receiver, by reason of the Chargee 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 of action or claim against the Chargee on the grounds that a better price could or might have been obtained on any such realisation, sale or disposal. The Chargee and the Receiver shall be entitled to all the rights, powers, privileges and immunities conferred by statute on mortgagees and Receivers.
- 7.7 As and when this security created hereunder becomes enforceable the Chargor declares that it will hold the Collateral (subject to the Chargor's rights of redemption) upon trust to convey, assign or otherwise deal with the same in such manner and to such person as the Chargee shall direct and declare that it shall be lawful for the Chargee by an instrument under its common seals to appoint a new trustee or trustees of the Collateral and in particular, but without limitation, at any time or times to appoint a new trustee or trustees thereof in place of the Chargor.
- 7.8 The Chargee shall have the right at its complete discretion to give time or indulgence to or compound with and to make such other arrangement of whatsoever nature as it shall see fit with the Chargor or any other person, firm, company or other organisation without prejudice to the Chargor's liability hereunder or the Chargee's right and title to the Collateral and any monies received by the Chargee from any other person, firm, company or other organisation may be applied by the Chargee to any account or transaction of such persons or otherwise as the Chargee shall see fit.
- 7.9 At any time after the security created hereunder becomes enforceable or after any powers conferred by any encumbrance having priority to the security shall have become exercisable, the Chargee may redeem such or any other prior encumbrance or procure the transfer thereof to itself and may settle and pass the accounts of the encumbrancer and any account so settled and passed shall be conclusive and binding on the Chargor and all monies paid by the Chargee to the encumbrancer in accordance with such accounts shall as from such payment be due from the Chargor to the Chargee and shall bear interest, fees, costs and charges owing hereunder.
- 7.10 At any time after the security created hereunder becomes enforceable the Chargee or a Receiver may (but shall not be obliged to) do all such things and incur all such expenditure as the Chargee or such Receiver shall in their sole discretion consider necessary or desirable to remedy such default or protect or realise the Collateral or its interests under this Deed and in particular (but without limitation) may enter upon the Chargor's property and may pay any monies which may be payable in respect of any of the Collateral and any monies expended in so doing by the Chargee or Receiver shall be deemed an expense properly incurred and paid by the Chargee and the Chargor shall reimburse the same on demand to the Chargee.

- 7.11 Any monies obtained by the Chargee or by a Receiver appointed hereunder whether by sale of any of the Collateral or obtained by carrying on the business or otherwise shall be applied:
- 7.11.1 first, in payment of all costs expenses incurred and incidental to the powers conferred on the Chargee or the Receiver hereunder; and
 - 7.11.2 second, in or towards satisfaction of the Debt in accordance with the terms of the Interparty Agreement.
- 7.12 If the Chargor shall without the express written agreement of the Chargee thereto create or permit to arise or subsist any mortgage, charge (fixed or floating), pledge, lien, hypothecation, trust, right of set-off or other third party right or interest (legal or equitable), assignment by way of security, reservation of title or any other security interest of any kind howsoever created or arising or any other agreement or arrangement (including, without limitation, a sale and repurchase arrangement) other than the Permitted Encumbrances listed in the Interparty Agreement or as otherwise consented to by the Chargee having similar effect and proprietary claims of third parties of whatsoever kind and nature affecting the Collateral of which the Chargee shall receive notice, actual or constructive, the Chargee may open a new account for the Chargor in respect of the Film and if the Chargee 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 note and as from that time all payments made by or on behalf of the Chargor to the Chargee 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 Chargee at the said time (but this Clause shall not prejudice any security which apart from this Clause the Chargee would have had but for the discharge by the Chargor of liabilities or obligations incurred after that time).
- 7.13 The Chargor may not without the prior written consent of the Chargee:
- 7.13.1 redeem the security created by this Deed without at the same time redeeming every or any existing or future mortgage, charge or other security of whatever nature for the time being held by the Chargee on property wherever situate now or hereafter belonging to the Chargor; or
 - 7.13.2 redeem any such mortgage, charge or other security of whatever nature without at the same time redeeming the security created by this Deed.
- 7.14 Upon the happening of an Event of Default the Chargee may whenever and so often as it thinks fit apply the whole or any part of the monies from time to time standing to the credit of the Chargor in or towards the discharge of all or any of the Debt and may pay the same to the credit of any other nominated account in respect of income arising from the Film (including an account opened by the Chargee for that purpose).
- 7.15 The Chargee may at any time without prior notice, transfer, where the Chargee 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 Chargee and/or in any event set off any monies or other assets which the Chargee may at any time hold for the account of the Chargor against the

Chargor's liability under this Deed and without prejudice to any other right of set-off or similar right to which the Chargee may be entitled in law.

- 7.16 All monies received, recovered or realised by the Chargee under this Deed may at the sole discretion of the Chargee be credited by the Chargee to any suspense or impersonal account pending the application from time to time of such monies and accrued interest thereon in or towards the discharge of any part of the Debt.

8. PROTECTION OF THIRD PARTIES

- 8.1 No purchaser, mortgagee or other third party dealing with the Chargee and / or Receiver or other person dealing with the Chargee and / or Receiver shall be concerned to enquire whether any of the powers which the Chargee or the Receiver has exercised or purported to exercise has arisen or become exercisable or whether the security created hereunder has become enforceable, the Secured Obligations have been performed or as to the propriety or validity of the exercise or purported exercise of any such power or to see to the application of any money paid to the Chargor or such Receiver or otherwise as to the propriety or regularity or any other dealing by the Chargee or the Receiver and in the absence of bad faith on the part of such third party, such dealing shall be deemed to be within the powers conferred hereunder and to be valid and effectual accordingly and the title of a purchaser and the position of such a person shall not be prejudiced by reference to any of those matters.
- 8.2 The receipt of the Chargee 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 Chargee or the Receiver.

9. WARRANTIES AND UNDERTAKINGS OF THE CHARGOR

- 9.1 The Chargor repeats in favour of the Chargee the warranties and representations set out in the CS Agreement as if the same were set out in full in this Deed and, in addition, the Chargor warrants, undertakes and agrees with the Chargee as follows:
- 9.1.1 all statements herein whether as to matters of fact or law are true;
 - 9.1.2 it is a company duly incorporated and validly existing in good standing under and by virtue of the laws of England and Wales;
 - 9.1.3 it is not deemed to be unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
 - 9.1.4 the consummation of the transactions herein contemplated and the fulfilment of the terms hereof and the compliance by it with all the terms and conditions of the Deed will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any debenture, bank loan or credit agreement or other agreement or instrument to which it is a party or by which it is bound nor will it violate any provision of law applicable to the Chargor's constitutional documents or any order judgment decision or decree of any court or other agency of government binding on the Chargor nor will it result in the

creation of a lien charge or encumbrance upon any of its property or assets (other than that created by this Deed or the Permitted Encumbrances in accordance with the Interparty Agreement) or require approval of shareholders or any approval or consent of any person other than approvals and consents obtained and disclosed in writing to the Chargee;

- 9.1.5 there are no actions at law or suits in equity and no proceedings or arbitrations by or before any government commission bureau nor other administrative agency domestic or foreign pending or to its knowledge threatened against or affecting it and the Chargor is not subject to nor in default with respect to any final judgment writ injunction or any other rule or order of any court governmental department or other agency or board of any jurisdiction in which the Chargor is incorporated or has a place of business and that for so long as any part of the Debt shall remain outstanding it will promptly inform the Chargee of any circumstances of which it is aware which may give rise to a breach of this or any other warranty given by it herein;
- 9.1.6 it is and will be, subject to this Deed, the owner with full title guarantee of the Chargor's interest in and to the Collateral to the exclusion of others and that the Collateral is and shall be free from all charges, liens, encumbrances, options, equities, trusts and claims save for those referred to in the Interparty Agreement;
- 9.1.7 the constitutional documents of the Chargor include provisions which give the Chargor all necessary power and authority to own its assets, to carry on its business as it is now being conducted and the Chargor is duly qualified to do business in all jurisdictions and to enter into and perform the Relevant Agreements to which it is a party and it has the full capacity to enter into this Deed and all other agreements and documents required hereunder and has the full capacity to charge and assign to the Chargee the Collateral and it has taken all corporate or other action necessary to authorise the execution, delivery and performance of the Relevant Agreements to which it is a party;
- 9.1.8 prior to the commencement of production of the Film all risks usually insured against will be insured against in accordance with customary practice of prudent film producers and in accordance with the Relevant Agreements or as the Chargee may from time to time reasonably require;
- 9.1.9 the Film will not infringe any copyright trade mark trade name patent right or other personal or proprietary right or to the best of its knowledge and belief after diligent enquiry contain any matter libellous or defamatory of any person or persons;
- 9.1.10 there are no proceedings, claims or litigation current, pending or to the best of its knowledge and belief following due and diligent enquiry threatened which shall adversely affect the distribution and exploitation of the Film or the production completion and delivery of the Film or would adversely affect the ability of the Chargor to observe or perform its obligations under the Relevant Agreements to which it is a party;

- 9.1.11 this Deed constitutes (or will, when executed, constitute) the legal, valid and binding obligations of the Chargor enforceable in accordance with its terms; and
- 9.1.12 all consents, authorisations, approvals, licences, exemptions, filings, registrations, notarisations and other requirements of governmental, judicial and public bodies and authorities required or advisable in connection with the execution, delivery, performance, validity, admissibility in evidence and enforceability of the Relevant Agreements to which it is a party have been obtained or effected (or, in the case of registrations, will be effected within any applicable required period) and (if obtained or effected) are in full force and effect; all fees and stamp, registration and similar tax (if any) payable in connection with them have been paid if due; there has been no default in the performance of any of their terms or conditions.
- 9.2 The Chargor further hereby covenants and undertakes with the Chargee that it will:
- 9.2.1 at all times comply with the terms (express or implied) of this Deed and the Relevant Agreements to which it is a party and will do all acts as may be necessary to enforce such terms;
- 9.2.2 remain liable under the contracts and agreements charged or assigned hereunder to perform all the obligations assumed by it thereunder and the Chargee shall not be under any obligation or liability under or in respect of any of such contracts and agreements;
- 9.2.3 not require the Chargee to enforce any term of any of the said contracts and agreements against any party (it being acknowledged that in no circumstances shall the Chargee have any obligation so to enforce);
- 9.2.4 notify the Chargee of any default under the said agreements 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 Chargee and itself in the said agreements;
- 9.2.5 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, cancellation or variation) unless and until requested so to do by the Chargee whereupon it will exercise such right or power as the Chargee may direct save as permitted under the Interparty Agreement;
- 9.2.6 not accept or make any claim that the said agreements have been frustrated or have ceased to be in full force;
- 9.2.7 upon the request of the Chargee give written notice (in such form and to such persons as the Chargee may require) of the security hereby created;
- 9.2.8 produce and deliver the Film in accordance with the terms of the CS Agreement, this Deed and the Relevant Agreements;

- 9.2.9 ensure that all sums at any time payable under any such insurance policies shall be applied in accordance with the provisions of the Interparty Agreement;
- 9.2.10 discharge all costs of production of the Film in accordance with the budget and the cashflow schedule approved by the Chargee;
- 9.2.11 keep the Chargee fully informed of the progress of the production of the Film and answer all enquiries and provide all cost reports, the weekly trial balances, general ledger listings and check registers to the Chargee on a weekly basis to the extent required under the CS Agreement;
- 9.2.12 obtain all rights and clearances (including without limitation (excepting the rights controlled by the Performing Rights Society Limited and other similar bodies) those relating to any music on the soundtrack of the Film for use in conjunction with the Film and its exploitation in any and all media) and to the extent that the same is possible under relevant union, guild and all like agreements the payment of all sums due therefor shall be paid whether by way of advance royalty or residual payment necessary to enable the Film to be exploited in all media whatsoever whether now known or hereafter devised without any limit throughout all countries of the world;
- 9.2.13 from time to time promptly when required by the Chargee (acting reasonably) produce to the Chargee evidence sufficient to satisfy the Chargee that the Chargor has at all relevant times complied with the provisions of this Deed and the Relevant Agreements to which it is a party and such information concerning the business and affairs of the Chargor relating to the Film, its property, assets and liabilities relating to the Film as the Chargee may reasonably require;
- 9.2.14 execute financing statements under Uniform Commercial Codes of such states or counties in the United States of America as the Chargee may consider appropriate to perfect or protect the Chargee's security hereunder immediately upon request by the Chargee and in any event no later than one (1) month following drawdown of the Production Funds;
- 9.2.15 not without the prior written consent of the Chargee sell, transfer, dispose of or part with possession or control of or attempt to sell, transfer or dispose of the Collateral or any part of it or any interest in it subject always to the Interparty Agreement;
- 9.2.16 maintain the Film in good condition (fair wear and tear excepted) and not permit the same to be used, handled or maintained other than by persons properly qualified and trained;
- 9.2.17 not without the prior written consent of the Chargee to make any modification or permit any modification to be made to the Film if such modification may have an adverse affect on the security of the Chargee whether under this Deed or otherwise;
- 9.2.18 not vary the terms of any laboratory pledgeholder's agreement concerning the Film without the prior written consent to the Chargee;

- 9.2.19 promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Collateral or any part of it and on demand procure evidence of payment for the Chargee;
 - 9.2.20 obtain all necessary certificates, licences, permits and authorisations from time to time required for the protection of the rights in the Film and for the manufacture use and operation of the Film and not do or permit to be done any act or omission whereby the Film or its manufacture, use or operation would contravene rules and regulations for the time being in force;
 - 9.2.21 immediately notify the Chargee of any material loss, theft, damage or destruction of the Collateral or any part of it;
 - 9.2.22 give the Chargee such information as may be required by the Chargee (acting reasonably) concerning the location, condition, use and operation of the Collateral as the Chargee may require and permit any persons designated by the Chargee at all reasonable times to inspect and examine the Collateral and the records maintained in connection with it;
 - 9.2.23 do all in the Chargee's power as is reasonable to protect and preserve the rights in the Film;
 - 9.2.24 not allow any counterclaim or set-off or other equity in respect of any sum payable in relation to the Film and/or rights in the Film other than as set out in the Relevant Agreements;
 - 9.2.25 will ensure that at all times its liabilities under the Relevant Agreements will be and remain the direct, general and unconditional liabilities of the Chargor, and will rank at least *pari passu* with all its other present and future unsecured and unsubordinated liabilities, with the exception of any liabilities which are mandatorily preferred by law and not by any charge;
 - 9.2.26 immediately on becoming aware of it, notify the Chargee in writing of the occurrence of any Event of Default and at the same time inform the Chargee of any action taken or proposed to be taken in connection with it;
 - 9.2.27 promptly give notice in writing to the Chargee of any litigation, arbitration or administrative or other proceeding before or of any judicial, administrative, governmental or other authority or arbitrator, of any dispute with any governmental regulatory body or law enforcement authority, of any labour dispute or of any other event which has or may have a material adverse effect on its assets or prospects; and
 - 9.2.28 not, without the prior written consent of the Chargee, change the nature of its business or commence any business other than that presently being conducted by it.
- 9.3 The representations and warranties in this Clause 9 will be deemed to be repeated with reference to the facts and circumstances then subsisting as of each day on which any obligations are owing by the Chargor to the Chargee under the CS Agreement or this Deed.

10. INDEMNITY

The Chargor shall indemnify and hold harmless the Chargee and the Receiver in respect of all liabilities and expenses properly incurred in the execution, or purported execution, of any of the powers, authorities or discretions vested in the Chargee or the Receiver pursuant hereto and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Collateral and the Chargee and the Receiver may retain and pay all sums in respect of the same out of any monies received under the powers hereby conferred.

11. UNDERTAKING FOR REASSIGNMENT

Upon the expiry of the Security Period the Chargee will, at the Chargor's request and expense:

- 11.1 reassign to the Chargor, or as it may direct, the rights and benefits that the Chargor has assigned to the Chargee as security;
- 11.2 release the Collateral charged pursuant to Clause 4; and
- 11.3 upon written request and at the Chargor's expense, execute and deliver to the Chargor all documents and instruments reasonably required or desirable to effect the said reassignment and release.

12. NATURE OF THE SECURITY

- 12.1 This Deed shall be a continuing security to the Chargee notwithstanding any settlement or other act, omission or matter 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.
- 12.2 The security created by this Deed 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 Chargee 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 Chargee 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 and this security shall remain in full force and effect as a continuing security unless and until the Chargee shall release and discharge this Deed in accordance with Clause 11.
- 12.3 The rights granted to the Chargee hereunder are in addition to, and in no way limit or restrict, the rights granted to the Chargee in the CS Agreement or the Relevant Agreements.
- 12.4 The exercise by the Chargee of its rights under this Deed shall in no way effect or be in substitution for such other legal or equitable rights and remedies as the Chargee may have against the Chargor or any third party.

13. GRANT OF TIME OR INDULGENCE

The security created by this Deed shall not be affected or prejudiced in any way by the Chargee giving time or granting any indulgence or accepting any compromise from or compounding with or making any other arrangement with the Chargor or any other person, firm or company in respect of the Secured Obligations.

14. FURTHER ASSURANCE

14.1 The Chargor hereby undertakes and covenants to the Chargee to do all such further acts and execute all such further documents and instruments as the Chargee may from time to time require to vest in or further assure to the Chargee the rights expressed to be assigned and granted to the Chargee under this Deed and for the protection and enforcement of the security hereby created.

14.2 The Chargor hereby irrevocably and by way of security appoints the Chargee and, if any Receiver shall be appointed, the Chargee and the Receiver jointly and severally, the attorney or attorneys of the Chargor and in its name and on its behalf to sign, execute and deliver all deeds and documents and to do all acts and things which the Chargee may require or deem appropriate for the purpose of realising this security. The Chargor hereby acknowledges that such appointment shall be coupled with an interest and shall be irrevocable.

14.3 This appointment shall operate as a general power of attorney made under section 10 of the Powers of Attorney Act 1971. This power of attorney shall terminate without further notice on the release and discharge of this Deed pursuant to Clause 11 hereof but subject to Clause 16.2.

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

15. NOTICE OF DEFAULT

The Chargor shall give written notice to the Chargee of the occurrence of any Event of Default as soon as such occurrence becomes known to the Chargor.

16. GENERAL

16.1 Any reassignment, release, settlement or discharge between the Chargor and the Chargee shall be conditional upon no security or payment made or given to the Chargee being avoided, reduced, set aside or rendered unenforceable by virtue of any provision or enactment now or hereafter in force relating to bankruptcy, insolvency or liquidation and if any such security or payment shall be avoided, reduced, set aside or rendered unenforceable the Chargee shall be entitled to recover the full amount or value of any such security or payment from the Chargor and otherwise to enforce this Deed as if such re-assignment, release, settlement or discharge had not taken place.

16.2 This Deed shall remain the property of the Chargee notwithstanding any release or discharge or purported release or discharge hereof.

17. ASSIGNMENT

The Chargee shall be entitled to charge, sub-charge, license, transfer an assign or otherwise grant security over or deal with all or any of the rights assigned and granted to it hereunder (including the benefit of any warranties, undertakings, representations and indemnities) to any third party. The Chargor shall not assign any or all part of its rights and benefits hereunder to any third party without the prior written consent of the Chargee.

18. PARTIAL UNENFORCEABILITY

If any clause or any part of this Deed or the application thereof to either party shall for any reason be adjudged by any court or other legal authority of competent jurisdiction to be invalid, such judgment shall not affect the remainder of this Deed, which shall continue in full force and effect.

19. NOTICES

Any notices required to be given under the provisions of this Deed shall be in writing and in English and shall be deemed to have been duly serviced if hand delivered or, within the United Kingdom, by prepaid special or first-class recorded delivery post, or, outside the United Kingdom, by prepaid international recorded airmail, correctly addressed to the relevant party's address specified in this Deed or to such other address as either party may hereafter designate from time to time in accordance with this clause and any notice so given shall be deemed to have been served (unless actually received at an earlier time in which case the time of service shall be the time of such actual receipt):

19.1 if hand delivered, at the time of delivery; and

19.2 if sent by prepaid post as aforesaid, forty-eight (48) hours after posting (exclusive of the hours of Sunday), if posted to an address within the country of posting, and seven (7) days after posting if posted to an address outside the country of posting.

20. NO WAIVER

No failure or delay on the part of the Chargee or the Chargor in exercising any right, title, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies in law.

21. COUNTERPARTS

This Deed may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

22. GOVERNING LAW AND JURISDICTION

22.1 The validity, construction and performance of this Deed (and any claim, dispute or matter arising under or in connection with it or its enforceability) and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with the law of England and Wales.

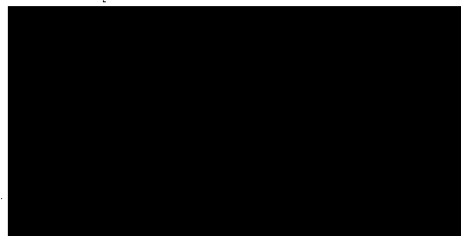
22.2 Each party irrevocably submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with this Deed or its enforceability or the legal relationships established by this Deed (including non-contractual disputes or claims).

23. CLAUSE HEADINGS

The clause headings in this Deed are for the convenience of the parties only and shall not limit, govern or otherwise affect its interpretation in any way.

IN WITNESS whereof the Chargor and the Chargee have executed this instrument as a Deed the day, month and year first above written.

EXECUTED as a DEED)
by BTR PROD LTD)
by a director in the presence of:)

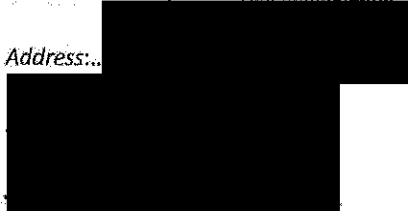


Director

Witness Name:

big Panneman

Address:



Witness Occupation:

Asst Coordinator

SIGNED for and on behalf of CREATIVE SCOTLAND acting
by an authorised signatory in the presence of:

.....
Signature of authorised signatory

Signature of witness.....

Print name.....

Address.....

Occupation.....

IN WITNESS whereof the Chargor and the Chargee have executed this instrument as a Deed the day, month and year first above written.

EXECUTED as a DEED)
by BTR PROD LTD)
by a director in the presence of:)

.....
Director

Witness Name:.....

Address:.....
.....
.....

Witness Occupation:.....

SIGNED for and on behalf of CREATIVE SCOTLAND acting
by an authorised signatory in the presence of:

.....
Signature of authorised signatory

Signature of witness:.....

Print name.....*Admir Amin*.....

Address.....
.....

Occupation.....*Contracts Administrator*.....

