

Loan Agreement

between

Bitfilm Networks GmbH
Shanghaiallee 9
c/o Frank Otto Medien
20457 Hamburg, Germany
(hereinafter „Bitfilm“)

and

(hereinafter „Investor“)

Preamble

Bitfilm intends to produce and exploit a full-length feature film with the working title “Money & Me” (the “Film”). The Investor intends to participate in financing the Film pursuant to the provisions set out below.

1. Subject Matter

1.1 Bitfilm intends to produce the Film together with filmmakers and independent film studios around the world using the “Open Source” Model. The Film shall be composed of different short films and separate parts like a patchwork, and shall be developed in an open process, similar to the development of open source software or the online encyclopedia “Wikipedia”. The Film shall be financed by private investors. Each Investor can grant an interest-free, conditionally-repayable loan over the sum of at least EUR 300,- or a multiple of this sum pursuant to the terms and conditions contained in this Agreement.

1.2 The Investor will receive a so-called FILMBIT for each loan in the amount of EUR 300,- being granted which entitles the Investor to a profit participation according to Section 3 of this Agreement.

1.3 In order to finance Bitfilm's production of the Film, the Investor grants Bitfilm the following interest-free, conditionally-repayable loan (the "Loan")

EUR _____ (in words: _____ Euros)

1.4 The Investor undertakes to transfer the Loan within 14 days of signature of this Agreement to the following account:

| | |
|-------------------|------------------------|
| Account Holder: | Bitfilm Networks GmbH |
| Account Number: | 030 93 77 00 |
| Bank Code: | 200 700 00 |
| Name of the Bank: | Deutsche Bank Hamburg |
| IBAN: | DE20200700000030937700 |
| SWIFT / BIC: | DEUTDEHHXXX |

2. Purpose of the Loan

Bitfilm undertakes to solely use the Loan for the production, distribution and exploitation of the Film.

3. Profit Participation

3.1 For each FILMBIT, i.e. for each loan in the amount of EUR 300,-, the Investor shall receive the following participation from Bitfilm's net profits actually received from the exploitation of the Film for a period of 10 years from its theatrical release.

a) 0,01 % of the net profits, if 1-19 FILMBITS were acquired, i.e. if the amount of the Loan ranges between EUR 300,- and EUR 5700,-;

- b) 0,012 % of the net profits, if 20-49 FILMBITS were acquired, i.e. if the amount of the Loan ranges between EUR 6000,- and EUR 14.700,-;
- c) 0,013 % of the net profits, if 50 or more FILMBITS were acquired, i.e. if the amount of the Loan adds up to at least EUR 15.000,-.

3.2 For the purpose of this Agreement, net profits shall mean all net proceeds from exploitation of the Film actually received by Bitfilm, after the following have been deducted from such proceeds:

- (i) value added tax and any other duties and taxes,
- (ii) all costs and expenses of and relating to the accounting, assertion, collection and distribution of the proceeds,
- (iii) all costs, expenses and charges of and relating to the rental and/or distribution as well as any rental and/or distribution commission,
- (iv) all initial costs and expenses of and relating to the rental and/or distribution,
- (v) all costs and expenses for the production of the material to be delivered as far as these costs and expenses are not included in the budget of the Film,
- (vi) all possible payments to third parties due to legal obligations (e.g. §§ 32 et seq. of the German Copyright Act),
- (vii) all costs and expenses of and relating to the registration and maintenance of the copyright protection as well as the storage and insurance of the Film materials,
- (viii) any own contributions (equity capital, personal contributions, accruals and deferrals) by the Producer and possible co-producers,
- (ix) all accruals and deferrals by third parties,
- (x) any profit participation by third parties, in particular film funding organizations and/or other financiers who participated in financing the production,
- (xi) any profit participation by other parties involved in the Film (e.g. director, author, composer, etc.).

The Parties agree that any possible funds (reference subsidies, revolving project funds, all other funds granted under a condition or earmarked for specific purposes) that Bitfilm is entitled to, film awards, items included in the Film's budget in favour of Bitfilm (handling fees, Creative Producer Fee) and/or in favour of the filmmakers (minimum guarantee as remuneration for the licensing of the short films) as well as any revenue from royalties actually used to finance the cost of production (minimum guarantees from the rental and/or distribution, presales of TV-rights, etc.) are not deemed to be net profits as defined in Section 3.2 paragraph 1 above.

3.3 The proceeds derived from the exploitation of the ancillary rights are not deemed to be net profits as defined in Section 3.2 above. The ancillary rights include but are not limited to the merchandising rights, the sound carrier rights, the right to publish derivative printed works, the printing rights as well as the right of exploitation by means of interactive image and/or sound carriers.

4. Interest / Repayment of the Loan

4.1 The Loan granted by Investor bears no interest.

4.2 The Loan is unsecured and is only repayable under the following condition:

If the Film will not be completed or exploited, the Investor shall be entitled to repayment of a part of the unspent amount of the Loan. The part of the unspent amount of the Loan will be calculated pro-rata to the total amount lent for the exploitation of the Film at that date and the total amount then unspent. The Investor therefore shall be entitled to partial repayment of the unspent amount of the Loan that equals its ratio in the total amount of all loans granted.

5. Accounting

5.1 After the theatrical release of the Film Bitfilm shall account to the Investor annually within 8 weeks after the end of each financial year.

5.2 If the Investor is entitled to a participation from the net profits, the payment shall be made within 30 days of accounting directly into the following bank account:

Account Holder: _____
Account Number: _____
Bank Code: _____
Name of the Bank: _____
IBAN: _____
SWIFT / BIC: _____

It is the Investor's responsibility to inform Bitfilm of any change to this bank account.

5.3 As long as the Investor is entitled to a profit participation according to Section 3.1 of this Agreement, Bitfilm shall, on request, provide the Investor with all documents necessary to verify the accounting.

6. Credits / Contribution to the Film

6.1 The Investor shall be entitled to receive a credit in the end title credits and on the website of the Film. The size, form and length of the credit shall be in Bitfilm's sole discretion, taking into account the industry standards and requirements. Bitfilm shall not be liable for an inadvertent breach of this provision or for a breach by a third party but shall make all reasonable efforts to rectify any such breach. Any further claims against Bitfilm in this regard are excluded.

6.2 If the Investor acquired 10 or more FILMBITS, he shall also be entitled to have his name inserted into the Film for a period of 10 seconds. The size, form and length of this insertion shall be in Bitfilm's sole discretion. Bitfilm shall not be liable for an inadvertent breach of this provision or for a breach by a third party but shall make all reasonable efforts to rectify any such breach. Any further claims against Bitfilm in this regard are excluded.

6.3 In addition, the Investor shall be entitled to vote in polls on creative issues with regard to the development of the Film. The Investor's vote shall be counted three times for every FILMBIT acquired by Investor, i.e. if the Investor acquired 4 FILMBITS, his vote will be counted 12 times (3x4).

6.4 Bitfilm shall consider the voting results in its decision-making process. Bitfilm, however, is entitled to make the final decision on all creative and economical issues of the Film in order to assure a consistent Film and its completion in due time.

7. Rights

The Parties agree that all rights in and to the Film are owned by Bitfilm. It is further acknowledged that by concluding this Agreement no rights in or to the Film are being transferred.

8. Final Provisions

8.1 In order to have legal effect, modifications of and/or additions to this Agreement as well as any cancellation of this writing requirement must be made in writing.

8.2 If any provision of this Agreement is unlawful, void or unenforceable, this shall not affect the validity of the remaining provisions. In this case the Parties shall undertake to replace the ineffective provision by one that most closely approximates the legal and economic intent of the ineffective provision.

8.3 This Agreement shall be governed by German law. Hamburg shall be the place of performance and court jurisdiction to the extent that this can be stipulated by the Parties.

Hamburg, _____

_____, _____

Bitfilm Networks GmbH

Investor