

DATE

2022

**ANANDA DEVELOPMENTS PLC**

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**CONVERTIBLE LOAN NOTE INSTRUMENT**

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 **SHAKESPEARE**MARTINEAU

Ref: 1103178.11

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THIS DEED is dated

2022

Ananda Developments PLC incorporated and registered in England and Wales with company number 11159584 whose registered office is at 60 Gracechurch Street, London, England, EC3V 0HR (the **Company**);

## BACKGROUND

- (A) Mr Charles Morgan is owed £328,700.46 by the Company (**Debt**). It has been agreed that Mr Morgan will be issued with loan notes in settlement of the Debt on the terms and conditions of this Instrument.
- (B) By exercising of the powers conferred on them by the Articles, the Directors of the Company have, by a resolution passed on [ ] 2022 and having been approved by shareholders on [ ] 2022, created 328,700.46 series A unsecured convertible loan notes and have agreed to constitute them in the following manner.

## IT IS AGREED AS FOLLOWS: -

### 1. INTERPRETATION

- 1.1 The definitions and rules of interpretation in this clause apply in this Instrument.

**Adjustment Event:** any or all of the following, at any time, or by reference to any record date, while the Notes remain in issue:

- (a) any allotment or issue of Equity Securities by the Company by way of capitalisation of profits or reserves;
- (b) any cancellation, purchase or redemption of Equity Securities, or any reduction or repayment of Equity Securities, by the Company;
- (c) any sub-division or consolidation of Equity Securities by the Company; and
- (d) any issue of securities or other instruments convertible into shares in, or Equity Securities of, the Company or any grant of options, warrants or other rights to subscribe for, or call for the allotment or issue of, shares in, or Equity Securities of, the Company,

but excluding any issue of Equity Securities of the Company pursuant to the exercise of any options granted to employees or directors of the Company or which are permitted under the Articles.

**Articles:** the articles of association of the Company, as amended or superseded.

**Business Day:** a day other than a Saturday, Sunday or public holiday in England when banks are open for business.

**Certificate:** a certificate for Notes in the form (or substantially in the form) set out in Schedule 1.

**Change of Control:** the acquisition of control of the Company (as defined in section 1124 of the Corporation Tax Act 2010) by any person or persons acting in concert (as defined in the City Code on Takeovers and Mergers) with them.

**Conditions:** the conditions attaching to the Notes, as set out in Schedule 2 (as amended from time to time in accordance with this Instrument).

**Conversion Date:** the date of the Investor Majority requesting the conversion of the Notes, or a Conversion Event.

**Conversion Event:** all or any of the events listed in paragraph 1 of Part 2 of Schedule 2.

**Conversion Notice:** a notice in writing by the Investor Majority to the Company to convert all of the outstanding Notes.

**Conversion Price:** the lower of a price per Share being an 20% discount to the average of the middle market quotation of the Company for the 30 days prior to the Conversion Date or £0.004, save that such Conversion Price shall not be lower than the nominal value of the Shares.

**Debt:** the amount of £328,700.46 owed by the Company to Mr Charles Morgan.

**Directors:** the board of directors of the Company, or a duly authorised committee of that board, for the time being.

**Equity Securities:** has the meaning given to "ordinary shares" in section 560(1) of the Companies Act 2006.

**Event of Default:** any of the events set out in paragraph 5 of Part 1 of Schedule 2.

**Investor Majority:** the holders of 50% or more of the nominal amount of the Notes outstanding.

**Notes:** £328,700.46 unsecured convertible loan notes 2022 constituted by this Instrument or, as the case may be, the principal amount of such loan notes for the time being issued and outstanding, and principal amount shall be construed accordingly.

**Noteholder:** a person for the time being entered in the Register as holder of any Notes.

**Ordinary Shares:** the ordinary shares of £0.002 each in the capital of the Company, which have the rights set out in the Articles.

**Redemption Date:** means the dates set out in 4.1, 4.3 to 4.5 (inclusive) of Part 1 of Schedule 2.

**Redemption Notice:** has the meaning given in paragraph 4.2, 4.3 or 4.4 of Part 1 of Schedule 2.

**Register:** a register of Noteholders referred to in, and kept and maintained in accordance with, clause 8.

**Registered Office:** the registered office of the Company from time to time.

**Shares:** the Ordinary Shares.

**Warrants:** warrants to subscribe for Ordinary Shares at the Conversion Price substantially in the form of the warrant instrument attached at Annex 1.

- 1.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this Instrument.
- 1.3 References to clauses and Schedules are to the clauses of and Schedules to this Instrument and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.4 The Schedules (including, for the avoidance of doubt, the Conditions) form part of this Instrument and shall have effect as if set out in full in the body of this Instrument. Any reference to this Instrument includes the Schedules.
- 1.5 A references to **this Instrument, the Conditions** or to any other agreement or document referred to in this Instrument or the Conditions is a reference to this Instrument (which shall include the Conditions), the Conditions or such other agreement or document as varied or novated in accordance with their terms from time to time.

- 1.6 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns.
- 1.9 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.10 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006.
- 1.11 A reference to **writing** or **written** includes fax and e-mail.
- 1.12 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.13 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.14 A reference to legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.15 A reference to legislation or a legislative provision shall include all subordinate legislation made from time to time under that legislation or legislative provision.
- 1.16 Any obligation on a person not to do something includes an obligation not to allow that thing to be done.
- 1.17 A reference in this Instrument to:
- 1.17.1 any Notes being **outstanding** means such Notes as are in issue, not redeemed, not converted and not cancelled at the relevant time;
  - 1.17.2 the **assets** of any person shall be construed as a reference to all or any part of its business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital;
  - 1.17.3 **indebtedness** shall be construed as a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;
  - 1.17.4 **repayment** includes redemption and vice versa and the words **repay, redeem, repayable, redeemed** and **repaid** shall be construed accordingly;
  - 1.17.5 **£** or **sterling** denotes the lawful currency of the United Kingdom; and
  - 1.17.6 **tax** shall be construed so as to include any present and future tax, levy, impost, deduction, withholding, duty or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).
- 1.18 Unless the context otherwise requires, a reference to the **Notes** includes a reference to all and/or any of the Notes.

1.19 Except as otherwise provided, expressions defined in the Companies Act 2006 shall be read as if defined in that way in this Instrument.

## 2. **AMOUNT AND DESCRIPTION OF NOTES**

2.1 The aggregate principal amount of the Notes is limited to £328,700.46.

2.2 The Notes shall be known as 10% series A fixed rate unsecured convertible loan notes 2022 and shall be issued by the Company in integral multiples of £1 (or such balancing sum as required).

## 3. **STATUS OF NOTES**

3.1 The Notes when issued and outstanding shall rank pari passu, equally and rateably, without discrimination or preference among themselves and as unsecured obligations of the Company.

3.2 The Notes shall be issued and held subject to and with the benefit of the provisions of this Instrument (including the Conditions). All such provisions shall be binding on the Company and the Noteholders and all persons claiming through or under them respectively and shall enure for the benefit of all Noteholders.

## 4. **EXCHANGE**

The Notes are issued in settlement of the Debt.

## 5. **REPAYMENT OF NOTES**

5.1 The Notes shall be repaid in accordance with Part 1 of Schedule 2.

5.2 All Notes repaid by the Company shall be automatically and immediately cancelled and shall not be reissued.

## 6. **INTEREST**

Until the Notes are repaid by the Company or converted into Shares, in each case in accordance with the provisions of this Instrument, interest shall accrue and be paid on the principal amount of the Notes outstanding at the rate and in the manner provided in Part 1 of Schedule 2.

## 7. **CERTIFICATES**

7.1 Each Noteholder (or the joint holders of any Notes) shall be entitled to receive, without charge, one Certificate for the Notes registered in his (or their) names.

7.2 Where any Notes are held jointly, the Company shall not be bound to issue more than one Certificate in respect of such Notes and delivery of a Certificate to the person who is first named in the Register as Noteholder shall be sufficient delivery to all joint holders of such Notes.

7.3 Each Certificate shall:

7.3.1 bear a denoting number;

7.3.2 be issued and executed by the Company as a deed in the form (or substantially in the form) set out in Schedule 1; and

7.3.3 have the Conditions endorsed on or attached to it.

7.4 In the case of repayment of part only of a Noteholder's Notes, the Certificate(s) in respect of such Notes shall be either:

7.4.1 endorsed with a memorandum of the nominal amount of the Notes so redeemed or transferred and the date of such repayment; or

7.4.2 cancelled and (without charge) replaced by a new Certificate for the balance of the principal amount of the Notes not then repaid.

## 8. THE REGISTER

8.1 The Company shall keep and maintain the Register at the Registered Office or (subject always to the provisions of section 743 of the Act) at such other place as the Company may from time to time appoint for this purpose and notify to the Noteholders.

8.2 There shall be entered in the Register:

8.2.1 the names and addresses of the Noteholders for the time being;

8.2.2 the principal amount of the Notes held by each Noteholder and the principal monies paid up on them;

8.2.3 the date of issue of each of the Notes and the date on which the name of each Noteholder is entered in the Register in respect of the Notes registered in his name; and

8.2.4 the serial number of each Certificate issued and the date of its issue.

8.3 The Company shall promptly amend the Register to record any change to the name or address of a Noteholder that is notified in writing to the Company by that Noteholder.

8.4 The Noteholders or any of them, or any person authorised by a Noteholder, shall be at liberty at all reasonable times during office hours to inspect the Register and to take copies of or extracts from it or any part of it.

8.5 Every Noteholder shall be recognised by the Company as entitled to his Notes free from any equity, set-off or cross-claim against the original or an intermediate holder of such Notes.

## 9. NOTES NOT TO BE QUOTED

No application has been, or shall be, made to any investment exchange (whether in the United Kingdom or otherwise) for permission to deal in, or for an official or other listing or quotation, in respect of the Notes.

## 10. SET-OFF

Payments of principal and interest in respect of the Notes shall be paid by the Company to the Noteholders in accordance with the Conditions without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

## 11. MEETINGS OF NOTEHOLDERS

Meetings of the Noteholders shall be convened and held in accordance with the provisions of Schedule 3.

## 12. VARIATION

12.1 All or any of the rights for the time being attached to the Notes or other provisions of this Instrument may from time to time (whether or not the Company is being wound up) be altered or abrogated with the mutual agreement of the Company and of an Investor Majority. Any such alteration or abrogation shall be effected by way of deed poll executed by the Company and expressed to be supplemental to this Instrument.

12.2 Modifications to this Instrument which are of a minor nature or made to correct a manifest error may be effected by way of deed poll executed by the Company and expressed to be supplemental to this Instrument.

12.3 The Company shall, within 20 Business Days of making any variation pursuant to this clause 12, send to each Noteholder (or, in the case of joint holders, to the Noteholder named first in the Register) a copy of the deed poll (or other document) effecting the variation.

12.4 Any modification, alteration or abrogation made pursuant to clause 12.1 or clause 12.2 shall be binding on all the Noteholders.

### 13. **ENFORCEMENT AND THIRD PARTY RIGHTS**

13.1 From and after the date of this Instrument, and for so long as any Notes are outstanding or any amount is payable or repayable by the Company in respect of the Notes, the Company undertakes to duly perform and observe its obligations under this Instrument.

13.2 Except as expressly provided in clause 13.3, a person who is not a party to this Instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Instrument.

13.3 This Instrument shall operate for the benefit of all Noteholders and each Noteholder shall be entitled to sue for the performance or observance of the provisions of this Instrument in his own right so far as his own holding of Notes is concerned.

### 14. **NOTICES**

Any notice to be given to or by any Noteholder(s) for the purposes of this Instrument shall be given in accordance with the provisions of paragraph 9 and paragraph 10 of Part 3 of Schedule 2.

### 15. **GOVERNING LAW AND JURISDICTION**

15.1 This Instrument and the Notes and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.

15.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Instrument or the Notes or their subject matter or formation (including non-contractual disputes or claims).

This instrument has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.



**SCHEDULE 1  
FORM OF CERTIFICATE**

**Certificate No. [NUMBER]**

**Date of Issue [DATE]**

**Amount £[AMOUNT]**

**ANANDA DEVELOPMENTS PLC**

**£328,700.46 Series A FIXED RATE UNSECURED CONVERTIBLE LOAN NOTES 2022**

Created and issued pursuant to a resolution of the board of directors of the Company passed on [DATE].

**THIS IS TO CERTIFY THAT** [NAME OF NOTEHOLDER] is the registered holder of £[AMOUNT] of the £380,411.59 series A fixed rate unsecured convertible loan notes 2022 constituted by an instrument entered into by the Company on [DATE] (**Instrument**). Such Notes are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed on or annexed to this Certificate.

**Notes:**

1. The Notes are repayable and shall bear interest in accordance with the Conditions.
2. This Certificate must be surrendered to the Company before any repayment, whether of the whole or any part of the Notes comprised in it, can be registered or effected, or any new certificate issued in exchange.
3. Any change of address of the Noteholder(s) must be notified in writing signed by the Noteholder(s) to the Company at the Registered Office.
4. Subject to the Conditions, the Notes are transferable.
5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions.
6. The Notes and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Notes or their subject matter or formation (including non-contractual disputes or claims).
7. A copy of the Instrument is available for inspection at the registered office of the Company.

This Certificate has been executed as a deed and is delivered and takes effect on the date of issue stated at the beginning of it.

Executed as a deed by ANANDA DEVELOPMENTS PLC

acting by [NAME OF DIRECTOR] a director,

.....

Director

in the presence of:

Witness Signature:.....

Name:.....

Address:.....

Occupation

Dated: [INSERT DATE]

**SCHEDULE 2  
THE CONDITIONS**

**PART 1  
INTEREST, REPAYMENT AND REDEMPTION**

**1. INTEREST**

- 1.1 Interest shall be payable at a rate of 10% per annum (**Interest Rate**) and shall be added to the amount then outstanding on the Redemption Date or Conversion Date as applicable.
- 1.2 Any interest due under paragraph 1.1 shall be payable on the Redemption Date or Conversion Date as applicable.
- 1.3 Interest shall accrue daily at the Interest Rate and shall be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of issue of the Notes to the Conversion Date or Redemption Date as applicable.

**2. REPAYMENT OF PRINCIPAL**

As and when the Notes (or any part of them) are to be redeemed in accordance with paragraph 4 of this Part 1 of Schedule 2, the Company shall pay the Noteholders the principal amount of the Notes which are to be redeemed.

**3. TIME OF PAYMENT**

Whenever any payment of principal (or otherwise) becomes due on a day which is not a Business Day, payment shall be made on the next following Business Day.

**4. REDEMPTION**

- 4.1 If an Investor Majority so determines, the Notes then in issue (so far as not converted under Part 2 of this Schedule 2) shall be redeemed at the principal amount together with interest on the Notes outstanding at the Interest Rate on a date not less than 20 Business Days following a material breach by the Company of any of the terms of this Instrument and/or the Conditions (including as set out in this Part 1 of Schedule 2).
- 4.2 At least 20 Business Days before the Redemption Date, the Investor Majority shall give the Company written notice of the intention to exercise the right to redeem in accordance with the provisions of paragraph 4.1 for a material breach of this Instrument and/or the Conditions, and the material breach, if capable of remedy, not being remedied. Within five Business Days of the Redemption Date, the Company shall repay to all Noteholders the principal amount of the Notes so redeemed, together with interest on such Notes outstanding at the Interest Rate. A Redemption Notice shall (unless the Company agrees otherwise) be irrevocable.
- 4.3 A Noteholder may, by delivering written notice together with their Certificate to the Company, redeem the Notes held by them at any time after 1 January 2025. The Noteholder shall only be entitled to redeem the whole of the Notes held by them and not part only. The Noteholder shall be entitled to repayment of the Principal together with interest at the Interest Rate above to the date of redemption by the Company. Such payment shall be made within 5 Business Days of receipt of written notice and Certificate by the Company.
- 4.4 The Company may by written notice to the Noteholders redeem the Notes at any time. The Noteholders shall be entitled to repayment of the principal together with interest at the Interest Rate calculated on the basis that the Notes had been redeemed on the 2<sup>nd</sup> anniversary of the issue of the Loan Notes. In the event of the Company electing to redeem the Notes prior to the 1 January 2025, the Noteholders will have the option to convert the Notes to Ordinary Shares in accordance with clause paragraph 1.1 of Part 2.
- 4.5 The Notes shall be automatically redeemed by the Company on a Change of Control where paragraph 1.2.2 of Part 2 does not apply together with interest at the Interest Rate calculated

on the basis that the Notes had been redeemed on the 2nd anniversary of the issue of the Loan Notes.

## **5. EVENTS RESULTING IN IMMEDIATE REDEMPTION**

5.1 The Notes then in issue shall be immediately redeemed at the principal amount, together with interest on the Notes outstanding at the Interest Rate, if:

5.1.1 an administration order is made in relation to the Company or any of its subsidiaries; or

5.1.2 an order is made, or an effective resolution is passed, for the winding-up, liquidation, administration or dissolution of the Company or any of its material subsidiaries (except for the purpose of reorganisation or amalgamation of the Company or any of its subsidiaries); or

5.1.3 an encumbrancer takes possession or a receiver is appointed of the whole or the major part of the assets or undertaking of the Company or any of its material subsidiaries or if distress, execution or other legal process is levied or enforced or sued out on or against the whole or the major part of the assets of the Company or any of its material subsidiaries and is not discharged, paid out, withdrawn or removed within 20 Business Days; or

5.1.4 the Company or any of its material subsidiaries stops (or threatens to stop) payment of its debts generally or ceases (or threatens to cease) to carry on its business or a substantial part of its business; or

5.1.5 the Company or any of its material subsidiaries is deemed for the purposes of section 123 Insolvency Act 1986 to be unable to pay its debts or compounds or proposes or enters into any reorganisation or special arrangement with its creditors generally.

## **6. ACTION FOLLOWING REDEMPTION**

6.1 The Company shall give written notice to the Noteholders immediately on the Company becoming aware of the occurrence of an event specified in paragraph 5, giving reasonable details of that event.

6.2 If, on redemption of a Note, a Noteholder fails to deliver the Certificate for it, or an indemnity in accordance with these Conditions or to accept payment of moneys due to him, the Company shall pay the moneys due to him into a bank account which payment shall discharge the Company from all further obligations in respect of the Note.

6.3 The Company shall cancel any Notes repaid, redeemed or purchased and shall not reissue them.

## **7. RIGHT TO WITHHOLD**

7.1 The Company may deduct from any principal amount or interest payable in accordance with the Conditions any tax or other amounts which the Company may be required by law to deduct.

## **PART 2 CONVERSION**

### **1. CONVERSION**

1.1 The Investor Majority shall have the right to serve a Conversion Notice on the Company to convert all of the Notes outstanding into fully paid Ordinary Shares at the Conversion Price at any time prior to the Redemption Date.

1.2 All outstanding Notes shall automatically convert into fully paid Shares at the Conversion Price on the earlier of the following events:

- 1.2.1 on the Conversion Date; or
  - 1.2.2 on a Change of Control if the share price attributable to the Shares equals or exceeds the Conversion Price, unless the Noteholders request Redemption in writing.
- 1.3 If and when a Change of Control is proposed, the Company shall give Noteholders not less than 20 Business Days' prior written notice of the proposed Change of Control specifying (to the best of its knowledge) the terms and prospective date of the Change of Control.
- 1.4 If the Company has given notice to Noteholders of a proposed Change of Control (as required by paragraph 1.3), and it becomes apparent to the Company that the Change of Control is not after all to take effect, the Company shall give notice to the Noteholders to that effect.

## 2. PROCEDURES ON CONVERSION

- 2.1 On the Conversion Date, the Directors shall convert the principal amount of the Notes into such number of new fully paid Shares at such price as set out in paragraph 1 of this Part 2 of Schedule 2 (as applicable), subject to any adjustment as set out in paragraph 2.7 and in accordance with the following provisions of paragraph 2.2 to paragraph 2.6 (inclusive).
- 2.2 Conversion of the Notes shall be effected by the Company redeeming the relevant Notes on the Conversion Date. Each Noteholder whose Notes are being converted shall be deemed to irrevocably authorise and instruct the Company to apply the redemption moneys payable to that Noteholder in subscribing for Shares on conversion of the Notes.
- 2.3 Shares arising on conversion of the Notes shall be issued and allotted by the Company on the Conversion Date and the certificates for such Shares shall be despatched to the persons entitled to them at their own risk. Each Share arising on conversion shall be issued and allotted at such premium to reflect the difference between the nominal amount of the Share and the principal amount of Notes converted into one Share on the Conversion Date.
- 2.4 The Shares arising on conversion of the Notes shall be credited as fully paid and rank pari passu with Shares of the same class in issue on the Conversion Date and shall carry the right to receive all dividends and other distributions declared after the Conversion Date.
- 2.5 The entitlement of each Noteholder to a fraction of a Share shall be rounded to the nearest whole number of Shares which result from the conversion of the Notes.
- 2.6 The Company undertakes that, while the Notes remain in issue, it shall (pending either the payment of any redemption moneys in respect of the Notes or the issue of the Shares on conversion, each in accordance with the provisions of this Instrument):
- 2.6.1 notify each Noteholder in writing as soon as reasonably practicable after the relevant board or general meeting of shareholders (whichever is the earliest) has resolved to implement an Adjustment Event specifying the prospective date of the Adjustment Event and the proposed terms of it; and
  - 2.6.2 maintain sufficient shareholder authority to satisfy in full, without the need for the passing of any further resolutions of its shareholders, the most onerous of the outstanding rights of conversion for the time being attaching to the Notes pursuant to paragraph 1 of this Part 2 of Schedule 2, without first having to offer the same to any existing shareholders of the Company or any other person.
- 2.7 Following an Adjustment Event, the professional advisors or auditors of the Company for the time being shall certify to the Company in writing the adjustments to the number and nominal value of the Shares to be converted which they consider to be necessary so that, after such adjustment and on conversion, the Noteholders shall be entitled to receive the same percentage of the issued share capital of the Company carrying the same proportion of votes exercisable at a general meeting of shareholders and the same entitlement to participate in distributions of the Company, in each case as nearly as practicable, as would have been the case had no Adjustment Event occurred (and making such reduction or increase as is necessary to the

premium arising on the issue and allotment of the Shares on conversion of the Notes). The Company shall then notify the Noteholders in writing of the necessary adjustment as determined by the professional advisors or auditors.

- 2.8 If the Shares are listed or traded on any stock exchange, the Company shall apply to the appropriate body for any newly issued Shares allotted in accordance with this paragraph 2 to be listed or admitted to trading on that exchange as soon as possible after the Conversion Date.

### **PART 3 TRANSFER PROVISIONS AND OTHER MATTERS**

1. The Company shall recognise the registered holder of any Notes as the absolute owner of them and shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Note may be subject. The Company shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to enter any notice of any trust (whether express, implied or constructive) on the register in respect of any of the Notes.
2. Any Noteholder proposing to transfer any or all of their Notes shall give the independent directors of the Company and the Company's corporate finance adviser not less than 7 days' notice of such intention.
3. Subject to the Conditions, the Notes are transferable in amounts and in integral multiples of £5,000 by instrument in writing in the usual common form (or in such other form as the Directors may approve) and such instrument need not be under seal.
4. Each instrument of transfer shall be signed by the transferor, and the transferor shall be deemed to remain the owner of the Notes to be transferred until the name of the transferee is entered in the register in respect of such Notes.
5. Each instrument of transfer shall be sent to, or left for registration at, the registered office of the Company for the time being, and shall be accompanied by the Certificate(s) for the Notes to be transferred and any other evidence that the Company may require to prove the title of the transferor or their right to transfer the Notes (and, if such instrument is executed by some other person on their behalf, the authority of that person to do so). All instruments of transfer that are registered may be retained by the Company.
6. Payment of the principal amount and all accrued interest on the Notes may be made by cheque made payable to, or by bank transfer to an account nominated for the purpose to the Company in writing by, the registered holder or, in the case of joint registered holders, to the one who is first-named on the register, or to such person or persons as the registered holder or all the joint registered holders may in writing direct and sent to the registered holder or in the case of joint registered holders to that one of the joint registered holders who is first-named on the register or to such address as the registered holder or joint registered holders may in writing direct. Cheques may be sent through the post at the risk of the registered holder or jointly registered holders and payment of any such cheque by the bankers on whom it is drawn, or a bank transfer to the relevant account, shall be good discharge to the Company.
7. If more than one person is entered in the register as joint holders of any Notes then, without prejudice to paragraph 6 of this Part 3 of Schedule 2, the receipt of any one of such holders for any moneys payable on or in respect of the Notes shall be as effective a discharge to the Company or other person making the payment as if the person signing such receipt were the sole registered holder of such Notes.
8. If any Certificate is worn out or defaced then, on production of it to the Directors, they may cancel it and may issue a fresh Certificate in lieu. If any Certificate is lost or destroyed it may be replaced on such terms (if any) as to evidence and indemnity as the Company may reasonably require. An entry recording the issue of the new Certificate and indemnity (if any) shall be made in the register. No fee shall be charged for the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other documents relating to or effecting title to any Notes.

9. Any notice or other document required to be given under this Instrument shall be in writing and may be given to or served on any Noteholder by sending it by first-class post in a prepaid envelope addressed to such Noteholder at his registered address. In the case of joint Noteholders, a notice given to, or document served on, the Noteholder whose name stands first in the register in respect of such Notes shall be sufficient notice to, or service on, all the joint holders. Any such notice sent or document served by first-class post shall be deemed to have been given or served 48 hours or 96 hours in the case of a notice or document sent to an address for a Noteholder not in the United Kingdom after the time when it is posted and in proving such notice or service, it shall be sufficient to prove that the envelope containing the notice or document was properly addressed, stamped and posted.
10. Any notice or other document delivered or sent by post to, or left at, the registered address of any Noteholder in pursuance of these provisions shall, notwithstanding that such Noteholder is then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any Notes registered in the name of such Noteholder as sole or first-named joint holder unless his name shall at the time of the service of the notice or document have been removed from the register as the holder of the Notes, and such service shall for all purposes be deemed sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Notes.
11. A copy of this Instrument shall be kept at the Company's registered office. A Noteholder (and any person authorised by a Noteholder) may inspect that copy of the Instrument at all reasonable times during office hours.

**SCHEDULE 3**  
**MEETINGS OF THE NOTEHOLDERS**

1. The Company may at any time convene a meeting of Noteholders. In addition, the Company shall at the written request of the holders of not less than one-tenth in nominal amount of the outstanding Notes convene a meeting of the Noteholders. Any meeting shall be held at such place as the Company may designate.
2. At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given) of every meeting shall be given to the Noteholders. The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted, but it shall not be necessary (except in the case of a Special Resolution) to specify in the notice the terms of any resolution to be proposed. The accidental omission to give notice to, or the non-receipt of notice by, any of the Noteholders shall not invalidate the proceedings at any meeting. A meeting of the Noteholders shall, despite being called at shorter notice than specified above, be deemed to have been duly called if it is agreed in writing by all of the Noteholders.
3. At any meeting the quorum shall be two Noteholders save if the Notes are held by one holder in which case it will be one. No business (other than choosing a Chairman) shall be transacted at any meeting unless the requisite quorum is present.
4. If a quorum is not present, within half an hour from the time appointed for the meeting, the meeting shall be dissolved if it was convened on the requisition of Noteholders. In any other case, it shall stand adjourned to such day and time (at least 14 days later, but not more than 28 days later) and to such place as may be appointed by the Chairman. At such adjourned meeting, two Noteholders present in person (or by proxy) and entitled to vote shall constitute a quorum (whatever the nominal amount of the Notes held by them). At least 14 days' notice of any adjourned meeting of Noteholders shall be given (in the same manner *mutatis mutandis* as for an original meeting). That notice shall state that two Noteholders present in person (or by proxy) at the adjourned meeting (whatever the nominal amount of Notes held by them) shall form a quorum.
5. A person (who may but need not be a Noteholder) nominated by the Company shall be entitled to take the chair at every such meeting but, if no such person is nominated or if the person nominated is not present at the meeting within five minutes after the time appointed for holding the meeting, the Noteholders present shall choose one of their number to be Chairman. Any Director or officer of, any Secretary of, and the solicitors to, the Company and any other person authorised in that behalf by the Company may attend at any such meeting.
6. Each question submitted to a meeting of Noteholders shall, unless a poll is demanded, be decided by a show of hands.
7. At any meeting of Noteholders unless a poll is demanded by the Chairman or by one or more Noteholders present in person or by proxy and holding or representing in the aggregate not less than one-twentieth in nominal amount of the outstanding Notes (before or on the declaration of the result of the show of hands), a declaration by the Chairman that a resolution has been carried by the requisite majority, lost or not carried by the requisite majority shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
8. If a poll is duly demanded, it shall be taken in such manner and (subject as set out below) either at once or after an adjournment as the Chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll shall not prevent the meeting from continuing for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.
9. If there is an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall not be entitled to a casting vote in addition to the vote(s) (if any) to which he may be entitled as a Noteholder or as a proxy.



10. The Chairman may, with the consent of (and shall if so directed by) any meeting at which a quorum is present, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business that might lawfully have been transacted at the meeting from which the adjournment took place.
11. Any poll demanded at any meeting on the election of a Chairman, or on any question of adjournment, shall be taken at the meeting without adjournment.
12. On a show of hands, each Noteholder who is an individual and is present in person or (being a corporation) is present by its duly authorised representative or by one of its officers as its proxy, shall have one vote. On a poll, each Noteholder present in person or by proxy, shall have one vote for every £1 nominal of Notes held by him and a person entitled to more than one vote need not (if he votes) use all his votes or cast all the votes he uses in the same way.
13. In the case of joint registered Noteholders any one of them shall be entitled to vote in respect of such Notes either in person or by proxy and, in the latter case, as if the joint holder were solely entitled to such Notes. If more than one joint holder is present at any meeting either personally or by proxy that one joint holder so present whose name as between himself and the other or others present stands first in the register as one of the joint holders shall alone be entitled to vote in person or by proxy.
14. Each instrument appointing a proxy must be in writing and duly executed by the appointor or his duly authorised attorney or, in the case of a corporation under its common seal or duly executed by a duly authorised attorney or officer. The Chairman may (but shall not be bound to) require evidence of the authority of any attorney or officer. A proxy need not be a Noteholder.
15. An instrument of proxy shall be in the usual or common form or in any other form that the Directors may accept. The proxy shall be deemed to include the right to demand or join in demanding a poll. A proxy shall, unless stated otherwise, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
16. 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 of attorney or authority, shall be deposited at the place specified in (or in any document accompanying) the notice convening the meeting. If no such place is specified, the proxy shall be deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or for taking of the poll at which the person named in that instrument proposes to vote. In default, the instrument of proxy shall not be treated as valid. 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 authority under which the proxy is given, unless notification in writing of the revocation has been received at the registered office of the Company or at such other place (if any) specified for the deposit of instruments of proxy in the notice convening the meeting (or any document accompanying it) 48 hours before the commencement of the meeting or adjourned meeting or the taking of the poll at which the vote is given.
17. Without prejudice to any of the powers conferred on the Company under any of the provisions of the Instrument, a meeting of the Noteholders shall, in addition to any other powers, have the following powers exercisable by Special Resolution:
  - 17.1 power to sanction the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, debenture stock or other obligations or security of the Company or any other company formed or to be formed by the Company (other than as set out in the Conditions);
  - 17.2 power to sanction any abrogation, modification or compromise of, or any arrangement in respect of, the Noteholders' rights against the Company, provided the same has been previously approved in writing by the Company, whether those rights shall arise under the Instrument, the Notes or otherwise;

- 17.3 power to assent to any modification of the provisions contained in the Instrument and the Conditions and to authorise the Company to execute any supplemental instrument embodying any such modification. Any such modification shall be proposed only by the Company; and
- 17.4 power to, in each case having been agreed by the Company:
- 17.4.1 modify the date fixed for final redemption of the Notes;
  - 17.4.2 reduce or cancel the principal amount payable on the Notes;
  - 17.4.3 reduce the amount payable or modify the method of calculating the amount payable on the Notes; or
  - 17.4.4 modify the dates for payment in respect of any interest, on the Notes.
18. A Special Resolution passed at a meeting of the Noteholders shall be binding on all the Noteholders whether or not they are present at the meeting. Each of the Noteholders shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify passing it (so that the meeting may determine without appeal whether or not the circumstances justify passing it).
19. **Special Resolution**, when used in the Conditions, means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the Conditions, and carried by an Investor Majority of (subject to paragraph 13 of this Part 3 of Schedule 2), on a show of hands, the persons voting at such meeting or, if a poll is duly demanded, the votes given on such a poll.
20. A resolution in writing signed by or on behalf of the Investor Majority shall, for all purposes, be as valid and effectual as a Special Resolution passed at a meeting duly convened and held in accordance with the Conditions. Such resolution in writing may be contained in one document or in several documents in similar form, each signed by one or more Noteholders.
21. 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. Any minutes, if purporting to be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting of the Noteholders, shall be conclusive evidence of the matters stated in them. Until the contrary is proved, every meeting for which minutes have been made and signed shall be deemed to have been duly held and convened, and all resolutions passed at the meeting to have been duly passed.

Executed as a deed by **Ananda  
Developments PLC** acting by  
John Treacy, a director, in the  
presence of:

.....

Director

.....

Signature of witness

.....

Name and address of witness

