

WINSTER VILLAGE SHOP ASSOCIATION LIMITED

Loan note

THE CONDITIONS

1 Definitions and interpretation

- 1.1 In these conditions and the attached Certificate the following expressions have the following meanings:
- 1.1:1 'the Company' means Winster Village Shop Association Limited (Company Registration No 5328134)
 - 1.1:2 'the Loan Notes' means the £variable rate unsecured loan notes of this issue or the amount for the time being issued and outstanding
 - 1.1:3 'the Noteholders' means the registered holders for the time being of the Loan Notes
- 1.2 Words denoting the singular number only shall include the plural and vice versa words denoting gender shall include every gender and words denoting persons only shall include corporations or bodies unincorporate
- 1.3 References to any statute or statutory provision include a reference to that statute or statutory provision as from time to time amended extended or re-enacted
- 1.4 The headings in these conditions are for ease of reference only and shall not affect their interpretation

2 Covenant

The Company covenants to comply with these conditions which with the attached Certificate shall constitute one and the same instrument and their provisions shall be binding upon the Company and the Noteholders

3 Interest

The Loan Notes will carry no interest

4 Redemption

- 4.1 At the end of each trading year the Company will at the discretion of the Directors set aside a part of its surplus profit after provision is made for taxation and repayment of bank loan installments and interest and such reserves as the Directors consider commercially prudent ('the Surplus'). The Surplus will be applied in the repayment of all or part of the Loan Notes. In the event that the Surplus is insufficient to repay all of the Loan Notes in issue the Company will repay Noteholders the proportion of the Surplus which their total holding of Loan Notes bears to the total of all Loan Notes in issue. (For example a Noteholder holding 10% of the Loan Notes in issue would receive 10% of the Surplus in repayment of his or her Loan Notes).
- 4.3 On any repayment or cancellation of the Loan Notes the Noteholders shall surrender the relevant Certificates to the Company for retention by the Company
- 4.4 All Loan Notes redeemed by the Company shall be cancelled

5 Events of default

- 5.1 Notwithstanding anything contained in these conditions the Loan Notes referred to in the attached Certificate shall become immediately repayable (together with all outstanding interest accrued on them) in any of the following events:

- 5.1:1 if an order is made or an effective resolution is passed for the appointment of an administrator or for winding up the Company (except in each case for the purposes of reconstruction or amalgamation) or
- 5.1:3 if the Company stops payment or ceases or threatens to cease carrying on its business or substantially the whole of its business or
- 5.1:4 if an incumbrancer takes possession or a receiver or administrative receiver is appointed of the whole of or any part of the assets or undertaking of the Company or
- 5.1:5 if any distress execution sequestration or other process is levied or enforced upon or sued out against the property of the Company and is not paid or discharged within 7 days or
- 5.1:6 if the Company is deemed unable to pay its debts within the meaning of the Insolvency Act 1986 Section 123

6 Registration of Noteholders etc

- 6.1 Every Noteholder shall be entitled to one certificate stating the amount of Loan Notes held by it
- 6.2 The Company will recognise only the registered holder of any Loan Notes for the time being as the absolute owner
- 6.3 Every Noteholder will be recognised by the Company as entitled to its Loan Notes free from any set-off cross-claim or equities between the Company and the original or any intermediate holder and the receipt of the registered holder for any principal money and interest payable in respect of the Loan Notes shall be a good discharge to the Company for the same

7 Transfer

The Loan Notes may be transferred on condition that notice of the transfer giving full details of the transferee is given in writing to the Company within 28 days of the date of transfer together with the Loan Note. On receipt of notification of a transfer the Company will update its register and issue the transferee with a new Loan Note in respect of the sum then outstanding on the Loan Note.

8 Lost certificates etc

- 8.1 If the certificate of the Loan Notes is defaced lost or destroyed it may be renewed. On any application for renewal the applicant shall provide:
 - 8.1:1 evidence as to identity and
 - 8.1:2 indemnification of expense incurred by the Company in investigating or verifying title
 as the directors of the Company for the time being may reasonably require
- 8.2 In the case of defacement the defaced certificate shall be surrendered before the new certificate is issued

9 Notices

- 9.1 Any notice or other document (including a certificate of Loan Notes) may be given to or served on any Noteholder by hand or by sending the same by registered post in a pre-paid envelope to such Noteholder at its registered address
- 9.2 Any notice or other document may be given to or served on the Company by hand or by sending the same by registered post in a pre-paid envelope to the Company at its registered office from time to time
- 9.3 Any notice given or document served by hand shall be deemed to have been given or served on delivery. Any notice given or document served by

registered post shall be deemed to have been given or served 48 hours after the time when it is posted by pre-paid recorded delivery 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 Variation

No variation or modification of the rights of the Noteholders or to the Loan Notes shall be made without the prior consent of each of the Noteholders

11 Noteholders' information

11.1 The Company shall provide the Noteholders with copies of the audited accounts of the Company at the same time as they are dispatched to shareholders of the Company

11.2 The Company shall provide the Noteholders with copies of notices of all general meetings of the Company at the same time as they are dispatched to shareholders of the Company

12 Governing law and jurisdiction

The construction validity and performance of these conditions and the attached certificate shall be governed by the laws of England. The Company and the Noteholders irrevocably submit to the jurisdiction of the English Courts