



## TRUST DEED

THIS DEED IS MADE THIS SIXTH JUNE 2008 BY CIVILIAN INDUSTRIES PLC of 17 Shorts Gardens, London, WC2H 9AT (the "Trustee")

### RECITALS

- (A) The Trustee has agreed to act as trustee of the Trust in accordance with this Deed.
- (B) The Trustee intends to launch and operate a website based business through its website at [www.bandstocks.com](http://www.bandstocks.com) ("the Website") which enables individual investors (each an "Investor" and together "the Investors") to buy loan stock (known as "Bandstocks") to fund the making and marketing of sound recordings by various recording artists.
- (C) The Website allows Investors to establish and fund individual investor accounts the details of which, on an investor by investor basis, will be stored electronically by the Website and records of which will be maintained by the Trustee.
- (D) All of the money held in the individual investor accounts will be aggregated and paid into a separate designated bank account at an approved bank (currently Coutts and Co.) which, under the terms of this Deed, is a non-statutory trust account.

### OPERATIVE PROVISIONS:

1. This Deed becomes effective from the date of execution.
2. Any and all monies transferred by the Investors to individual investor accounts in accordance with the terms agreed between the Investors and the Trustee will be held in a non-statutory trust account ("the Account") by the Trustee in a clearing bank based in the United Kingdom to include any such successor bank designated by the Trustee ("the Bank"). At the time of execution, the Account details are as follows:

Name: Civilian Industries PLC Trust Account

Account number: XXXXXXXXXX

Bank: Coutts and Co.

Bank Address: 440, Strand, London, WC2R 0QS

Sort Code: 18-00-02

3. The Trustee constitutes itself a trustee of the Investors' money held in the Account which shall, subject to the following provisions of this Deed, be held on express trust for the benefit of the Investors on the terms of this Deed ("**the Trust**") who have funded their individual investor accounts through the Website (pro-rated for each Investor with reference to the amounts paid by each Investor less amounts (a) disbursed under clauses 11(i) and 11(iv) below and (b) reimbursed under clause 11 (ii) below and (c) remitted under clause 11(iii) below) and kept separately from the Trustee's own money.
4. The Account has been established to receive money belonging to the Investors as payment for Bandstocks. Money intended to be paid into the Account will initially be collected by the providers of the Trustee's online payment mechanisms (currently Optimal Payments Ltd.) and will be accounted by the Trustee's payment provider directly into the Account under the terms of the Trustee's contract, from time to time, with its payment provider.
5. Any and all monies received by the Trustee from the Investors in connection with their individual investor accounts and held in the Account on the terms agreed between the Investors and the Trustee shall not constitute an asset of the Trustee or its estate.
6. Except as expressly provided for in this Deed neither the Trustee nor its liquidator, administrator, receiver or administrative receiver shall have any claim in relation to sums held in the Account nor have any right to claim repayment of these monies in the event of failure of the Trust or in order to make payment to any beneficiaries of the Trust.
7. All money standing to the credit of the Account is held by the Trustee as trustee of the Trust. The Bank shall not combine the Account with any other account or exercise any right of set-off or counterclaim against money in the Account for any sum owed

- to it on any of the Trustee's accounts, or otherwise deal with the money in the account in a manner inconsistent with the Trust.
8. The Trustee may not use money in the Account to make payments to itself or in relation to the Trustee's business except as specifically provided for in this Deed.
  9. Funds in the Account may be held in or transferred to a separate interest bearing account (such as a specially designated Coutts Special Reserve Account established solely for the purpose of holding money held under this Deed) but may not otherwise be invested by the Trustee. Any interest bearing account to which funds initially placed in the Account may be transferred is included within the meaning of the term "the Account".
  10. Any interest accruing to the Account belongs to the Trustee and will be paid to the Trustee which is not required to account to or share it with anyone else.
  11. Money may only be removed from the Account in the following circumstances:
    - i. when the Trustee issues Bandstocks, in which case the purchase price of all issued Bandstocks will be transferred from the Account to a separate account to be used in accordance with the terms of the Investment Memorandum and the Artist Contract (which documents, in standard form, are available on the Website) which relate to the issue of the relevant Bandstocks;
    - ii. when an Investor requires money held in his individual investor account to be paid to him, in which case the Trustee will pay money from the Account as required by the investor to the investor;
    - iii. when interest accrues to the Account, in which case the interest belongs to and will be paid to the Trustee's own account as designated by the Trustee;
    - iv. when sums received in the Account relate wholly, directly and identifiably to the purchase of physical goods (such as records or merchandise) or event or concert tickets purchased by investors through the Website, in which case such sums will be paid to the Trustee's own account as designated by the Trustee. For the

avoidance of doubt, Bandstocks do not constitute goods or event or concert tickets for this purpose;

- v. It is the responsibility of the Trustee to determine and retain evidence that payments made from the Account are being made in the circumstances provided for in clause 9. The Bank may rely on any instruction given in accordance with the Account mandate from time to time and is not required to determine or confirm whether such circumstances do in fact apply.
12. The Trust constituted in this Deed shall continue until terminated by the Trustee on giving three calendar months' written notice to the Investors holding individual investor accounts at the date the notice is given and shall expire on the date three calendar months after such notice is given (the "**Termination Date**").
  13. On the Termination Date (or as soon as practicable thereafter) any balance remaining in the Account will be paid by the Trustee to the Investors holding individual investor accounts on the Termination Date and shall be pro rated with reference to the amounts held by each Investor in that Investor's individual investor account and subject to the deduction of the processing fees agreed between the Investors and the Trustee.
  14. This Deed is to be construed under English Law. The Trustee submits to the exclusive jurisdiction of the English courts in the event of any disputes arising under it.

Executed as a Deed by  
CIVILIAN INDUSTRIES PLC

acting by: ANDREW LEWIS  
Director

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acting by: TIMOTHY J ROBINSON  
Director/Secretary

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Declaration on behalf of Coutts and Co.

We acknowledge that the Trustee will be acting as trustee in respect of certain monies as described in the above Trust Deed. We further acknowledge all the terms of the above Trust Deed insofar as it applies to the above referenced account held at Coutts and Co. and any Special Reserve Account or other interest bearing account at Coutts and Co. which falls within the definition of the Account.

Executed as a Deed by  
COUTTS AND CO under common seal )



Authorized Sealing Officer