



DATED 16TH AUGUST 2019

HJ COLLECTION LIMITED

LOAN NOTE INSTRUMENT

constituting £12,000,000 in nominal amount of
interest bearing Loan Notes

Table of Contents

1	DEFINITIONS AND INTERPRETATION	1
2	ISSUE OF LOAN NOTES	4
3	PRINCIPAL AMOUNT OF LOAN NOTES AND PRIORITY RANKING	4
4	COVENANTS BY THE COMPANY	4
5	WARRANTIES	4
6	LOAN NOTE CERTIFICATES	5
7	RECEIPT OF JOINT LOAN NOTEHOLDERS A GOOD DISCHARGE	5
8	JOINT LOAN NOTEHOLDERS	5
9	REGISTER OF LOAN NOTES	5
10	SECURITY	6
11	AMENDMENTS	6
12	SUPPLEMENTAL INSTRUMENTS	6
13	THIRD PARTY RIGHTS	6
14	GOVERNING LAW AND JURISDICTION	6

THIS INSTRUMENT is made on 16th August 2019 by **HJ COLLECTION LIMITED** (registered in England under number 11834490) whose registered office is at Oaks Court, 1 Warwick Road, Borehamwood, Herts WD6 7GS (the “**Company**”).

WHEREAS:

By a resolution of the Directors of the Company passed on 20th February 2019 and pursuant to its Articles of Association, the Company has authorised the issue of £12,000,000 in nominal amount of interest bearing Loan Notes of different series to be constituted by this Instrument and to be held subject to and with the benefit of the Conditions.

The parties agree as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 In this Instrument, the following definitions apply:

“Articles”	the articles of association from time to time of the Company;
“Business”	the financing of UK property development projects in the private rented, student accommodation and mixed use sectors;
“Business Day”	a day, other than a Saturday or a Sunday, on which banks generally are open for business in the City of London;
“Directors”	the board of directors from time to time of the Company;
“Event of Default”	any of the events listed in Condition 7 of Part 1 of Schedule 1;
“Finance Parties”	the Security Trustee and the Loan Noteholders from time to time;
“Group Company”	the Company, and any “Subsidiary” and “Group Company” shall be construed accordingly;
“Information Memorandum”	the information memorandum dated on or around the date of this Instrument, issued by the Company to potential investors for the purpose of seeking investment in the Loan Notes;
“Instrument”	this instrument constituting the Loan Notes (as amended from time to time);
“Interest Payment Date”	the date on which the payment of interest in respect of the Loan Notes falls due in accordance with the terms of the Information Memorandum, being, in the case of the Two Year Fixed Rate Income Loan Notes, after 12 months and 18 months and then on the Redemption Date and, in the case of the Two Year Fixed Rate Growth Loan Notes, solely on the Redemption Date;
“Interest Rate”	the rates of interest paid to the Loan Noteholders in accordance with the terms of Condition 3 of Part 1 of Schedule 1;

“Loan Noteholder Majority”	Loan Noteholders who together hold more than 75% of the Loan Notes;
“Loan Noteholders”	the persons for the time being entered in the Register as holders of the Loan Notes;
“Loan Notes”	the Two Year Fixed Rate Growth Loan Notes and the Two Year Fixed Rate Income Loan Notes;
“Receiver”	includes a receiver and manager and an administrative receiver;
“Redemption Date(s)”	the date on which the Loan Notes fall due to be redeemed, being the second anniversary of their issue (or if not a Business Day, the next following Business Day) or such earlier date on which a Loan Note is redeemed in accordance with the provisions of this Instrument;
“Register”	the register referred to in clause 9.1;
“repay, redeem and pay”	shall each include both of the others (and cognate expressions shall be construed accordingly);
“Secured Parties”	the Security Trustee, the Loan Noteholders and any person who holds Loan Notes from time to time and who becomes a party to the Security Trust Documents. The security documents means the Security Trustee Agreement and Security Trust Deed entered into by the Company with the Security Trustee; and any other document granted by the Company or any other third party securing the obligations of the Company under this instrument from time to time.
“Security Trustee”	means Equity for Growth (Securities) Limited, a company registered in England with registered number 05410446 whose registered address is International House, 24 Holborn Viaduct, London EC1A 2BN;
“Special Resolution”	a special resolution as defined in paragraph 16 of Schedule 3;
“Sterling” and “£”	the lawful currency of the United Kingdom;
“Subsidiary”	has the meaning given to it under section 1159 of the Companies Act 2006;
“Two Year Fixed Rate Income Loan Notes”	means the two-year fixed term, fixed rate secured Loan Notes of the Issuer carrying a coupon of 10.0% and constituted by this Instrument or as the case may be the principal amount of the Two Year Fixed Rate Income Loan Notes for the time being issued and outstanding, and a reference to a Two Year Fixed Rate Income Loan Note is a reference to any one of such Loan Notes; and

“Two Year Fixed Rate Growth Loan Notes”

means the two-year fixed term, fixed rate secured Loan Notes of the Issuer carrying a coupon of 10.0% and with the benefit of a 4.0% redemption premium, constituted by this Instrument or as the case may be the principal amount of the Two Year Growth Loan Notes for the time being issued and outstanding, and a reference to a Two Year Growth Loan Note is a reference to any one of such Loan Notes.

- 1.2 The expression this “Instrument” includes the Schedules to this Instrument and any instrument expressed to be supplemental hereto and its schedules (if any).
- 1.3 In this Instrument including the recital:
- 1.3.1 a reference to a clause or Schedule is a reference to a clause or Schedule to this Instrument;
 - 1.3.2 a reference to a statute or statutory provision shall include a reference to:
 - (a) that statute or provision as from time to time consolidated, modified, re-enacted or replaced by any statute or statutory provision;
 - (b) any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (c) any subordinate legislation made under the relevant statute; provided that nothing in this clause 1.3.2 shall operate to extend the obligations or liabilities of the Company or the Loan Noteholders;
 - 1.3.3 a reference to any gender includes a reference to all genders;
 - 1.3.4 a reference to a person includes a reference to a firm, body corporate, unincorporated association, or a person’s executors or administrators;
 - 1.3.5 except where expressly defined in this Instrument, any words and expressions defined in the Companies Act 2006 shall have the meaning given to them in such act;
 - 1.3.6 references to this Instrument, any provisions of it or any other document shall be construed as references to that document as in force for the time being, as amended, varied, novated, restated, substituted or supplemented from time to time;
 - 1.3.7 references to costs, charges or expenses shall include any Value Added Tax or similar tax charged in respect thereof; and
 - 1.3.8 references to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to the action, remedy or method of judicial proceeding described or referred to in this Instrument.

2 ISSUE OF LOAN NOTES

- 2.1 The Loan Notes constitute direct and secured obligations of the Company for the due and punctual payment of the principal and interest in respect of them and for the performance of all the obligations of the Company with respect to them.
- 2.2 The Loan Notes shall be issued in accordance with the provisions of this Instrument.
- 2.3 The Loan Notes shall, at all times, remain subject to the Conditions.

3 PRINCIPAL AMOUNT OF LOAN NOTES AND PRIORITY RANKING

- 3.1 The aggregate principal amount of the Loan Notes is limited to £12,000,000.
- 3.2 The Loan Notes are secured debt obligations of the Company.

4 COVENANTS BY THE COMPANY

- 4.1 The Company covenants with the Loan Noteholders that, as and when the Loan Notes or any part of the Loan Notes are due to be repaid as provided by this Instrument and the Conditions, it will pay to the Loan Noteholders, at the registered office of the Company or at such other place as the Company and the Loan Noteholders shall agree, the principal amount of the Loan Notes due to be repaid together with accrued interest and any other amounts required to be paid on the same date, all in accordance with the Conditions, subject only to receipt from the Loan Noteholders of the relevant Certificates (or an indemnity in respect of any that may be lost in terms reasonably satisfactory to the Company) at the registered office of the Company or otherwise in accordance with the terms of this Instrument.
- 4.2 The Company further covenants with the Loan Noteholders that, until all the Loan Notes shall have been repaid and cancelled as provided in the Conditions, it will pay to the Loan Noteholders interest as provided in the Conditions.
- 4.3 The Company further covenants with the Loan Noteholders duly to perform and observe the obligations imposed on it in this Instrument and any Loan Noteholder may sue for the performance or observance of the provisions under this Instrument in relation to its Loan Notes.

5 WARRANTIES

The Company warrants to each of the Loan Noteholders that:

- 5.1 the Company has full power and authority to issue the Loan Notes and to enter into and perform its obligations under this Instrument and the security documents;
- 5.2 this Instrument and the security documents have been duly executed and are valid and binding on the Company and are enforceable in accordance with their respective terms;
- 5.3 there is no law, regulation or provision having the force of law or any contractual obligation which would prevent the Company from entering into, and complying with, its obligations under this Instrument and the security documents; and

5.4 none of the events referred to in Condition 7 of Part 1 of Schedule 1 has occurred and nothing else has occurred which, with the giving of notice or lapse of time or the satisfaction of any condition, would amount to one of the events referred to in that Condition 7.

6 LOAN NOTE CERTIFICATES

6.1 The Certificates for the Loan Notes shall be executed as a deed or under the seal of the Company as provided by the Articles or executed by the Company in any other manner permitted by the Companies Act 2006. Every Certificate shall be in the form, or substantially in the form, set out in Part 1 of Schedule 1 with such modifications as the Company and the Loan Noteholders may from time to time approve and shall have the Conditions endorsed on it.

6.2 The Company shall comply with the Conditions and the provisions set out in Schedule 2 and the Loan Notes shall be held subject to such Conditions and to the provisions contained in Schedule 3, all of which Conditions and provisions shall be deemed to be incorporated in this Instrument and shall be binding on the Company and the Loan Noteholders and all persons claiming through or under them respectively.

6.3 Every Loan Noteholder shall be entitled to receive, free of charge, a Certificate for the Loan Notes held by him except that joint Loan Noteholders shall be entitled to one Certificate only in respect of the Loan Notes held jointly by them, which Certificate shall be delivered to that one of the joint Loan Noteholders whose name stands first in the Register.

7 RECEIPT OF JOINT LOAN NOTEHOLDERS A GOOD DISCHARGE

Without prejudice to the provisions of paragraph 9 of Schedule 2, the receipt in the case of joint Loan Noteholders of any one of such joint holders for any principal moneys and interest payable in respect of the Loan Notes held by the joint Loan Noteholders shall be a good discharge to each of the joint holders.

8 JOINT LOAN NOTEHOLDERS

The Company shall not be obliged to register more than four persons as joint holders of any Loan Notes.

9 REGISTER OF LOAN NOTES

9.1 The Company shall at all times keep, or procure to be kept, at its registered office or the registered office of its custodian, an accurate register showing the principal amount of the Loan Notes for the time being issued and the date of issue and all subsequent changes of ownership thereof and the names and addresses of the Loan Noteholders and the persons deriving title under them.

9.2 The Loan Noteholders or any of them and any person authorised in writing by any of such persons shall be at liberty at all reasonable times during office hours to inspect the Register and (subject to payment of such reasonable fees as the Company may determine) to take copies of and extracts from the same or any part thereof.

9.3 The Register may be closed at such times and for such periods (not exceeding in aggregate 30 days in any calendar year) as the Company may from time to time determine.

10 SECURITY

- 10.1 The Company agrees for the benefit of the Secured Parties to enter into the security documents with the Security Trustee, as security trustee for and on behalf of the Secured Parties, and as a continuing security for its obligations inter alia under the Loan Notes in respect of payment of the principal amount and interest in respect of the Loan Notes under this Instrument.
- 10.2 The Company will procure that all new subsidiaries of the Company shall, by executing such deeds and documents as the Company shall reasonably require, assume the obligations committed to herein including acceding to the security documents.

11 AMENDMENTS

The provisions of this Instrument and the rights of the Loan Noteholders are subject to modification, abrogation or compromise only with the sanction of a Special Resolution, provided always that the Company may amend the provisions of this Instrument without such sanction or consent if, in the reasonable opinion of the auditor to the Company, such amendment would not be prejudicial to the interests of the Loan Noteholders or is of a formal, minor or technical nature or corrects a manifest error which is contrary to the intentions of this Instrument.

12 SUPPLEMENTAL INSTRUMENTS

A memorandum of execution of any instrument supplemental to this Instrument shall be endorsed by the Company on this Instrument.

13 THIRD PARTY RIGHTS

No terms of this Instrument shall be enforceable by any person other than:

- 13.1 a Loan Noteholder or any person to whom title to any Loan Notes has been transmitted in accordance with this Instrument;
- 13.2 the Security Trustee; and
- 13.3 the Company,
in each case in accordance with the terms of this Instrument.

14 GOVERNING LAW AND JURISDICTION

- 14.1 This Instrument and the Loan Notes are governed by, and shall be construed in accordance with, the laws of England.
- 14.2 The courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Instrument and the Loan Notes and any matter arising therefrom, and the Company and the Loan Noteholders waive any right to object to an action being brought in these courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

IN WITNESS of which, this Instrument has been executed by the Company as a deed and delivered on the date stated at the beginning of this Instrument.

SCHEDULE 1

PART 1

Example Form of Loan Note Certificate

No. of Certificate

.....

Nominal Amount of Loan Notes

£.....

HJ COLLECTION LIMITED

(the “Company”)

Incorporated in England under the Companies Act 2006. Registered number: 11834490

Registered office: Oaks Court, 1 Warwick Road, Borehamwood, Herts WD6 7GS

Issue of £12,000,000 in nominal amount of interest bearing Loan Notes

Created and issued pursuant to the Company’s Articles of Association and to a resolution of the Directors of the Company passed on 20th February 2019.

THIS IS TO CERTIFY that [] of [] is/are the registered holder(s) of [] pounds in nominal amount of the above mentioned [Two Year Fixed Rate Income Loan Notes/Two Year Fixed Rate Growth Loan Notes] which are constituted by an Instrument dated 16th August 2019 (the “Instrument”) and made by the Company. The Loan Notes are also issued subject to, and with the benefit of, the provisions contained in the Instrument and the Conditions endorsed on the Certificate.

The Loan Notes are repayable and interest is payable on the Loan Notes in accordance with the Conditions endorsed on the Certificate.

Executed and delivered as a deed by the Company on 20 .

Signed as a deed by)
HJ COLLECTION LIMITED)
acting as a Director in the presence of:)

Signature of witness

Name (in BLOCK CAPITALS)

Address
.....
.....

Postcode

LOAN NOTES:

- 1 The Loan Notes are not transferable.
- 2 Where the context so admits, terms defined in the Instrument shall have the same meanings when used in this Certificate or in the Conditions endorsed on this Certificate.
- 3 The whole of the Loan Notes shall be redeemed on the Redemption Date.
- 4 The Loan Notes are subject to, and are to be construed in accordance with, English law.



SCHEDULE 1

PART 2

The Conditions

1 STATUS

- 1.1 The Loan Notes are issued in amounts and multiples of £100 (with a minimum holding per Loan Noteholder of £10,000) and constitute secured obligations of the Company.
- 1.2 The Instrument does not contain any restrictions on borrowing, charging or disposing of assets.

2 REDEMPTION AND CANCELLATION OF LOAN NOTES

- 2.1 Subject to Condition 7 (Events of Default) and unless otherwise previously redeemed, the Company shall redeem the Loan Notes on the Redemption Date together with interest accrued on such principal amounts in the form of cash.

3 INTEREST

- 3.1 From the date of issue of the Loan Notes until their relevant Redemption Date, in accordance with the terms of the Information Memorandum, interest on the principal amount of the Loan Notes in issue from time to time shall accrue at a rate of 10.0% per annum.
- 3.2 Subject to 4.1 below, if the Loan Notes are not redeemed on the Redemption Date, from the Redemption Date until the date the Loan Notes are redeemed in full, interest on the principal amount of the Loan Notes shall continue to accrue at the rate which is 1.5 times their prevailing rate as set out in 3.1 above, on a non-compounding basis.
- 3.3 Interest in the period from the date of issue of the Loan Notes until the next Interest Payment Date or the Redemption Date (as relevant) shall roll up and be capitalised at the end of such period. The Company shall pay interest to the persons who were registered as Loan Noteholders at the close of business on each Interest Payment Date or the Redemption Date (as relevant) (or, if such date is not a Business Day, on the Business Day immediately following that date) and on the Redemption Date (or, if later, on the date on which the Loan Notes are redeemed).
- 3.4 Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365-day year.
- 3.5 If the Company fails to pay any amount of interest on any Loan Notes when such amount is due, the rate of interest applicable to the non-compounded interest in respect of that Loan Note (both before and after judgment) shall be set at a rate which is 1.5 times their prevailing rate usually attracted by the relevant Loan Note as set out at 3.1 above.
- 3.6 Interest on any Loan Notes repaid or redeemed by the Company in accordance with the provisions of this Instrument shall cease to accrue as from the date of such repayment or redemption.

4 REPAYMENT AND REDEMPTION

Extension by the Company

- 4.1 Subject to providing written notice to the relevant Noteholders no later than 30 days prior to the Redemption Date, the Company may defer the Redemption Date applicable to any Loan Notes by no more than an additional six months.

Redemption Premium

- 4.2 The Two Year Fixed Rate Growth Loan Notes shall attract a redemption premium of 4%, payable on the Redemption Date.

Early Redemption

- 4.3 The Company may, at its election, repay any of the Loan Notes before the Redemption Date together with all interest accrued thereon as at the date of such early redemption.

5 CANCELLATION OF REDEEMED LOAN NOTES

All Loan Notes redeemed on the Redemption Date will be cancelled and will not be available for re-issue.

6 SURRENDER AND ENFACEMENT OF LOAN NOTE CERTIFICATES

- 6.1 Every Loan Noteholder whose Loan Notes are due to be redeemed shall deliver up his Certificate to the Company or as it shall direct, and if any Certificate so delivered up includes any Loan Notes not then due to be redeemed, the Company may enface such Certificate with a memorandum of the date and amount redeemed and return the same, or may cancel such Certificate and issue to such Loan Noteholder a new Certificate for the balance of the Loan Notes held by it and not so due to be redeemed.
- 6.2 If any Loan Noteholder whose Loan Notes are due to be redeemed (in whole or in part) shall fail or refuse to deliver up the relevant Certificate(s) at the time and place fixed by these Conditions or to accept payment of or give a receipt for such payment, the amount payable to such Loan Noteholder shall be deposited in a separate bank account and, subject to Condition 6.3 below, retained by the Company on trust for such Loan Noteholder, but without interest, pending delivery of the relevant Certificate(s) or the acceptance or the giving of a receipt as aforesaid, which deposit shall be deemed for all the purposes of these Conditions to be a payment to such Loan Noteholder, and the Company shall be discharged from all further obligations in respect of such Loan Notes. The Company shall notify the relevant Loan Noteholder of such deposit within 10 Business Days following the date on which such deposit is made.
- 6.3 If the Company shall deposit the relevant funds as provided in Condition 6.2 above, the Company shall not be responsible for the safe custody of such moneys nor for the payment of any interest accrued thereon to the Loan Noteholder. The Loan Noteholder shall cease to be entitled to any amount so deposited which has remained unclaimed after a period of 10 years from the making of the deposit and, on the expiry of such period, any such amount shall, if the directors of the Company so resolve, be forfeited and cease to remain owing by the Company.

7 EVENTS OF DEFAULT

7.1 The following shall be Events of Default:

- (a) if any petition is presented or resolution passed for the winding up or dissolution of a Group Company which is not discharged within 20 Business Days of its presentation, save for the purposes of a solvent reorganisation or reconstruction or amalgamation, the terms of which have been approved by a Special Resolution, or if any steps (excluding any such steps being taken by a third party that are frivolous or vexatious or relates to a debt being defended by any Group Company in good faith) have been taken to appoint an administrator, administrative receiver, trustee or similar officer in relation to a Group Company; or
- (b) if a Group Company shall suspend payment of its debts or be deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts; or
- (c) if a distress, execution or other legal process is levied against any of the assets of a Group Company which is not fully discharged within 20 Business Days of a Group Company receiving notice of the same; or
- (d) if the Company shall fail to make any payment due to any Loan Noteholder under the Instrument, whether by way of interest, principal or otherwise, within 20 Business Days of being notified by the Loan Noteholder that such payment is overdue; or
- (e) if any other borrowings or indebtedness of a Group Company are declared prematurely due and payable or are not repaid within 20 Business Days of being notified by the lender that payment is overdue; or
- (f) any enforcement action being taken in respect of any mortgage, charge, debenture or loan agreement entered into by any Group Company by reason of it becoming enforceable prematurely by reason of any default.

7.2 If an Event of Default shall have occurred, a Loan Noteholder Majority may by notice to the Company declare the Loan Notes to be immediately repayable, whereupon they shall become immediately repayable at their principal amount together with any interest accrued. The Company shall as soon as reasonably practicable give the Loan Noteholders notice upon becoming aware of the happening of any of the events specified in Condition 7.1.

8 PAYMENTS

8.1 All payments by the Company to the Loan Noteholders, whether of principal, interest or any other item, shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise whatsoever), unless the deduction or withholding is required by English law, in which event the Company shall:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required;

- (b) (subject to Condition 8.3) immediately pay to each of the Loan Noteholders concerned such additional amount as may be required to ensure that the net amount received by each Loan Noteholder will equal the full amount which would have been received by that Loan Noteholder had no such deduction or withholding been made; and
 - (c) account to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the full amount of any deduction or withholding from any additional amount paid pursuant to Condition 8.1 (b)).
- 8.2 The Company will furnish to each of the Loan Noteholders concerned within the period for payment permitted by the relevant law a certified copy of the relevant tax receipt, a certificate of deduction or equivalent evidence for each deduction or withholding made pursuant to Condition 8.1.
- 8.3 The provisions of Condition 8.1 (b) shall not apply to the deduction of tax from any interest in accordance with sections 874, 900 and 901 of the Income Tax Act 2007.

SCHEDULE 2

Provisions as to registration, transfer and otherwise

1 RECOGNITION OF LOAN NOTEHOLDER AS ABSOLUTE OWNER

Except as required by law or as ordered by a court of competent jurisdiction, the Company will recognise the registered holder of any Loan Notes as the absolute owner of such Loan Notes and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Loan Notes may be subject, and the payment to the registered holder for the time being of any Loan Notes or in the case of joint registered holders the payment to any of them of the principal of such Loan Notes or the interest from time to time accruing due in respect of the Loan Notes or of any other moneys payable in respect of such Loan Notes shall be a good discharge to the Company, notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to or in such principal, interest or moneys. No notice of any trust, express, implied or constructive, shall (except as provided by statute or as required by an order of a court of competent jurisdiction) be entered in the Register in respect of any Loan Notes.

2 EXCLUSION OF EQUITIES

Every Loan Noteholder will be recognised by the Company as entitled to its Loan Notes free from any equity, set-off or cross claim on the part of the Company against the original or any intermediate holder of the Loan Notes.

3 TRANSFERABILITY OF LOAN NOTES

The Loan Notes are not transferable.

4 TRANSMISSION OF LOAN NOTES

Any person becoming entitled to any Loan Notes in consequence of the receivership or liquidation of the holder of such Loan Notes, or of any other event giving rise to the transmission of such Loan Notes by operation of law, may, upon producing such evidence that it sustains the character in respect of which he proposed to act under this paragraph or of his title as the Company shall think sufficient, be registered itself as the holder of such Loan Notes. The Company shall be at liberty to retain the interest payable upon any Loan Notes which any person under this paragraph is entitled to until such person shall be registered as aforesaid or shall duly transfer the Loan Notes as aforesaid.

5 PAYMENT OF PRINCIPAL, INTEREST AND OTHER AMOUNTS

Any principal, interest or other moneys payable by the Company on or in respect of any Loan Notes may be paid by cheque or warrant made payable to the order of, and sent through the post to the registered address of, the holder or person entitled thereto or, in the case of joint holders, made payable to the order of, and sent through the post to the registered address of, that one of the joint holders who is first named in the Register in respect of such Loan Notes, or made payable to the order of such person and sent to such address as the holder or joint holders may in writing direct. Payment of any such cheque or warrant shall be a satisfaction of the moneys represented thereby. Every such cheque or warrant shall be sent at the risk of the person(s) entitled to the moneys represented thereby. If several persons are entered in the Register as joint holders of any Loan Notes then, without prejudice to the foregoing provisions of this paragraph, the payment to any of such persons of any moneys payable in respect of such Loan Notes shall be as effective a discharge to the Company as if the person to whom the payment is made was the sole registered holder of such Loan Notes.

6 REPLACEMENT OF LOAN NOTE CERTIFICATES

If any Loan Notes Certificate becomes worn out or defaced then, upon production of such Certificate to the Company, it shall cancel the same and shall issue a new Certificate in lieu of such Certificate and if any such Certificate is lost or destroyed then, upon proof to the satisfaction of the Company and on such terms as to evidence and indemnity as the Company may reasonably deem adequate being given, a new Certificate in lieu of such lost or destroyed Certificate shall be issued to the person entitled to such lost or destroyed Certificate. An entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.

7 NOTICES TO LOAN NOTEHOLDERS

7.1 Any notice or other document (including any Certificate) may be given to or served on any Loan Noteholder either personally or by sending it by post in a pre-paid letter addressed to it at its registered address or (if it desires that notices shall be sent to some other person or address) to the person at the address supplied by it to the Company for the giving of notices. In the case of joint registered holders of any Loan Notes, a notice given to the Loan Noteholder whose name stands first in the Register in respect of such Loan Notes shall be sufficient notice to all the joint holders.

7.2 Any notice or document duly served on or delivered to any Loan Noteholder in pursuance of these presents shall, notwithstanding any event having occurred, and whether or not the Company has notice of such event, be deemed to have been duly served or delivered in respect of any Loan Notes registered in the name of such Loan Noteholder as sole or joint holder unless, before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document, its name has been removed from the Register as the holder of the Loan Notes and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Loan Notes.

8 NOTICE TO THE COMPANY

Any notice or other document (including Certificates for Loan Notes) may be given or sent to the Company by sending the same by post in a pre-paid, first-class letter addressed to the Company at its registered office for the time being.

9 SERVICE OF NOTICES

Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt, it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom.

SCHEDULE 3

Meeting of Loan Noteholders

1 CALLING OF MEETINGS

The Company may at any time convene a meeting of the Loan Noteholders, and shall convene such a meeting on a requisition in writing signed by the holder or holders of not less than 10% in nominal amount of the Loan Notes for the time being outstanding. Every meeting shall be held in London or in such other place as the Company and the Loan Noteholders may agree.

2 NOTICE OF MEETINGS

- 2.1 Subject to the provisions of paragraph 2.2 below, not less than 21 days' notice nor more than 35 days' notice (exclusive of the day on which the notice is served or deemed to be served and on the day on which the meeting is to be held) of every meeting shall be given to the Loan Noteholders. Such notice shall specify the place, day and time of the meeting and (if no Special Resolution is to be proposed) the general nature of the business to be transacted at the meeting, shall state the terms of any Special Resolution to be proposed at the meeting and shall be given in the manner provided in the Instrument. The accidental omission to give such notice to, or the non-receipt of such notice by, any Loan Noteholder or by the Company shall not invalidate any of the proceedings at any meeting.
- 2.2 Meetings may be held on less than 21 days' notice with the consent in writing of Loan Noteholders holding not less than 50% in nominal amount of the Loan Notes.

3 QUORUM AT MEETINGS

- 3.1 The quorum at any meeting shall be one or more persons holding or represented by proxy 50% in nominal amount of the Loan Notes for the time being outstanding. No business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
- 3.2 If within 10 minutes (or such longer time not exceeding 30 minutes as the chairman may decide) of the time appointed for any meeting a quorum is not present, the meeting shall be dissolved and the meeting shall stand adjourned to such day (not being less than seven nor more than 28 days after the adjourned meeting), time and place as may be appointed by the chairman, and at such adjourned meeting one or more Loan Noteholders present in person or by proxy (whatever the nominal amount of the Loan Notes held by them) shall form a quorum and shall have power to pass a Special Resolution and to transact all business which might lawfully have been transacted at the meeting from which the adjournment took place. At least seven days' notice of any meeting adjourned through want of a quorum shall be given in the manner provided in paragraph 2 of this Schedule and such notice shall state that one or more Loan Noteholders present in person or by proxy at the adjourned meeting whatever the nominal amount of the Loan Notes held by them will form a quorum. For the purpose of this Schedule, one person may constitute a meeting.

4 CHAIRMAN OF MEETINGS

The Loan Noteholders present in person or by proxy at the meeting shall choose a representative or proxy for any Loan Noteholder willing so to act to be the chairman.

5 OTHER PERSONS ENTITLED TO ATTEND AND SPEAK

Any Loan Noteholder or representative or proxy for any Loan Noteholder and Directors and the Secretary and the solicitors of the Company and any other person authorised by the Company may attend and may speak at any such meeting.

6 RESOLUTIONS ON SHOW OF HANDS UNLESS POLL DEMANDED

Every question submitted to a meeting shall be decided in the first instance by a show of hands unless before, or on the declaration of, the result of the show of hands a poll is demanded by the chairman or by at least three Loan Noteholders present in person or by proxy or by one or more persons holding or representing by proxy at least 75% in nominal amount of the Loan Notes for the time being outstanding. A declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7 VOTES

On a show of hands, every Loan Noteholder who is present by proxy or by its duly authorised representative shall have one vote and on a poll every Loan Noteholder who is present by proxy or by its duly authorised representative shall have one vote for every £5,000 in nominal amount of Loan Notes of which it is the holder. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall have a casting vote in addition to any vote or votes to which he may be entitled as a Loan Noteholder.

8 MANNER OF TAKING POLL

If at any meeting a poll is demanded, it shall be taken in such manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time or date as the chairman may direct being no later than seven days after the time for which the meeting was convened. The demand for a poll may be withdrawn.

9 ADJOURNMENT OF MEETINGS

The chairman may with the consent of (and shall if directed by) any meeting at which a quorum is present adjourn the same from time to time and from place to place being no later than 28 days after the time for which the meeting was convened, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

10 VOTING ON A POLL

On a poll, a Loan Noteholder may vote by proxy or by its duly authorised representative and a Loan Noteholder entitled to more than one vote need not use all its votes or cast all the votes he uses in the same way.

11 VOTES OF JOINT LOAN NOTEHOLDERS

In the case of joint holders of the Loan Notes, the vote of the first named in the Register in respect of such Loan Notes who tenders a vote whether by proxy or by a duly authorised representative shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

12 INSTRUMENT APPOINTING PROXY

Every instrument appointing a proxy must be in writing under the hand of its duly authorised officer or attorney.

13 PROXY NEED NOT BE LOAN NOTEHOLDER

A proxy need not be a Loan Noteholder.

14 DEPOSIT OF INSTRUMENT APPOINTING PROXY

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the Company or such other place as shall be appointed for that purpose in the notice convening the meeting or any document accompanying such notice not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the revocation of the proxy or of the power or authority under which the instrument of proxy was signed, provided no intimation in writing of the revocation shall have been received at the registered office of the Company or such other place appointed in the notice convening the meeting for the deposit of proxies by the time being 24 hours before the commencement of the meeting or adjourned meeting to the taking of the poll at which the instrument of proxy is to be used. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date named in it as the date of its execution. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and (unless the contrary is stated in such instrument) to vote as the proxy thinks fit in any election of a chairman of the meeting. An instrument of proxy shall, unless the contrary is stated in such instrument, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

15 SPECIAL RESOLUTIONS BINDING ON ALL LOAN NOTEHOLDERS

A Special Resolution passed at a meeting of the Loan Noteholders duly convened and held in accordance with these presents shall be binding upon all the Loan Noteholders whether present or not present at such meeting, and each of the Loan Noteholders shall be bound to give effect thereto accordingly.

16 DEFINITION OF SPECIAL RESOLUTION

The expression "Special Resolution" when used in this Schedule means a resolution passed at a meeting of the Loan Noteholders duly convened and held in accordance with the provisions contained in these presents relative to a meeting for passing a Special Resolution by a majority consisting of not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then by a majority consisting of not less than 75% of the votes given on such a poll.

17 RESOLUTIONS IN WRITING

A resolution in writing signed by or on behalf of all the Loan Noteholders who for the time being are entitled to receive notice of meetings in accordance with the provisions of the Instrument contained shall for all purposes be as valid and effectual as a Special Resolution passed at a meeting of the Loan Noteholders duly convened and held in accordance with the provisions contained in the Instrument. Such resolution in writing may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Loan Noteholders.

18 MINUTES OF MEETINGS

Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes as aforesaid if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held shall be conclusive evidence of the matters contained in such meetings and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly convened and held and all resolutions passed and proceedings had thereat to have been duly passed and had. Such minutes are to be made available by the Company for inspection by Loan Noteholders and their agents during normal business hours.