

- LOAN NOTE -

Certificate No: << Number >>

Amount of loan note: £ << >>

Date of Issue: << Date >>

<< Name of Borrower, including full name & address of Borrower >> ('the Borrower')

<< Address of Borrower >>

Issue of £<< >> unsecured loan note(s) under the authority of the memorandum and articles of association of the Borrower, and in accordance with a resolution of the directors dated << Date >>

Interest shall be payable at the rate of << Rate >> per annum (Name of Bank >> plc base lending rate) for the time being in force, and on the principal sum for the time being outstanding, payment of interest to be made << Frequency >> [annually on << Date >>].

The Loan Notes are issued subject to the terms and conditions of the Loan Notes, of, the endorsed conditions which shall be deemed to be incorporated by reference.

THIS IS TO CERTIFY THAT << Name of Registered Holder >> is the registered holder of £<< Amount >> of the Loan Notes

[Signature [and common seal]]

<< Date >>

NOTE: This certificate must be surrendered on redemption of the whole, or any part, of the Loan Notes represented by this certificate. The Loan Notes can be transferred.

1. Definitions and interpretation

1.1 In these conditions of the attached Certificate, the following expressions have the following meaning:

“the Borrower”

Company Registration No. >>;

“the Loan Notes”

variable rate unsecured loan notes, issued and outstanding for the time being of the

“the Noteholders”

holders for the time being of the

1.2 In these conditions of the attached Certificate:

1.2.1 words denoting the plural shall include the plural, and vice versa;

1.2.2 words denoting both genders;

1.2.3 words denoting all bodies, corporate or unincorporated;

1.2.4 any reference to the attached Certificate shall be construed as reference to the attached Certificate as amended, extended or re-enacted at the time of the issue of the attached Certificate;

1.2.5 the headings of the attached Certificate are for their convenience and shall not be taken into account for their interpretation.

2. Covenant

The Borrower and the Noteholders shall be bound to comply with the conditions contained herein, which shall be deemed to be part of the same instrument with the attached Certificate, and the attached Certificate shall together be binding upon the Borrower and the Noteholders.

3. Interest

3.1 During the period from the date of issue of the attached Certificate until such time as the attached Certificate are redeemed, the Borrower shall pay each Noteholder interest at the rate and at the time specified in the attached Certificate.

3.2 Interest on Loan Notes shall accrue daily, on the basis of a 365-day year.

4. Redemption & Cancellation

4.1 In so far as not previously provided for in the attached Certificate, the Borrower shall immediately together with the principal sum of << amount >> of << month >> of << year >> [e.g. fourth >> anniversary of their issue] and << month >> of << year >> after the date of issue of the attached Certificate, the Loan Notes referred to in the attached Certificate shall be payable in full by the Borrower together with the interest accrued thereon [on << day >> of << month >> of << year >> e.g. fourth >> anniversary of their issue] after.

- 4.2 On any repayment of the Loan Notes, the Noteholders shall surrender the relevant Loan Notes to the Borrower for retention by the Borrower.
- 4.3 All Loan Notes redemptions shall be cancelled on redemption and shall not be available for re-use.
5. **Events of default**
- 5.1 The Loan Notes shall be immediately (together with all outstanding interest) due and payable by the Borrower in any of the following events, notwithstanding any conditions:
- 5.1.1 following a demand in writing by a Noteholder in the payment of any principal money on the Loan Notes or payment of any interest due in respect of the Loan Notes, if the Borrower fails to pay within a period of << >> days, a Noteholder may give written notice to the Borrower demanding immediate repayment of the principal money due (or interest due, if he is the registered holder (or appropriate); or
- 5.1.2 an order is made by the court or a resolution passed, for the appointment of a receiver or liquidator or the winding up of the Borrower or the reconstruction or amalgamation); or
- 5.1.3 a receiver or liquidator is appointed or if an incumbrancer takes possession of or any part of the assets or undertakings of the Borrower; or
- 5.1.4 the Borrower ceases to carry on its business, or substantially ceases to carry on its business; or
- 5.1.5 any distress or other process, is levied or enforced upon the property of the Borrower, and is not paid off within << >> days; or
- 5.1.6 the Borrower is unable to pay its debts within the meaning of the Insolvency Act 1986.
- 5.2 The Borrower must give written notice to each of the Noteholders of any of the above-specified events.
6. **Registration of Noteholders**
- 6.1 Every Noteholder shall be entitled to a certificate stating the amount of Loan Notes held by it.
- 6.2 The Borrower will register the registered holder of any Loan Notes as the absolute owner.
- 6.3 Every Noteholder will be entitled to its Loan Notes free from any equities between the Borrower and the original or any intermediate holder. The receipt of the registered holder for any principal money repaid in respect of the Loan Notes shall be a good discharge for the same.

7. **Transfer**

No part of the Loan Notes shall be transferred

8. **Lost certificates etc**

8.1 In the event that a certificate of Loan Notes is defaced, lost, stolen or destroyed, it may be replaced on application for renewal, evidence as to identity and indemnity being provided, in relation to any expense incurred in investigating or verifying the loss, and in the manner, which the directors of the Borrower may reasonably require shall be provided by the applicant.

8.2 If a certificate has been replaced, the old certificate must be surrendered before a new certificate is issued.

9. **Notices**

9.1 Notices or other documents (including a certificate of Loan Notes) may be delivered to, or served on, the Borrower by hand, or by sending the notice or document by registered post in a pre-paid envelope to that Noteholder at its registered address.

9.2 Notices or other documents may be delivered to, or served on, the Borrower by hand, or by sending the notice or document by registered post in a pre-paid envelope to the Borrower.

9.3 Any notice document or other document delivered to, or served on, the Borrower shall be deemed to have been given if it is delivered by registered post in a pre-paid envelope containing the notice or document was properly posted.

10. **Variation**

No variation or modification of the terms of the Loan Notes, without the prior written consent of the Noteholders, or to the rights of the Noteholders, or to the

11. **Noteholders' information**

11.1 The Borrower shall provide the following information to the Noteholders at the same time as they are despatched:

11.1.1 copies of the Borrower's accounts;

11.1.2 copies of the Borrower's financial statements;

12. **Governing law and jurisdiction**

These conditions and the Loan Notes shall be governed and construed exclusively by the law of England and Wales. Any dispute concerning these documents shall be subject to the exclusive jurisdiction of the English and Welsh courts.

IN WITNESS OF WHICH the Borrower and the Lender have executed and delivered this Deed on the day and year first above written

Executed as a deed by <<Borrower>> [a director and its secretary] [two directors]

Signature of Director

Signature of [Director] [Secretary]

[Alternative execution clause for deed (common seal)]

Executed as a deed by affixing the common seal of <<Borrower>> in the presence of <<Director/Secretary>>

Director

Director/Secretary]

[Alternative execution clause for deed (director's signature in presence of a witness)]

Executed as a deed by <<Borrower>> acting by a director in the presence of <<Director/Secretary>>

Signature of witness _____

Name (in BLOCK CAPITALS) _____

Address _____

_____]