

**Dated**

**2017**

**GAN PLC**

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**DEED  
Constituting Fixed Rate  
Unsecured Convertible Loan  
Notes 2022**

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**By**

**GAN PLC** a public company with limited liability with registered number 03883658 and whose registered office is at 125 Kensington High Street, London W8 5SF (**Company**)

**Whereas**

- (A) The Company has resolved, pursuant to a resolution of its directors passed on 07 April 2017 to create the Loan Notes to be issued for the purpose of raising working capital.
- (B) The Company has determined to constitute the Loan Notes in the manner set out in this Deed.

**It is agreed**

**1 Definitions**

In this Deed, unless the context requires otherwise:

**AIM** means the AIM market operated by London Stock Exchange

**Business Day** means any day on which the banks are open for business in London (excluding Saturdays, Sundays and public holidays)

**CA 2006** means the Companies Act 2006

**Conditions** means the conditions of the Loan Notes to be endorsed on each Loan Note set out in Schedule 3 (as modified from time to time in accordance with Schedule 3)

**directors** means the board of directors at the relevant time of the Company or a duly authorised committee of the board

**ESM** means the Enterprise Securities Market operated by the Irish Stock Exchange

**Indebtedness** means the aggregate principal amount for the time being payable in respect of the Loan Notes together with all accrued interest (less tax where deduction of tax is required by law in respect of those Loan Notes)

**Interest Payment Dates** means 1 January 2018 and thereafter 1 April, 1 July, 1 October and 1 January (or, if any such day is not a Business Day, the next succeeding Business Day) in each year up to and including the Final Redemption Date and **Interest Payment Date** means any one of them

**Interest Period** means, in the case of periods other than the first Interest Period for any Loan Notes, the period from and including the last preceding Interest Payment Date up to (but excluding) the next succeeding Interest Payment Date and, in the case of the first Interest Period for any Loan Notes, means the period from (and including) the date of issue of those Loan Notes, up to (but excluding) 1 January 2018

**Interest Rate** means 9% per annum

**Irish Stock Exchange** means Irish Stock Exchange plc

**Loan Notes** means the £2,001,483 Fixed Rate Unsecured Convertible Loan Notes 2022 of the Company constituted by this Deed and any further loan notes created pursuant to clause 3 to form a single series with the original loan notes

**London Stock Exchange** means London Stock Exchange plc

**Mandatory Bid** means a requirement to make an offer for all of the Ordinary Shares pursuant to the provisions of Rule 9 the Takeover Code (or such rule succeeding to such Rule 9)

**Noteholder(s)** means the person or persons at the relevant time entered in the Register as a holder of Loan Notes or, as the case may be, a Noteholder's lawful representatives pursuant to Condition 11 in the case of any transmission of any of such Loan Notes

**Ordinary Shares** means the ordinary shares of 1 pence each in the capital of the Company

**Provisions** means the provisions for meetings of Noteholders set out in Schedule 4

**Redemption Date** means 20 April 2022 (or, if such day is not a Business Day, the next succeeding Business Day) or such earlier date as may be deemed to be a Redemption Date upon the election by a Noteholder in accordance with Condition 10.3 set out in Schedule 3

**Register** means the register of Noteholders maintained by or on behalf of the Company pursuant to this Deed

**Restricted Overseas Person** means a person resident in the United States, Canada, Australia or Japan or a US person as defined in Regulation S of the United States Securities Act of 1933 (as amended)

**Special Resolution** has the meaning set out in paragraph 9.3 of Schedule 4

**£ or Sterling** means the lawful currency of the United Kingdom

**Takeover Code** means the City Code on Takeovers and Mergers in the UK as administered by the Panel on Takeovers and Mergers

**United States** means the United States of America, its members and possessions, any State of the United States and the District of Columbia and all other areas subject to its jurisdiction

## **2 Interpretation**

2.1 In this Deed, unless the context otherwise requires:

- (a) references to **recitals, clauses** and **schedules** are to recitals and clauses of, and schedules to, this Deed respectively and references in a schedule or part of a schedule to **paragraphs** are to paragraphs of that schedule or that part of that schedule;
- (b) references to **this Deed** or any other document are to this Deed or that document as amended from time to time;
- (c) words importing any gender include every gender, references to the singular include the plural and vice versa and words denoting persons include individuals, bodies corporate, partnerships, unincorporated associations and other bodies (in each case, wherever resident) and vice versa;

- (d) words and phrases which are generally defined for the purposes of the CA 2006 bear the meanings attributed to them by that Act;
- (e) a reference to a statute or statutory provision includes a reference to any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) made under that statute or provision (whether before or after the date of this Deed); and
- (f) a reference to a statute, statutory provision or subordinate legislation includes a reference to:
  - (i) any statute, statutory provision or subordinate legislation which it has consolidated, superseded, re-enacted or replaced (whether with or without modification); and
  - (ii) that statute, statutory provision or subordinate legislation as for the time being modified or consolidated, superseded, re-enacted or replaced (whether with or without modification) after the date of this Deed).

2.2 The headings and contents table in this Deed are for convenience only and do not affect its interpretation. The recitals and schedules form part of this Deed.

2.3 If there is a conflict or inconsistency between any clause of, and any schedule to, this Deed the clause prevails. For this purpose an omission (whether deliberate or inadvertent) is not, by itself, to be construed as giving rise to a conflict or inconsistency.

2.4 In this Deed the words **other**, **includes**, **including** and **in particular** do not limit the generality of any preceding words and any words which follow them will not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible.

### **3 Issue, form and status**

3.1 The principal amount of the Loan Notes is limited to £2,001,483 (two million pounds sterling).

3.2 The Loan Notes shall rank *pari passu* equally and rateably with the other unsecured and unsubordinated obligations of the Company.

3.3 The Loan Notes shall be issued in denominations or multiples of £1 in principal amount and shall be held subject to and with the benefit of the Conditions and the Provisions. Such Conditions and Provisions and all the obligations and covenants contained in them on the parts of the Company and the Noteholders respectively shall be binding on the Company and the Noteholders respectively and all persons claiming through them respectively and shall take effect in the same manner as if such Conditions and Provisions were set out in the body of this Deed.

### **4 Interest**

Pending redemption or repayment of the Loan Notes in accordance with the Conditions the Company will pay interest to each Noteholder on the principal amount of his Loan Notes as provided in the Conditions.

## **5 Redemption and repayment**

As and when the Loan Notes or any of them are required to be redeemed or repaid in accordance with the Conditions, the Company shall pay to the Noteholders the full amount of the Indebtedness payable in respect of the Loan Notes held by them that are being redeemed or repaid. The Loan Notes shall be redeemed in Sterling only.

## **6 Payments**

6.1 The principal money and interest payable upon the Loan Notes shall be paid:

- (a) by cheque sent through the post to the registered address of the Noteholder or, in the case of joint Noteholders to the registered address of that one of the joint Noteholders who is first named on the Register or to such person and to such address as the Noteholder or joint Noteholders may in writing direct; or
- (b) by telegraphic transfer or bank transfer or by means of Bankers Automated Clearing System to such person and to such UK bank account as the Noteholder or joint Noteholders may in writing direct, subject to any charges, costs and expenses which may properly be incurred in connection with such transfer by the Company being paid by the relevant Noteholder(s).

6.2 Every cheque referred to in this clause 6 shall be made payable to the order of the Noteholder to whom it is sent. All payments of principal and/or interest to be made by the Company will be made after any deduction or withholding for or on account of any present or future tax required by law to be deducted or withheld.

## **7 Enforcement**

At any time after the Loan Notes or any of them have become repayable or any interest on the principal has become payable the Noteholders or any of them may (subject to them having delivered a duly completed Notice of Repayment to the Company) without further notice, institute such proceedings as they think fit to enforce payment of the monies then due and payable in accordance with this Deed.

## **8 Certificates and Register**

8.1 Each Noteholder shall be entitled free of charge to one certificate for the Loan Notes registered in his name. Joint holders of Loan Notes will only be entitled to one certificate in respect of the Loan Notes held by them jointly which will be delivered to the first-named of such joint holders unless all such joint holders otherwise specify in writing. The certificates for the Loan Notes shall refer to this Deed, shall be substantially in the form set out in Schedule 1, shall each bear a distinguishing number and shall be under the common or securities seal of the Company to be affixed in the manner provided by the articles of association at the relevant time of the Company or in such other manner as may be permitted by statute and authorised by the directors.

8.2 The Company shall at all times keep at its registered offices (or at such other place within the United Kingdom as the Company may from time to time notify to Noteholders) the Register recording:

- (a) the number of Loan Notes and their principal amount;
- (b) the date of issue of the Loan Notes and all subsequent transfers of them;

- (c) the names and addresses of the Noteholders;
- (d) the principal amount of Loan Notes registered in their respective names; and
- (e) the dates on which each Noteholder was entered on the Register.

8.3 A Noteholder shall be entitled at all reasonable times during office hours to inspect the Register.

8.4 The Company will recognise each Noteholder as the absolute owner of his Loan Notes and will not be bound to take notice of, or to see to the execution of, any trust whether express, implied or constructive to which any Loan Note may be subject. The receipt of such Noteholder (or as regards interest, the receipt of the person registered as holder of a Loan Note on the relevant date) (or in either case in the case of joint holdings of any one of such holders), for the interest on or for the money payable upon the redemption or payment of the same shall be a good discharge to the Company (in the case of any principal monies payable) notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any person (other than the Noteholder) to or in such Loan Note, interest or money.

8.5 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 on the Register in respect of any Loan Notes.

8.6 The Company shall be entitled to set-off any amount of principal and/or interest due in respect of a Noteholder's Loan Notes in settlement of any amount due and payable by that Noteholder to the Company.

8.7 The personal representatives of a deceased Noteholder (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to or interest in that Loan Note on the death of such Noteholder.

8.8 In the case of the death of any of the joint holders of any Loan Note, the survivors will be the only persons recognised by the Company as having any title to or interest in that Loan Note.

8.9 Any person becoming entitled to a Loan Note in consequence of the death or bankruptcy of a Noteholder or otherwise by operation of law may, upon producing such evidence that he is so entitled as the directors may reasonably require, be registered himself as the Noteholder.

## **9 Transfer**

9.1 The Loan Notes may not be transferred. No transfer of any Loan Notes will be registered by the Company.

9.2 The Loan Notes are not, and will not be, registered under the United States Securities Act of 1933 (as amended) and no steps have been or will be taken to enable the Loan Notes to be offered in compliance with the relevant securities laws of any state, district or territory of the United States, Canada, Australia or Japan. Accordingly, the Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan.

## **10 Replacement of certificates**

If any certificate representing any Loan Note is defaced, worn-out, lost or destroyed it may, at the discretion of the directors, be renewed on such terms (if any) as to evidence and indemnity

and payment of any expenses incurred by the Company in investigating any relevant evidence as the directors may reasonably determine but otherwise free of charge and (in the case of defacement or wearing-out) on delivery up of the old Loan Note certificate.

## 11 Notices

- 11.1 The Company may give any notice, or may send any Loan Note certificate or other document, to a Noteholder either personally or by sending it by post in a prepaid envelope addressed to the Noteholder at his address as shown in the Register or by leaving it at that address. In the case of joint holders of any Loan Notes, all notices shall be given to the holder who is first named in the Register in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A Noteholder whose address as shown in the Register is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address but, unless he does so, no such Noteholder shall be entitled to receive any notice from the Company.
- 11.2 Any notice to be given to a Noteholder may be given by reference to the Register as it stands at any time within the period of five days before the notice is given and no change in the Register after that time shall invalidate the giving of the notice.
- 11.3 Every person who becomes entitled to a Loan Note shall be bound by any notice in respect of that Loan Note which, before his name is entered in the Register, has been given to the person from whom he derives his title.
- 11.4 Where, by reason of the suspension or curtailment of postal services within the United Kingdom, the Company is unable effectively to convene a meeting of Noteholders by notice sent by post, notice of the meeting shall be sufficiently given if given by advertisement in one leading national daily newspaper published in the United Kingdom. The Company shall send a confirmatory copy of the notice to Noteholders by post if, at least six clear days before the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.
- 11.5 Any notice to be given by the Company to the Noteholders or any of them and not provided for by or pursuant to the Conditions shall be sufficiently given if given by advertisement in at least one leading national daily newspaper published in the United Kingdom.
- 11.6 Any notice required to be given to the Company by the Noteholders under this Deed may be given either personally or by sending it by post to the Company at its registered office (or such other address for this purpose chosen by the Company and notified to the Noteholders).
- 11.7 If a notice is:
- (a) delivered by hand between 9.00 am and 5.00 pm on a Business Day (such time period being referred to in this clause 11 as within **Business Hours**), it shall be deemed received when so delivered or, if delivered by hand outside Business Hours, it shall be deemed received at 9.00 am on the next Business Day after the time of delivery;
  - (b) sent by post:
    - (i) if the notice was posted on a Business Day, it shall be deemed received at 9.00 am on the second Business Day after the day the envelope containing such notice was posted; or



- (ii) if the notice was not posted on a Business Day, it shall be deemed received at 9.00 am on the third Business Day after the day on which the envelope containing such notice was posted.

11.8 In proving the giving of a notice, it shall be conclusive evidence to prove:

- (a) if delivered by hand, that the notice was left at the appropriate address; or
- (b) if sent by post, that the envelope containing such notice was properly addressed and posted.

11.9 A notice given by advertisement shall be deemed to have been served on the day on which the advertisement appears.

11.10 A notice may be given by the Company to a person entitled to a Loan Note in consequence of the death or bankruptcy of a Noteholder by sending or delivering it in any manner authorised by this Deed for the giving of notice to a Noteholder addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any like description, at the address, if any, within the United Kingdom supplied for that purpose by the person claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy of the Noteholder had not occurred.

## **12 Conversion**

The Loan Notes are convertible in whole into Ordinary Shares in accordance with Conditions 8 to 10 of Schedule 3.

## **13 Dealings**

The Loan Notes are not capable of being dealt in on any stock exchange in the United Kingdom or elsewhere and no application has been or is intended to be made to any stock exchange for the Loan Notes to be listed or otherwise traded.

## **14 Inspection**

A copy of this Deed shall be kept at the registered office of the Company and any Noteholder and any person authorised by a Noteholder may at all reasonable times during office hours inspect it.

## **15 Endorsement**

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

## **16 Governing law**

16.1 This Deed and the Loan Notes will be governed by and construed in accordance with English law and all claims and disputes (including non-contractual claims and disputes) arising out of or in connection with this Deed or the Loan Notes, their subject matter, negotiation or formation will be determined in accordance with English law.

16.2 Each party irrevocably submits to the exclusive jurisdiction of the English courts in relation to all matters (including non-contractual matters) arising out of or in connection with this Deed.

16.3 Each party undertakes not to contest the enforcement against it of any judgment of the English courts on the ground that those courts did not have jurisdiction over it on the ground that service of any document which complied with clause 16.2 was invalid, ineffective or deficient in any way.

**Executed as a deed** by the parties or their duly authorised representatives on but not delivered until the date of this Deed.

## Schedule 1

### Form of Loan Note

Certificate No.                      Transfer number                      Date of registration                      Amount £◆

#### **GAN plc**

(Registered in England and Wales with Company No. 03883658) (**Company**)

### **Fixed Rate Unsecured Convertible Loan Notes 2022**

Issued in accordance with the Company's memorandum and articles of association and pursuant to a resolution of the board of directors passed on 7 April 2017.

**This is to certify that ◆ (Noteholder)** is the registered holder of £◆ in principal amount of Fixed Rate Unsecured Convertible Loan Notes 2022 (**Loan Notes**) constituted by a Deed entered into by the Company on 7 April 2017 (as amended and in force from time to time) (**Deed**) and issued with the benefit of, and subject to, the conditions and other provisions contained in such Deed. Words and expressions defined in the Deed shall, unless the context requires otherwise, have the same meaning when used in this certificate.

Interest is payable on the Loan Notes in accordance with Condition 2 of Schedule 3. The Loan Notes are repayable and redeemable in accordance with Condition 3 of Schedule 3.

The Loan Notes are not transferable. No transfer of any Loan Notes will be registered by the Company.

The Loan Notes are convertible into Ordinary Shares in accordance with Condition 8 of Schedule 3.

Schedule 4 to the Deed contains provisions relating to meetings of Noteholders.

A copy of the Deed is available for inspection at the registered office of the Company at 125 Kensington High Street, London W8 5SF. Copies may be obtained by any Noteholder upon request and upon payment of a reasonable fee.

This Loan Note certificate is executed and delivered as a deed by the Company on ◆ 2017.

Executed as a deed by	)	.....
<b>GAN plc</b>	)	Director
acting by two directors or by a director and its	)	
secretary	)	.....
	)	Director/Secretary

**Schedule 2**

**Notice of Conversion**

To: GAN plc

125 Kensington High Street, London W8 5SF

**I/We**, being the registered holder(s) of the Loan Notes wish to convert into Ordinary Shares all of the Loan Notes held in my/our name in accordance with the conditions to which the Loan Notes are subject.

**I/We** enclose my/our certificate(s) relating to all of the Loan Notes in respect of which conversion is being made.

**I/We** confirm that the principal amount of £♦ shall be applied in paying up in full Ordinary Shares and that I/we will take such Ordinary Shares with the rights and restrictions set out in the memorandum and articles of association of the Company.

**I/We** authorise the despatch of a share certificate in respect of the Ordinary Shares issued on conversion to me/us at the following address:

Name..... Signed ..... \*

Address .....

..... Dated .....

Name..... Signed..... \*

Address .....

..... Dated .....

Name..... Signed ..... \*

Address .....

..... Dated .....

Name..... Signed ..... \*

Address .....

..... Dated .....

\* In the case of joint Noteholders, each must sign and, in the case of corporate Noteholders, this Notice must be executed under the common seal of the company or under the hand of a duly authorised representative, in which event the Loan Note must be accompanied by the authority under which this Notice is completed.

## Schedule 3

### The Conditions

Words and expressions defined in the Deed shall bear the same meanings when used in this schedule.

#### 1 Form and Status

The Loan Notes are issued in amounts or multiples of £1 in principal amount and constitute unsecured and unsubordinated obligations of the Company.

#### 2 Interest

2.1 Interest on the Loan Notes shall be paid to Noteholders, save where redeemed under Condition 3.1, and shall accrue from day to day and will be calculated on the basis of a 365 day year and will be payable in arrears on each Interest Payment Date in respect of the Interest Period commencing on the immediately preceding Interest Payment Date at the Interest Rate.

2.2 The Company shall be entitled to deduct or withhold from any interest payments any present or future tax required by law to be deducted or withheld from them.

2.3 Interest shall cease to accrue on any Loan Notes due for redemption or repayment as from the day prior to the relevant due date for payment, unless payment of the money due to the Noteholder shall not be made by the Company in which event interest shall continue to accrue until the date of actual payment of the money due to the Noteholder.

2.4 At the time interest is paid the Company shall deliver to the Noteholder a certificate in such form as the Company shall reasonably determine as to the gross amount of the relevant interest payment and the amount of tax, if any, deducted.

#### 3 Repayment and redemption

3.1 Unless previously repaid or redeemed by the Company and cancelled and subject to the delivery of the certificate(s) representing Loan Notes in accordance with paragraph 3.3 of this Schedule 3, the Loan Notes will be redeemed in full at par by the Company on the Redemption Date together with accrued interest in respect of the period from and including the immediately preceding Interest Payment Date up to but excluding the Final Redemption Date (subject to any deduction or withholding required by law in respect of any tax).

3.2 Upon the provision of at least one month's notice by the Company to the Noteholders and subject to the delivery of the certificate(s) representing Loan Notes in accordance with Condition 3.3 of this Schedule 3, the Company may at its election repay and redeem the Loan Notes on the date at which such notice expires in full at par together with accrued interest in respect of the period from and including the immediately preceding Interest Payment Date up to but excluding the date on which such notice expires (subject to any deduction or withholding required by law in respect of any tax).

3.3 Every Noteholder, any of whose Loan Notes are due to be redeemed under any of the provisions of the Deed or these Conditions, shall not later than the due date for such redemption deliver up the certificate(s) representing such Loan Notes to the Company or as the Company shall direct. Unless and until a Loan Note certificate (or, if the directors so agree at their discretion, an indemnity in respect of a lost certificate in a form reasonably satisfactory

to the Company) is so delivered, the Company shall not be under any obligation to repay the principal payable on it.

- 3.4 Any monies left unclaimed following redemption by the Company in terms of Condition 3.3 of this Schedule 3 shall be placed by the Company on an interest bearing account for the benefit of the relevant Noteholder(s).

#### **4 Cancellation**

Any Loan Notes repaid, redeemed or converted shall forthwith be cancelled and shall not be available for re-issue.

#### **5 Registration and transfer**

- 5.1 The Loan Notes will be registered in amounts or integral multiples of £1.
- 5.2 The Loan Notes are not transferable save in respect of any transmission on death in which case Condition 11 shall apply. No transfer of any Loan Notes will be registered by the Company save in the case of transmission on the death of a Noteholder.

#### **6 Prescription**

Any amount in respect of interest on any Loan Notes which remains unclaimed by the relevant Noteholder for a period of five years and any amount due in respect of principal money upon any Loan Notes which remains unclaimed for a period of 10 years by the relevant Noteholder, in each case from the date on which the relevant payment first becomes due, shall revert to the Company and the relevant Noteholder shall cease to be entitled to it, and the Register will be amended to reflect any such reversion.

#### **7 Modification of rights**

- 7.1 The provisions of the Deed and the Conditions may from time to time be modified, abrogated or compromised in any respect by the Company with the sanction of a Special Resolution.

#### **8 Conversion**

- 8.1 Provided they have not been repaid or redeemed, the Loan Notes are convertible at the election of the Noteholders provided they shall have passed in advance a Special Resolution that all of the Loan Notes shall be converted subject to the terms and conditions set out in this Condition 8, into Ordinary Shares. Subject to the passing of a Special Resolution that all of the Loan Notes shall be so converted and subject to a Noteholder completing and depositing with the Company at its registered office a duly completed notice of conversion (a **Conversion Notice**) in the form endorsed on the Certificate together with the certificate relating to the Loan Notes to be converted at least 10 Business Days prior to the Conversion Date.
- 8.2 The rate of conversion will, subject to Condition 9, be one Ordinary Share for every 45.5 pence in principal amount of the Loan Notes converted (**Conversion Rate**).
- 8.3 Following receipt of a Conversion Notice the Company shall on the relevant Conversion Date allot and issue to the relevant Noteholder such number of Ordinary Shares credited as fully paid to which he shall be entitled by virtue of the exercise of his conversion rights and such allotment and issue shall (subject to any amount in respect of fractions to which he may be entitled under the provisions of Condition 8.8 or accrued, interest under the provisions of

Condition 8.7) be a full satisfaction and discharge for the Company of the principal monies in respect of the Loan Notes so converted.

- 8.4 Conversion of the Loan Notes shall be effected by the directors redeeming the Loan Notes that are the subject of a Conversion Notice on the Conversion Date and applying the redemption monies (or the appropriate proportion of them) to subscribe for Ordinary Shares on behalf of the Noteholder. In depositing a Conversion Notice with the Company in accordance with Condition 8.1, a Noteholder irrevocably authorises and instructs the Company to effect the conversion and to subscribe for and apply the redemption monies to pay for the Ordinary Shares and to become a member of the Company subject to the memorandum and articles of association of the Company.
- 8.5 The Company shall, not later than 28 days following the relevant Conversion Date, send free of charge to each Noteholder who has exercised his conversion rights a certificate for the number of Ordinary Shares issued pursuant to such exercise and, if appropriate, shall also within such period send free of charge to such Noteholder a certificate in respect of any part of the Noteholder's holding of Loan Notes not converted and a cheque in respect of any fractional entitlements arising pursuant to Condition 8.8 and any accrued but unpaid interest on such Loan Notes pursuant to Condition 8.7.
- 8.6 The Ordinary Shares arising on conversion of the Loan Notes will be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares in issue on the relevant Conversion Date except that they will not be entitled to any dividends or other distributions declared, paid or made by reference to a record date prior to that Conversion Date.
- 8.7 Interest on Loan Notes converted shall be payable up to and including, but shall cease to accrue on, the relevant Conversion Date provided that conversion then takes place.
- 8.8 If any fraction of an Ordinary Share shall arise on conversion and accordingly fail to be allotted to the relevant Noteholder, such fractions shall be aggregated and sold (on behalf of the converting Noteholders) to any person in the discretion of the directors and the net proceeds of such sale shall be paid *pro rata* to those Noteholders who are converting their Loan Notes at that time.
- 8.9 For the purpose of any such sale the directors may transfer those Ordinary Shares to or as directed by the purchaser who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale. The directors may make such other arrangements relating to the sale and all other arrangements which appear to them necessary or appropriate for the settlement and disposal of any fractional entitlements.
- 8.10 The Company shall seek admission to trading on AIM and the ESM (or the same in respect of another stock exchange on which the Ordinary Shares are then traded) for the Ordinary Shares issued on conversion of the Loan Notes.
- 8.11 The Loan Notes shall all automatically convert on the cessation of the Ordinary Shares being traded on a public market (which without limitation shall include any regulated investment exchange or multi-lateral trading facility) in which regard the provisions of this Condition 8 shall apply together with such modification as the directors consider necessary or desirable in the circumstances that then apply.
- 8.12 If, on conversion of the Loan Notes, it would arise that any Noteholder so converting his Loan Notes would, in the opinion of the directors, be required to make a Mandatory Bid then the Loan Notes of that Noteholder shall be converted into such number of Ordinary Shares which,

in the opinion of the directors, is the largest amount of Ordinary Shares which can be held by that Noteholder without an obligation to make a Mandatory Bid arising. To the extent there remains Loan Notes of that Noteholder not converted by reason of this Condition 8.12 such Loan Notes shall be redeemed in accordance with Condition 3.

- 8.13 The Company shall keep available and authorised for issue sufficient authorised but unissued Ordinary Shares to satisfy conversion of the Loan Notes in full.

## **9 Adjustments to the Conversion Rate**

- 9.1 The Conversion Rate shall from time to time be adjusted in such manner as the Company's auditors shall confirm to the Company to be in their opinion fair and reasonable upon the happening of any of the following events:

- (a) upon any issue of Ordinary Shares pursuant to a capitalisation of profits or reserves (including the capitalisation of any share premium account and/or capital redemption reserve) to any holders of Ordinary Shares on a record date being a date on which any Loan Note remains capable of being converted (provided that no adjustment shall be made to the Conversion Rate by reason only of a holder of Ordinary Shares wholly or partially foregoing his entitlement to a cash dividend and in lieu of such dividend the Company making an issue to him of fully paid Ordinary Shares by way of capitalisation of an amount standing to the credit of the profit and loss account or revenue reserve equal to the amount of the cash dividend forgone);
- (b) upon any alteration in the nominal value of the Ordinary Shares arising as a result of the sub-division or consolidation of the Ordinary Shares;
- (c) if Condition 10.2(b) applies;
  - (i) upon the issue of securities which by their terms are convertible into or exchangeable for or carry rights of subscription for Ordinary Shares or the grant of any such rights in respect of any existing securities (excluding the issue of the Loan Notes or rights granted pursuant to any employee share scheme) for which, or the modification of the terms of any such securities would have the result that, the consideration per Ordinary Share receivable by the Company upon conversion, exchange or subscription is less than 95% of the market price per Ordinary Share on the dealing day preceding the date of announcement of the issue or modification (as the case may be);
  - (ii) upon the issue for cash of Ordinary Shares (other than Ordinary Shares issued on exercise of any rights to acquire Ordinary Shares attached to any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for Ordinary Shares or Ordinary Shares issued pursuant to any employee share scheme or pursuant to the conversion of the Loan Notes) at a price per Ordinary Share less than 95% of the market price per Ordinary Share on the dealing day preceding the date of announcement of the terms of issue of such shares;
  - (iii) upon the making of any capital distribution to the holders of Ordinary Shares or the grant to the holders of Ordinary Shares of rights to acquire assets for cash.

- 9.2 No adjustment will be made where such adjustment would give rise to an adjustment of less than 5% of the Conversion Rate. The Conversion Rate shall not, in any event, be reduced so



that upon allotment or subscription, Ordinary Shares would be issued at a discount to their nominal value.

- 9.3 In this Condition **market price** means the middle market quotation of trading on AIM (or such other stock market on which the Ordinary Shares are then primarily traded) an Ordinary Share as at close of business on the relevant day.

## **10 Conversion Rights on a takeover or a rights issue**

- 10.1 Subject to Condition 10.3, if at any time prior to the conversion of the Loan Notes in accordance with Condition 8, an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons associated or acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company or if anyone proposes a scheme with regard to such acquisition and in either case, the Company becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror (and/or any company controlled by the offeror and/or persons associated with or acting in concert with the offeror) (a **Conversion Event**), the Company shall give notice of the fact to the Noteholders and the Company within 10 Business Days of it becoming so aware. On receipt of such notice each Noteholder may elect to convert his Loan Notes into Ordinary Shares as at the date immediately preceding the Conversion Event at the Conversion Rate then applicable. On this election, such Loan Notes shall be deemed to have been converted in accordance with Condition 8.

- 10.2 If, prior to conversion of the Loan Notes, the Company makes an offer of new securities by way of rights to the holders of Ordinary Shares or procures any other person to make any offer of new securities to such holders pro rata (subject to such exclusions or provisions as the directors may consider expedient for dealing with fractional entitlements or legal or practical problems under or from the application of the laws of any territory or the requirements of any applicable recognised regulatory body or stock exchange) to their holdings of Ordinary Shares then:

- (a) unless the directors resolve otherwise in accordance with Condition 10.2(b) the Company shall make or procure that there is made to the Noteholders a like offer (subject to such exclusions and provisions as referred to above) at the same time as such offer as if the Loan Notes had then been converted into Ordinary Shares in accordance with Condition 8; or
- (b) if the directors resolve not to make a like offer to Noteholders in accordance with Condition 10.2(a) the Conversion Rate shall be adjusted in accordance with Condition 9.1(c).

- 10.3 If the offeror referred to in Condition 10.1 is a company that will be under the control of the same or substantially the same holders of Ordinary Shares after acquiring the Company as controlled the Company immediately prior to such acquisition (e.g., without limitation, the Company undergoes a reorganisation, re-domiciliation or insertion of a new group holding company) then it shall not be a Conversion Event however each Noteholder may elect by notice in writing to the Company, and the Company shall so procure, that the Loan Notes be assigned or novated to the new company the subject of this Condition 10.3 and all the rights and obligations, including without limitation conversion rights, between the Noteholders and the Company in respect of the Loan Notes become equivalent rights and obligations as between the Noteholders and the new company the subject of this Condition 10.3. If, for any reason, the Company is unable to procure the assignment or novation of the Loan Notes in

accordance with this Condition 10.3 by the date of the acquisition of the Company by the company the subject of this Condition 10.3 then each Noteholder may elect by written notice to the Company that the date of such acquisition shall be deemed to be a Redemption Date for the Loan Notes of that Noteholder and such Loan Notes shall be redeemed by the Company in accordance with Condition 3.

**11. Transmission**

If a Noteholder shall die the survivor, or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest in Loan Notes; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any Loan Note which had been jointly held by him.

## **Schedule 4**

### **Provisions for meetings of the Noteholders**

#### **1 Convening a meeting**

- 1.1 The directors may at any time and shall, upon a request in writing signed by a Noteholder or Noteholders holding or representing in aggregate not less than one-tenth in principal amount of the Loan Notes at the relevant time outstanding, convene a meeting of the Noteholders.
- 1.2 A Noteholders' meeting called for the passing of a Special Resolution (as defined in paragraph 9.3) shall be called by at least 21 clear days' notice, and all other Noteholders' meetings shall be called by at least 14 clear days' notice. The notice shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. Subject to the provisions of the Conditions, notices shall be given to all Noteholders, to all persons entitled to Loan Notes in consequence of the death or bankruptcy of a Noteholder, to the directors and to the auditors of the Company. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive it shall not invalidate the proceedings at the relevant meeting.

#### **2 Quorum**

- 2.1 At any meeting convened for any purpose a person or persons holding or representing by proxy at least one quarter in principal amount of the Loan Notes at the relevant time outstanding shall form a quorum. No business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum is present.
- 2.2 If a quorum is not present within 15 minutes (or such longer time as the chairman may decide to wait not exceeding one hour) after the time appointed for holding the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other earlier or later day, time and place as the directors may determine unless the meeting was convened upon the requisition of the Noteholders, in which case it shall be dissolved. Notice of such adjourned meeting shall be sent to all Noteholders. At the adjourned meeting the Noteholders present in person or by proxy and entitled to vote shall, whatever the principal amount of Loan Notes held by them, form a quorum and shall have power to pass any Special Resolution and to decide upon all matters which could properly have been transacted at the meeting from which the adjournment took place.
- 2.3 The chairman (if any) of the directors, or in his absence the vice-chairman or in the absence of both of them some other director nominated by the directors, shall preside as chairman of the meeting and if there is only one director present, he shall be chairman. If no director is willing to act as chairman, or if no director is present within five minutes after the time appointed for holding the meeting, the Noteholders present and entitled to vote shall choose one of their number to be chairman.

#### **3 Persons entitled to attend and speak**

A director or the secretary of the Company and any other person authorised for that purpose by the directors shall, notwithstanding that he is not a Noteholder, be entitled to attend and speak at any meeting of Noteholders.

## **4 Adjournment**

The chairman may with the consent of a meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give notice of an adjourned meeting.

## **5 Passing of resolutions**

- 5.1 A resolution put to the vote of a meeting shall be decided by a show of hands and in case of an equality of votes, the chairman shall, if he is a Noteholder, both on a show of hands and on a poll, have a casting vote in addition to the votes to which he may be entitled as a Noteholder.
- 5.2 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, entitled to vote and holding or representing in aggregate not less than one-tenth]in principal amount of the Loan Notes then outstanding) a declaration by the chairman that a resolution has been carried, whether or not carried unanimously or by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact.

## **6 Polls**

- 6.1 If at any meeting a poll is demanded it shall, unless the demand is withdrawn, be taken in such manner and either at once or after such adjournment as the chairman may direct (not being more than 30 days after the poll is demanded) and the result of such poll shall be deemed to be the relevant resolution of the meeting at which the poll was demanded. 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. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than in relation to the resolution on which the poll was demanded. In the case of any poll not taken immediately at least seven days' notice shall be given specifying the time, date and place at which the poll is to be taken.
- 6.2 The demand for a poll may, before the poll is taken, be withdrawn with the consent of the chairman and a demand so withdrawn shall be taken not to have invalidated the result of any show of hands declared before the demand was made and, if the demand is made before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 6.3 A poll shall be taken as the chairman may direct and he may appoint scrutineers (who need not be Noteholders) and fix a time, date and place for declaring the result of the poll. The result of the poll shall be deemed to be the relevant resolution of the meeting at which the poll was demanded.

## **7 Votes**

- 7.1 On a show of hands every Noteholder present in person or (being a corporation) by proxy shall have one vote. On a poll every Noteholder present in person or by proxy shall have one vote for every £1 in principal amount of Loan Notes of which he is the holder.

- 7.2 In the case of joint holders the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders and seniority shall be determined by the order in which the names of the holders stand in the Register.
- 7.3 No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote except at the meeting or adjourned meeting at which the vote objected to is tendered. Subject to any objection made in due time, every vote counted and not disallowed at the meeting shall be valid and every vote disallowed or not counted shall be invalid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive. A Noteholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

## **8 Proxies**

- 8.1 A proxy need not be a Noteholder. A deed appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor. A corporation may execute a form of proxy either under its common seal or under the hand of a duly authorised officer. A Noteholder may appoint more than one proxy to attend on the same occasion. Deposit of a deed of proxy shall not preclude a Noteholder from attending and voting at the meeting or at any adjournment of it.
- 8.2 The form of proxy and any authority under which it is executed or a copy of the authority certified notarially or in some other way approved by the directors shall:
- (a) be deposited at the Company's registered office or at such other place in the United Kingdom as is specified in the notice convening the meeting or in any form of proxy sent out by the Company in relation to the meeting, not less than 2 Business Days before the time for holding the meeting or adjourned meeting at which the person named in the form of proxy proposes to vote;
  - (b) in the case of a poll taken more than 24 hours after it was demanded, be deposited as aforesaid after the poll has been demanded and not less than 1 Business Day before the time appointed for taking the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than 24 hours after it was demanded, be delivered at the meeting in question or at any adjournment of it to the chairman or to the secretary or to any other director,
- and a form of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
- 8.3 A vote given or poll demanded by a proxy shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at its registered office, or at such other place at which the form of proxy was duly deposited, before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
- 8.4 The form of proxy in relation to a meeting shall be deemed also to confer authority to demand or join in demanding a poll (and for the purposes of these Provisions a demand for a poll made by a person as proxy for a Noteholder shall be the same as a demand made by the Noteholder) and such deed shall also be valid for use at any adjournment of the meeting.

- 8.5 The directors may at the Company's expense send forms of proxy to Noteholders by post or otherwise (with or without provision for their return prepaid) for use at any meeting either in blank or nominating in the alternative any one or more of the directors or any other person. If for the purpose of any meeting, forms of proxy are issued at the Company's expense, they shall be issued to all (and not to some only) of the Noteholders entitled to be sent a notice of the meeting and to vote at it. The accidental omission to send such a form of proxy or give such an invitation to, or the non-receipt of it by, any Noteholder entitled to attend and vote at a meeting shall not invalidate the proceedings at that meeting.

## **9 Special Resolutions**

- 9.1 A meeting of the Noteholders may by Special Resolution sanction any modification, abrogation, compromise or release previously approved in writing by the Company in any respect of any provisions of the Deed or these Conditions or all or any of the rights of the Noteholders against the Company whether such rights shall arise under the Deed or otherwise and in particular (but without limitation) shall have power to sanction any agreement for postponing or advancing the time for the payment of the principal money or interest payable in respect of the Loan Notes or for reducing their rate of interest or for the capitalisation of Loan Notes or, without prejudice to the provisions contained in the Deed, for the exchange of Loan Notes for, or conversion of Loan Notes into, other securities of the Company or any other company or may assent to any modification of the provisions contained in the Deed and/or the Conditions which shall be proposed by the Company.
- 9.2 A Special Resolution shall be binding upon all the Noteholders whether present or not present at the meeting at which it is passed and each of the Noteholders shall be bound to give effect to it accordingly and the passing of any such resolution shall be conclusive evidence without appeal that the circumstances justify the passing of it.
- 9.3 The expression **Special Resolution** means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these Provisions by a majority consisting of not less than 75% of the persons voting at such meeting upon a show of hands or if a poll is demanded on the resolution then by a majority consisting of not less than 75% of the votes given on such poll.
- 9.4 A resolution in writing signed by the holders of 75% in principal amount of the Loan Notes at the relevant time outstanding who are at the relevant time entitled to receive notice of meetings in accordance with these Provisions shall for all purposes be as valid and effective as a Special Resolution. In the case of two or more joint holders the signature of any one of those joint holders will be sufficient for this purpose. Such a resolution in writing may be contained in one document or in several documents in like form each signed by one or more Noteholders.

## **10 Minutes**

Minutes of all resolutions and proceedings at every meeting of the Noteholders shall be made and duly entered in books to be from time to time provided for that purpose by the Company and shall be available for inspection by Noteholders during normal business hours on reasonable notice being given to the Company.

Executed as a deed by  
**GAN plc**  
acting by two directors or by a director and its  
secretary

) .....  
) Director  
) .....  
) Director/Secretary