

DATED: MARCH 22, 2019

**LCP FINANCIAL LIMITED
(as Issuer)**

**INSTRUMENT
Constituting up to £50,000,000 four per cent Secured Bonds 2022**

THIS INSTRUMENT is made by way of deed on March 22, 2019 by:

LCP FINANCIAL LIMITED (incorporated and registered in England and Wales under number 11103925) whose registered office is at 19 Goldington Road Bedford, England MK40 3JY, United Kingdom (the “**Issuer**”);

WHEREAS the Issuer has, pursuant to its Memorandum and Articles of Association and by resolution of its board of directors passed on March 8, 2019, created and authorised the issue of a maximum principal amount of up to £50,000,000 four per cent secured bonds 2022, such bonds to be constituted and secured as hereinafter provided and subject to, and with the benefit of, the Schedules attached hereto which shall be deemed to form part of this Instrument.

BY THIS INSTRUMENT THE ISSUER DECLARES AND COVENANTS AS FOLLOWS:

1 DEFINITIONS AND INTERPRETATIONS

1.1 In this Instrument the following words and expressions shall have the following meanings, unless the context otherwise requires:

“**Bondholder**” means a person whose name is entered in the Register as the holder of a Bond;

“**Bonds**” means up to £50,000,000 four per cent secured bonds constituted by this Instrument or, as the case may be, the principal amounts represented by them and for the time being issued and outstanding;

“**Business Day**” means a day (excluding Saturdays) on which banks generally are open in London for the transaction of normal banking business;

“**Conditions**” means the conditions of the Bonds as set out in Schedule 1 as from time to time modified in accordance with the provisions contained herein;

“**connected person**” has the meaning given to that expression in sections 1122 and 1123 of the Corporation Tax Act 2010;

“**Directors**” or “**Board**” means the board of directors for the time being of the Issuer or a duly authorised committee of the Directors;

“**Holding Company**” means Lombard Capital Plc, registered in England and Wales under no 06050613 with its registered office at 19 Goldington Road, Bedford, England United Kingdom;

“**Instrument**” means this instrument and the Schedules attached to it as may from time to time be modified or supplemented in accordance with the provisions contained herein;

“**Interest Payment Date**” has the meaning given in Condition 1.11;

“**Register**” means the register of holders of the Bonds kept by or on behalf of the Issuer;

“**Secretary**” means the company secretary for the time being of the Issuer;

“**Security Custodian**” means Bank of New York Mellon / CREST;

“**MTF**” means The Vienna Stock Exchange Third Market MTF

“**Transaction Fee**” has the meaning given to it in clause 4;

“United States” means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction; and

“US\$”, “\$” or “US Dollar” means the lawful currency from time to time of the United States; and

“US Person” means a US Person as defined in Regulation S under the United States Securities Act of 1933, as amended.

- 1.2 A Bond is **“outstanding”** unless:
- (a) it has been repaid, redeemed or cancelled in full or purchased under Conditions 3 or 4; or
 - (b) it is held by a person for the benefit of the Issuer, a subsidiary or holding company for the time being of the Issuer or a subsidiary for the time being of a holding company of the Issuer.
- 1.3 Subject as herein expressly defined any words and expressions defined in the Companies Act 2006 shall have the meanings therein ascribed to them.
- 1.4 References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof from time to time in force.
- 1.5 Unless otherwise stated, a reference to (a) a clause, is to a clause of the main body of this Instrument, or (b) a paragraph is to a paragraph in the Schedule in which it is set out.
- 1.6 Words denoting persons shall include corporations, associations or partnerships, the masculine gender shall include the feminine and the singular shall include the plural and vice versa.
- 1.7 The headings are for convenience only and shall not affect the interpretation hereof.

2 AMOUNT OF THE BONDS

- 2.1 The aggregate nominal amount of the Bonds constituted by this Instrument is limited to a maximum of £50,000,000.
- 2.2 The Bonds will be issued in registered form in denominations of £1,000 in nominal amount or integral multiples thereof by the Issuer.
- 2.3 The Issuer may issue Bonds from time to time on one or more occasions, provided that the maximum aggregate nominal amount of Bonds from time to time outstanding will not exceed £50,000,000.

3 STATUS OF THE BONDS

- 3.1 The Bonds represent direct obligations of the Issuer for the due and punctual payment of the principal and interest together with the performance of all the obligations of the Issuer with respect to the Bonds.
- 3.2 The Bonds when issued will rank ahead of all other secured and unsecured debt obligations of the Issuer, apart from those preferred by law.
- 3.3 The Bonds shall be known as “£50,000,000 four per cent Secured Bonds 2022”.

4 TRANSACTION FEE

- 4.1 In consideration for the Holding Company incurring expenses in respect of the Bonds and the MTF listing, the Issuer shall (unless the Holding Company agrees otherwise in writing) pay the Holding Company a transaction fee (the “**Transaction Fee**”) calculated at the rate of four per cent of all amounts of principal subscribed for Bonds by Bondholders from time to time.
- 4.2 The Transaction Fee shall be payable within 30 days after the receipt by the issue of the amounts subscribed for Bonds issued to Bondholders from time to time.

5 DEMATERIALIZED BOND DELIVERY

- 5.1 Each Bondholder shall be entitled, without charge, to receive an electronically dematerialised instrument with CREST or a custodian of their choice.

6 COVENANTS BY THE ISSUER

- 6.1 The Issuer hereby covenants with the Bondholders and each of them to comply with the terms of the Bonds and to observe and perform the Conditions, which conditions shall be deemed to be incorporated in this Instrument and shall be binding on the Issuer and the Bondholders and all persons claiming through or under them respectively.

7 REGISTER OF BONDHOLDERS

- 7.1 The Issuer shall cause a register to be maintained in respect of the Bonds in accordance with the provisions of Schedule 2.
- 7.2 The provisions relating to the Register set out in Schedule 2 shall be deemed to be incorporated in this Instrument and shall be binding on the Issuer and the Bondholders and on all persons claiming through or under them respectively.

8 MEETINGS OF BONDHOLDERS

- 8.1 The provisions for meetings of holders of the Bonds shall be deemed to be incorporated in this Instrument and shall be binding on the Issuer and the Bondholders and on all persons claiming through or under them respectively.

9 FOREIGN BONDHOLDERS

- 9.1 The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any of the relevant securities laws of any state or territory of the United States, and no prospectus in relation to the Bonds will be filed and no relief from applicable securities law requirements has been or will be obtained from the applicable securities regulatory authority of any province or territory of Canada. In addition, no steps have been taken, or will be taken, to enable the Bonds to be offered in Japan in compliance with applicable securities laws of Japan and no prospectus in relation to the Bonds has been, or will be, lodged with or registered by the Australian Securities Commission. Accordingly, the Bonds may not

(subject to certain exceptions, including any exemption, if available, from any applicable registration requirements, and otherwise in compliance with all applicable laws) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Japan or Australia or any other jurisdiction if to do so would constitute a violation of relevant laws of, or require registration thereof in, such jurisdiction or to or for the account or benefit of any US Person.

10 FURTHER BONDS

- 10.1 The Issuer shall be entitled from time to time, by resolution of the Board or of a duly authorised committee thereof, to cancel any created but unissued Bonds or to create and issue further secured bonds to be constituted by deed or Instrument expressed to be supplemental hereto either so as to be identical in all respects and form a single series with the Bonds or to carry such rights as to interest, repayment, redemption and otherwise as the Board may think fit.
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11 RIGHTS OF THIRD PARTIES

- 11.1 A person who is not a Bondholder has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of this Instrument.
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12 GOVERNING LAW

- 12.1 This Instrument (and any dispute, controversy, proceeding or claim of whatever nature arising out of or in any way relating to this Instrument or the constitution of the Bonds) shall be governed by and construed in accordance with English law.
- 12.2 Each of the parties to this Instrument irrevocably agrees that the courts of England shall have non-exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or to settle any disputes, which may arise out of, or in connection with them.

IN WITNESS whereof this Instrument has been executed as a deed and has been delivered on the date which appears first on page 1.

SCHEDULE 1 - Terms and Conditions of the Bonds

1 Definitions

1.1 In these terms and conditions, the following words and phrases shall have the following meanings:

“**Business Day**” means any day (other than a Saturday or a Sunday) on which banks are open in London for normal banking business;

“**Change of Control**” means, in respect of any Group Company, any situation where any one or more persons not having control (as defined in sections 450 and 451 of the Corporation Tax Act 2010) of a Group Company on the date of this Instrument acquires control of that Group Company;

“**Extraordinary Resolution**” means a resolution passed by a majority consisting of at least 75% of the votes cast at a meeting of Bondholders on a poll;

“**Final Maturity Date**” means 31 January 2022;

“**Group**” means the group of companies comprising the Issuer and all other subsidiaries of the Holding Company in existence from time to time, and “**Group Company**” shall be construed accordingly;

“**Holding Company**” means Lombard Capital Plc, incorporated in the UK under company number 06050613 with its registered office at 19 Goldington Road, Bedford, England United Kingdom;

“**Interest Payment Date**” means in respect of the first Interest Payment Date, 31 January 2020 and thereafter the 31 January and 31 July in each year whilst any of the Bonds are and remain in issue provided the same is a Business Day and, if it is not a Business Day, the relevant Interest Payment Date shall be the immediately preceding Business Day and the last Interest Payment Date shall be the date on which the last outstanding Bonds are repaid/redeemed and/or cancelled;

“**Interest Period**” means any period from but excluding one Interest Payment Date to and including the next, but provided that the first Interest Period shall commence with but exclude the date upon which such Bonds are first issued and end on the first Interest Payment Date; and

“**Subsidiaries**” means the subsidiary undertakings in respect of which the Issuer is obliged to prepare consolidated accounts.

1.2 Subject as otherwise expressly defined, words and expressions defined in the Instrument shall have the same meaning when used in this Schedule 1.

2 Interest

2.1 Until issued Bonds shall have been repaid and cancelled by the Issuer in full, interest on issued Bonds shall accrue (but not compound) from day to day on the basis of a 365 day year (366 days in the case of a leap year) and the actual number of days elapsed in that Interest Period and shall accrue on the principal amount of Bonds outstanding for the time being during any Interest Period at a rate equal to the annual rate of four %. Interest shall be payable monthly in respect of each Interest Period and in arrears on each Interest Payment Date.

- 2.2 The Issuer shall be entitled to deduct from each interest payment any amount of Transaction Fee (as defined in the Instrument) from time to time due from the Bondholder.
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3 Redemption

- 3.1 Subject to compliance with condition 3.2 and unless and to the extent not redeemed earlier on terms agreed in writing from time to time between the Issuer and any relevant Bondholder, each Bond (plus any accrued but unpaid interest thereon) will be redeemed in full and on the Final Maturity Date applicable to it (if it is a Business Day or, if it is not, the immediately preceding Business Day).
- 3.2 On or before the date upon which any Bond is to be repaid, any relevant Bondholder shall be bound to deliver to the Issuer at its registered office or such other address in the United Kingdom as the Issuer may direct the certificate(s) for such Bonds in order that the same may be cancelled or, in the case of a lost certificate, an indemnity in respect thereof together with a receipt for or form of authority as to the payment of the monies payable under condition 3.1, duly signed and authenticated in such manner as the Issuer may reasonably require and, upon such delivery, the Issuer shall repay the Bonds pursuant to condition 3.1.
- 3.3 All Bonds redeemed by the Issuer will be cancelled and will not be available for reissue.
- 3.4 Where the Issuer redeems any Bonds pursuant to this condition 3 or condition 4, it shall also pay any interest on the amount repaid up to but excluding the date of repayment.
- 3.5 All payments in respect of the Bonds by the Issuer shall be made without withholding for or deduction of, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the United Kingdom or any political sub-division of, or any authority in, or of, the United Kingdom having power to tax, unless the withholding for or deduction of the Taxes is required by law.
- 3.6 As used in these conditions, "**Relevant Date**" in respect of any payment means the date on which the payment first becomes due.
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4 Events of Default

- 4.1 Any Bondholder shall, at any time while Bonds are in issue, be entitled by notice in writing to the Issuer (and the Issuer shall immediately notify the other Bondholders of receipt by it of any such notice) to require in whole or in part immediate repayment of any amounts of principal and/or interest owing in respect of the Bonds held by him (whereupon such amounts shall become immediately due and payable) if any of the following events ("**Events of Default**") shall occur and (other than in respect of Condition 4.1(j), which specifies its own remedy period) if capable of remedy, shall not have been remedied within 15 Business Days of their occurring:
- (a) if the Issuer fails to make any payment of any principal amount due in respect of the Bonds; or
 - (b) if the Issuer fails to make any payment of any amount of interest due in respect of the Bonds; or
 - (c) if the Issuer borrows or has borrowed £100,000 or more and such monies become due and payable prematurely by reason of an event of default or the Issuer fails to make any payment in respect of any such indebtedness on the due date for payment, or any security given by the Issuer in relation to any

such indebtedness becomes enforceable, or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in respect of any such indebtedness and in each case provided that steps are taken to enforce the same; or

- (d) if the Issuer proposes or passes a resolution for its winding up (other than a solvent winding-up for the purposes of a voluntary reconstruction or amalgamation the terms of which have previously been approved by Bondholders in accordance with the Bond Instrument); or
- (e) if the Issuer is subject to an application to, or order or not issued by, a court or other authority of competent jurisdiction for its winding up or administration or striking off (unless such an application is defended in good faith and an order is made dismissing it within 90 days of the application being made); or
- (f) if the Issuer or any Group Company (which is material in the context of the Group) proposes, makes or is subject to an arrangement or composition with its creditors generally, an application to a court of competent jurisdiction for protection from its creditors generally or a scheme of arrangement under section 899 of the Companies Act 2006 (other than in the latter case for the purpose of a voluntary reconstruction or amalgamation the terms of which have previously been approved by Bondholders in accordance with the Bond Instrument); or
- (g) if the Issuer has a receiver, an administrative receiver, manager, administrator or similar officer appointed over it or over all or a substantial part of its assets, undertaking or income; or
- (h) if the Issuer or any Group Company (which is material in the context of the Group) suspends payment of its debts generally or ceases or threatens to cease to carry on the whole or a substantial or material part of its business (other than in connection with a voluntary reconstruction or amalgamation the terms of which have previously been approved by Bondholders in accordance with the Bond Instrument) or materially changes the nature of its business; or
- (i) if the Issuer is unable to pay its debts within the meaning of section 123(1)(a) or 123(2) Insolvency Act 1986; or
- (j) if the Issuer materially defaults in the observance or performance of any material provision of any of the Bond Instrument and such default, if capable of remedy, continues unremedied for 15 Business Days after the Issuer has been notified by the relevant Bondholder in writing with details of the default and requiring it to be remedied; or
- (k) if the Issuer is subject to a Change of Control (other than for the purposes of a voluntary reconstruction or amalgamation or sale the terms of which have previously been approved by Bondholders in accordance with the Bond Instrument).

4.2 In the event that any Bonds become immediately repayable in accordance with this condition 4, the provisions of conditions 3.2 to 3.6 shall apply to any Bonds.

5 Modification of Rights

5.1 Bondholders will have power by Extraordinary Resolution, *inter alia*, to sanction any variation, modification, abrogation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Issuer whether such rights shall arise under this Instrument or otherwise and any variation, modification or abrogation of the covenants or provisions or terms or conditions contained in this Instrument proposed or agreed to by the Issuer.

- 5.2 The Issuer shall have the right in connection with any application to list the Bonds on MTF or any other recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 and section 1137 of the Corporation Tax Act 2010) to make any modification to the conditions of the Bonds or to the Bond Instrument provided always that (a) such modification is required by such recognised stock exchange or any listing authority in connection with such application; and (b) such modification does not (i) modify the maturity of the Bonds or the dates on which interest is payable on the Bonds; (ii) reduce or cancel the principal amount of interest on the Bonds; or (iii) change the currency of amounts due in respect of the Bonds.
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6 Method of Payment

- 6.1 Payment of the principal moneys and interest payable upon the Bonds, or any part thereof, may be made by cheque, warrant or money order sent through the post at the risk of the Bondholder or Bondholders (as the case may be) to the registered address of the Bondholder or, in the case of all joint Bondholders, to the registered address of that one of them who is first named on the Register (or to such person and to such address as the Bondholder or all joint Bondholders may in writing direct) or by such other means (including by electronic bank transfer) as may be agreed between the Issuer and the relevant Bondholder. Any such cheque, warrant or money order shall be made payable to the order of the person to whom it is sent (or to such person as the Bondholder or all joint Bondholders may in writing direct) and payment of the cheque, warrant, money order or instruction of the relevant electronic bank transfer shall be a satisfaction of the principal and interest represented by it.
- 6.2 The Issuer and each Bondholder shall be entitled to agree, as amongst themselves and pursuant to the Application Form, to accept an amount in any currency other than US Dollars in satisfaction of payment of Bond subscription sums, interest or principal due in respect of the Bonds. The exchange rate used to calculate the amount of such non-US Dollar payment shall be as set out in the relevant Application Form or, if such rate is (at the absolute discretion of the Issuer) rejected by the Board, such other rate or method as the Issuer and the Bondholder may agree in writing.
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7 Form, Issue and Transfer

- 7.1 The Bonds will be issued by the Issuer in registered form in amounts and integral multiples of £1,000 and will constitute secured obligations of the Issuer. Fractional entitlements will be disregarded.
- 7.2 The Bonds are transferable in amounts or multiples of £1,000 in nominal amount.
- 7.3 The Bonds will be subject to the restrictions on transfer prescribed in this Instrument.
- 7.4 The Issuer may be substituted by any member of the Group being a person resident in the UK for tax purposes, without the consent of the Bondholders, provided that such substituted entity agrees to be bound by the terms of the Bond Instrument and the Issuer guarantees such entity's obligations, and complies with HMRC's requirement in respect of the same, and there is no change in the withholding tax position in relation to the Bonds.
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8 Register

- 8.1 A Register of the Bonds shall be kept on the Issuer's statutory books at its registered office, or at such place in the United Kingdom as the Issuer may determine.
- 8.2 The Issuer will not be required to accept for registration of transfer any certificated Bonds except upon the presentation of evidence satisfactory to the Issuer that any applicable transfer restrictions have been complied with.

9 Governing Law and Jurisdiction

- 9.1 The Instrument will be construed in accordance with English Law and the Issuer and each Bondholder irrevocably submits to the non-exclusive jurisdiction of the English Courts.

SCHEDULE 2 - Provisions as to the Register

1 Exclusion of Equities

- 1.1 The Issuer will recognise every holder of Bonds as entitled to its Bonds free from any equity, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Bonds.
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2 Transferability of Bonds

- 2.1 Every holder of Bonds will be entitled to freely (subject as provided herein) transfer the same or any part (being an integral multiple of £1,000) by utilisation of electronic means through your CREST participants or custodian accordingly.
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3 No Fee for Registration of Transfers

- 3.1 No fee shall be charged for the registration of any transfer or for the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Bonds.
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4 Death or Bankruptcy of Bondholders

- 4.1 The executors or administrators of a deceased Bondholder (not being one of several joint holders) shall be the only persons recognised by the Issuer as having any title to or interest in such Bond.
- 4.2 In the case of the death of any of the joint holders of a Bond the survivors or survivor will be the only persons or person recognised by the Issuer as having any title to or interest in such Bond.
- 4.3 Any person becoming entitled to Bonds in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Bonds by operation of law may, upon producing such evidence that it sustains the character in respect of which he proposes to act under this paragraph or of his title as the Directors shall think sufficient, be registered itself as the holder of the Bond or subject to the preceding paragraphs may transfer the Bond.
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5 The Register

- 5.1 A Bondholder and any person authorised by him may at all reasonable times during office hours inspect the Register and upon payment of a reasonable charge take copies of, or extracts from, the Register or any part of it.
- 5.2 The Register may be closed by the Issuer for such periods and at such times (not exceeding 30 Business Days in any one year) as it may think fit and during such period the Issuer shall be under no obligation to register transfers of the Bonds.

Executed and delivered as a)
Deed by)
LCP FINANCIAL LIMITED)
acting by one director, duly
witnessed:



D W Grierson
Director



Steve Monico
19 Goldington Road
Bedford
MK40 3JY

