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1.2 MDS shall only be entitled to use the Investment in connection with the production and distribution of the Film.

1.3 The provisions of Clause 4 of this Agreement shall apply in respect of the order and manner of distribution by MDS of receipts from the exploitation of the Film (including without limitation the sums payable to Investor under this Agreement) and no change shall be made to the order and manner stated without the mutual consent of the parties.

2. Production and Exploitation of the Film

2.1 The parties agree that MDS shall have the sole right as MDS shall in good faith think fit to:

- (a) Raise finance for the production of the Film from third party financiers and/or investors;
- (b) Engage production personnel and the services of a post-production facility in respect of the Film; and
- (c) Enter into agreements with distributors, sales agents and others in connection with the production, distribution and or exploitation of the Film.

2.2 In particular, Investor acknowledges that MDS shall be entitled to raise finance (whether in cash or in the form of goods and/or services) for the production of the Film from persons other than Investor on such terms as MDS may in its discretion see fit.

3. Warranties

3.1 Investor hereby warrants, undertakes and represents to MDS that Investor has no licence right title or interest in or to the Film or any treatments, scripts or other works relating thereto and/or derived therefrom. To the extent that any right, title or interest in the foregoing may have vested in Investor, Investor hereby waives and quitclaims the same to MDS absolutely and unconditionally throughout the world in perpetuity.

3.2 MDS hereby warrants, undertakes and represents to Investor that:

- (a) MDS will act in good faith in relation to the production, financing and exploitation of the Film and will not knowingly undertake any act or omission which may jeopardise the finalisation of the production of the Film, its exploitation and/or the distribution of Net Receipts as specified in Clause 4 (or as may be subsequently varied by the parties); and
 - (b) it has full power and authority to enter into this Agreement and to perform and observe its obligations under this Agreement.
- 3.3 The parties (including all individuals signed below and any parties related to the investor through blood or business contract) shall each treat in confidence the

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other party's business activities in relation to the Film and all information given by either party to the other in relation to the Film, and all such information shall be confidential other than:

- (a) any information which is already in or comes into the public domain otherwise than as a result of a breach of this Agreement;
- (b) any information which was rightfully in possession of one party prior to disclosure by the other party and acquired from sources other than the other party;
- (c) any information obtained from a third party who is free to divulge such information.

The parties further undertake to each other not to disclose the same to any other person or entity except to their own professional advisors and then only to the extent required in the proper performance of this Agreement or to the extent required by law or any regulatory requirement or by any regulatory authority or as specifically permitted under this Agreement.

3.4 Investment monies shall not be spent by MDS until the first day of principal photography. MDS reserves the right to refund monies to investors in full should the production not go ahead.

4. Repayment

4.1 For the purposes of this Agreement, the following words and phrases shall have the following meanings respectively:-

"Net Receipts" All non-refundable moneys actually earned and received by MDS (excluding any value added or sales tax) derived from the exploitation of the Film and/or any rights related thereto other than any such moneys applied to defray the cost of production and/or distribution of the Film.

4.2.1 The Investment shall be repayable only out of Net Receipts received from the exploitation of the film Heretic.

4.2.2 The budget of the Film, and the investment monies being sought, amounts to GBP £30,000. All initial net receipts shall be paid back to the investor(s) until the maximum amount invested (up to GBP £30,000) has been repaid in full.

4.2.3 Once the initial investment monies has been paid back to the investor(s), subsequent net receipts from the exploitation of the Film will be repaid at 50/50 pari passu between the production company and the investors. Repayments will be paid in perpetuity for the life of the film.

4.2.4 Accounting with respect to the repayment to Investor of the Investment shall be made within 60 days after but in the same form as furnished to MDS by the distributor of the Film. Investor shall in all respects be bound by the provisions of the statements of account furnished to MDS by such distributor.

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4.2.5 For the avoidance of doubt, MDS shall not be liable to Investor for any share of Net Receipts until MDS has actually received such monies.

4.2.6 MDS makes no commitment to repay the investment monies from any source other than net receipts from the exploitation of the film. MDS is under no financial obligation to repay the investment monies unless such net receipts are forthcoming.

4.2.7 MDS offers no timescales for the repayment of the investment monies or subsequent net receipts from the exploitation of the film.

4.2.8 Net Receipts are not trust funds and MDS's obligation to make payment to Investor under this Agreement is that of a debtor only.

4.2.9 Nothing contained in this Agreement shall give to Investor an independent right of audit or objection to the statements of account furnished by such distributor, but Investor may at Investor's own expense by a chartered accountant within 24 months from receipt of any statement of account upon reasonable notice (but not more than once in any period of 12 months) examine MDS's books and records relating to such statement and take copies or extracts therefrom but only insofar as such books and records relate to the Film and to the accuracy of such statement. If any such audit shall reveal an error resulting in an underpayment to Investor equal to the greater of £1,000 or 10% of the sums due to Investor under this Schedule in respect of the period under audit, the underpayment and the reasonable costs of such audit shall be reimbursed by MDS to Investor within twenty-eight days of MDS's receipt of the relevant audit report. In the absence of any audit as aforesaid within 24 months of the receipt of any statement rendered by MDS to Investor, such statement shall be deemed to have been agreed and any claim relating thereto or to any item therein shall be deemed to have been waived. The inclusion of information or items in an accounting or statement which had appeared in a previous accounting or statement shall not render any such information or item contestable or recommence the running of the 24 month period with respect thereto.

4.2.10 Investors shall receive no repayment from net receipts earned from exploitation of the original soundtrack to the film. This product will be the subject of a separate agreement between MDS and the composer of the soundtrack.

5. No Obligation to Exploit

5.1 Nothing in this Agreement shall impose upon MDS any obligation to exploit the Film and MDS shall not be liable to Investor in respect of any loss of publicity or reputation arising from any failure to exploit the Film nor does MDS make any representation as to the amount of Net Receipts (if any).

5.2 MDS will act with all reasonable endeavours to complete and release the film, however is under no obligation to do so if effected by force majeure. The definition of force majeure being:

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- (a) A failure that was due to events beyond the control of MDS; and
- (b) That the production company (MDS) could not reasonably have taken into account at the time of the making of the agreement; and
- (c) That the production company (MDS) could not reasonably have avoided or overcome, or could not have avoided or overcome its effect.

6. Notices

6.1 Any notice under this Agreement to be given to either party shall be in writing and shall be delivered by hand or by first class prepaid, registered or recorded delivery post or by email transmission to the addressee at its above written address. Addresses for service may be varied by notice given in accordance with this clause.

6.2 A notice shall be deemed to have been served (a) if delivered by hand, at the time of delivery; (b) if sent by post, on the date on which it would be received in the normal course of post; and (c) if sent by email transmission, at the time of transmission. In proving service, it shall be sufficient to prove that a by hand delivery was made, that the notice was properly addressed and posted or that the fax was properly addressed and transmitted.

7. Miscellaneous

7.1 MDS shall be entitled to assign this Agreement provided that MDS shall not thereby be relieved from any obligations to Investor to the extent that these are not performed or discharged by any such assignee or licensee.

7.2 The parties hereto agree and declare that the provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement and that no term or condition of this Agreement shall confer or be construed as conferring any right on any third party.

7.3 This Agreement contains the entire agreement between MDS and Investor and supersedes and replaces all prior arrangements and agreements. This Agreement may not be varied except in writing and signed by the parties.

7.4 In the event of a breach by MDS of any of its obligations under this Agreement or pursuant to statute law or common law, the rights and remedies of Investor shall be limited to Investor's right (if any) to recover damages in an action at law and in no event shall Investor be entitled by reason of any such breach to enjoin or restrain the production, distribution, exhibition, broadcasting, advertising or exploitation of the Film.

7.5 Neither party shall be liable to the other in respect of anything which, apart from this provision, may constitute a breach of this Agreement arising by reason of circumstances beyond the control of

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such party which shall include (but shall not be limited to) acts of God, fire, flood, drought, explosion, sabotage, accident, embargo, industrial action, riot, civil commotion or civil authority, including acts of local government and parliamentary authority.

7.6 If any provision of this Agreement shall be adjudged by a court to be unlawful, void or unenforceable, such provision shall be severed from this Agreement and shall not in any way affect any other circumstances or the validity or enforcement of the rest of this Agreement.

7.7 Nothing contained in this Agreement shall be deemed to constitute a partnership between the parties hereto.

7.8 This Agreement shall be governed by and construed in accordance with the laws of England whose courts shall have exclusive jurisdiction.

SIGNED by [Individual investor] ()

Date:

SIGNED for and on behalf of **MODERNIST SCIENTISTS LTD** by ()

Date:

For transferring investment monies via the internet please use the following details:

Modernist Scientists Ltd
Account number: 94603044
Sortcode: 40-27-15

Please make cheques payable to: **Modernist Scientists Ltd.**