

**PART 5**

**FORM OF CONVERTIBLE LOAN NOTE INSTRUMENT**

**LOAN NOTE INSTRUMENT**

constituting  
£[8,700,000] 12.00% C Convertible, Secured, Guaranteed Loan Notes 2021

**REAL GOOD FOOD PLC**

This deed is subject to the terms of an intercreditor agreement, originally dated 28 June 2017 (as amended on 16 August 2017, amended and restated on 20 September 2017, amended and restated on 27 March 2018 and as amended on \_\_\_\_ May 2018 ), made between (1) Lloyds Bank plc (2) the entities named in part 1 of schedule 1 thereof as Downing Investors (3) the companies named in part 2 of schedule 1 thereof as Shareholder Investors and (4) the companies named in part 3 of schedule 1 thereof as Original Obligor, as further amended and/or amended and restated from time to time.

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PART 4 20

This DEED is dated

2018

**REAL GOOD FOOD plc**, a company incorporated and registered in England and Wales with company number 04666282 and having its registered office at International House, 1 St. Katharine's Way, London E1W 1XB (hereinafter called the "**Company**");

**J F RENSHAW LTD**, a company incorporated and registered in England and Wales with company number 01665672 and having its registered office at International House, 1 St. Katharine's Way, London, E1W 1XB (hereinafter called a "**Guarantor**"); and

**HAYDENS BAKERY LIMITED**, a company incorporated and registered in England and Wales with company number 07950041 and having its registered office at International House, 1 St. Katharine's Way, London, E1W 1XB (hereinafter called a "**Guarantor**"),

(each Guarantor, together being, the "**Guarantors**").

**WHEREAS:-**

- (A) the Board of Directors of the Company duly authorised and empowered to do so under the Memorandum and Articles of Association of the Company by a resolution passed on \_\_\_\_\_ 2018 created £[8,700,000] 12.00% C Convertible, Secured, Guaranteed Loan Notes 2021 and resolved to constitute the same in manner hereinafter appearing; and
- (B) The Guarantors are wholly owned subsidiaries of the Company and, at the request of the Company, have become a party to this instrument for the purpose of entering into the guarantee and indemnity set out in Part 4 of the Schedule for the benefit of the Noteholders.

NOW IT IS DECLARED as follows:-

**1 Definitions**

1.1 In this Deed unless there is something in the subject or context inconsistent therewith the expressions following shall have the following meanings, namely:-

1.1.1 "**Business Day**" means a day on which banks are open for business in England;

1.1.2 "**Conversion Date**" means within 2 Business Days of the service of the Conversion Notice;

1.1.3 "**Conversion Notice**" means a notice in writing by a Noteholder to the Company to convert all of that Noteholder's outstanding Notes;

1.1.4 "**Conversion Price**" means a price per Share of 5 pence;

1.1.5 "**Debentures**" means each of:

- 1.1.5.1 the debenture, dated on or around the date of this Deed, granted by the Company in favour of Napier Brown, as security for the Notes issued to Napier Brown;
- 1.1.5.2 the debenture, dated on or around the date of this Deed, granted by the Company in favour of Omnicane, as security for the Notes issued to Omnicane;
- 1.1.5.3 the debenture, dated on or around the date of this Deed, granted by the Company in favour of Downing LLP (as security trustee for and on behalf of the Downing Investors), as security for the Notes issued to the Downing Investors;
- 1.1.5.4 the debenture, dated on or around the date of this Deed, granted by J F Renshaw Ltd in favour of Napier Brown, as security for the Notes issued to Napier Brown;
- 1.1.5.5 the debenture, dated on or around the date of this Deed, granted by J F Renshaw Ltd in favour of Omnicane, as security for the Notes issued to Omnicane;
- 1.1.5.6 the debenture, dated on or around the date of this Deed, granted by J F Renshaw Ltd in favour of Downing LLP (as security trustee for and on behalf of the Downing Investors), as security for the Notes issued to the Downing Investors;
- 1.1.5.7 the debenture, dated on or around the date of this Deed, granted by Haydens Bakery Limited in favour of Napier Brown, as security for the Notes issued to Napier Brown;
- 1.1.5.8 the debenture, dated on or around the date of this Deed, granted by Haydens Bakery Limited in favour of Omnicane, as security for the Notes issued to Omnicane; and
- 1.1.5.9 the debenture, dated on or around the date of this Deed, granted by Haydens Bakery Limited in favour of Downing LLP (as security trustee for and on behalf of the Downing Investors), as security for the Notes issued to the Downing Investors;
- 1.1.6 **"Downing Discretionary Commitment Longstop Date"** means 30 September 2018;
- 1.1.7 **"Downing Investors"** means Downing Strategic, MI Downing Monthly and MI Downing UK;

- 1.1.8 **"Downing Strategic"** means Downing Strategic Micro-Cap Investment Trust plc (a company incorporated and registered in England and Wales with company number 10626295);
- 1.1.9 **"Event of Default"** means any of the events listed in clause 8 of this Deed;
- 1.1.10 **"Group"** means the Company, its subsidiaries and any holding company of the Company from time to time and the expression "a member of the Group" shall be construed accordingly;
- 1.1.11 **"Indebtedness"** means any indebtedness and payments due or incurred in respect of:-
- 1.1.11.1 money borrowed or raised but excluding inter-company indebtedness within the Group;
  - 1.1.11.2 any bond, note, loan notes, debenture or similar instrument;
  - 1.1.11.3 the principal amount for the time being outstanding in respect of acceptance or documentary credit facilities (not being acceptances or documentary credit facilities in the ordinary course of business);
  - 1.1.11.4 rental and other payment obligations under leases and hire-purchase agreements and instalments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise);
  - 1.1.11.5 guarantees or other assurances against financial loss in respect of indebtedness of any person falling within any of paragraphs 1.1.10.1 to 1.1.10.4 above;
  - 1.1.11.6 the receipt of credit or deferred payment arrangements in respect of the purchase price of raw materials for any period exceeding three months;
  - 1.1.11.7 the amount so far as from time to time reasonably ascertainable of any contingent liability under any indemnity, counter-indemnity, guarantee, bonding or other securityship obligation;
  - 1.1.11.8 receivables sold or discounted;
  - 1.1.11.9 the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset; and
  - 1.1.11.10 any other transaction having the commercial effect of a borrowing or raising of money;

- 1.1.12 **"Independent Directors"** means those directors of the Company from time to time who are not nominees of the Investors;
- 1.1.13 **"Independent Shareholders"** means the shareholders of the Company from time to time but excluding the Investors;
- 1.1.14 **"Intercreditor Agreement"** means the intercreditor agreement, originally dated 28 June 2017, as amended on 16 August 2017, amended and restated on 20 September 2017, as amended and restated on 27 March 2018 and as amended on \_\_\_\_ May 2018), made between, *inter alios*, the Company, Lloyds Bank plc, the Downing Investors (as defined therein), and the Shareholder Investors (as defined therein) as further amended and/or amended and restated from time to time;
- 1.1.15 **"Investors"** means Downing Strategic, MI Downing Monthly, MI Downing UK, Napier Brown and Omnicane;
- 1.1.16 **"MI Downing Monthly"** means MI Downing Monthly Income Fund;
- 1.1.17 **"MI Downing UK"** means MI Downing UK Micro Cap Growth Fund (a company registered in England and Wales with company number IC000563);
- 1.1.18 **"Napier Brown"** means Napier Brown Holdings Limited (a company incorporated and registered in England and Wales with company number 00200917);
- 1.1.19 **"Noteholders"** means the person or persons from time to time entered in the register hereinafter mentioned as holders of the Notes;
- 1.1.20 **"Noteholders Intercreditor Agreement"** means the intercreditor agreement, dated \_\_\_\_ May 2018, made between the Company and the Investors, in relation to the ranking of the priority of indebtedness of the Company to the Investors and security granted therefore as between the Investors;
- 1.1.21 **"Notes"** means the said £8,200,000 12.00% C Convertible, Secured, Guaranteed Loan Notes 2021 hereby constituted and for the time being issued and outstanding or as the context may require a specific portion thereof;
- 1.1.22 **"Omnicane"** means Omnicane Limited (a company registered in Mauritius);
- 1.1.23 **"redemption"** includes repayment and vice versa and the words **"redeem"**, **"repay"**, **"repayable"**, **"redeemed"** and **"repaid"** shall be construed accordingly;
- 1.1.24 **"Redemption Date"** means the date falling 36 months from the date of the Refinanced Loan Note Instrument;

- 1.1.25 **"Refinanced Loan Note Instrument"** means the loan note instrument, dated \_\_\_\_\_ May 2018, created by the Company and constituting £8,700,000 12.00% C, Secured, Guaranteed Loan Notes 2021;
- 1.1.26 **"Refinanced Notes"** means the said £8,700,000 12.00% C Secured, Guaranteed Loan Notes 2021 constituted by the Refinanced Loan Note Instrument and issued to the Noteholders, which are being refinanced pursuant to this Deed;
- 1.1.27 **"Relevant Rate"** means 12.00% per annum;
- 1.1.28 **"Schedule"** means the Schedule annexed and executed as relative hereto;
- 1.1.29 **"Senior Debt"** shall have the meaning ascribed to that term in the Intercreditor Agreement;
- 1.1.30 **"Shares"** means the ordinary shares in the capital of the Company;
- 1.1.31 **"Subordinated Debt"** shall have the meaning ascribed to that term in the Intercreditor Agreement;
- 1.1.32 **"these presents"** means this Deed and the Schedule as from time to time modified in accordance with the provisions herein contained and shall include any supplemental deed executed in accordance with the provisions hereof.
- 1.2 Save as herein expressly defined, words and expressions defined in the Companies Act 2006 shall bear the same meanings in these presents.
- 1.3 Any reference to an enactment is a reference to it as already amended and includes a reference to any future re-enactment and/or amendment of it.
- 1.4 Words importing the singular number only shall include the plural number and vice versa and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations.
- 1.5 An Event of Default is **"continuing"** if it has not been remedied or waived in writing by the Noteholders (acting reasonably).
- 1.6 Any decision of the Noteholders under or in terms of this Deed shall be a unanimous decision of the holders of all Notes and any decision to take or refrain from taking any action hereunder shall be taken or made only with the agreement of all Noteholders.
- 2 Amount and name of Notes**
- 2.1 The aggregate principal amount of the Notes is limited to an amount equal to the principal amount plus accrued interest relating to the Refinanced Notes plus £500,000 (to the extent not already issued pursuant to the Refinanced Loan Note Instrument) (the **"Downing Discretionary**

**Commitment**") which shall only be capable of being issued by the Company prior to the Downing Discretionary Commitment Longstop Date and with the prior written consent of the Downing Investors (at their sole discretion).

- 2.2 The Notes shall be known as the 12.00% C Convertible, Secured, Guaranteed Loan Notes 2021 and shall be issued by the Company in integral multiples of £1.

### **3 Covenant to Repay and Interest**

- 3.1 The Company hereby binds and obliges itself that it shall redeem the Notes in full at par on or before the Redemption Date, together with all accrued but unpaid interest on such Notes.
- 3.2 Interest shall accrue on the principal amount of the Notes at the Relevant Rate and be payable on the date the Notes are redeemed in full.
- 3.3 If the Company fails to pay any interest or principal monies when due, interest shall continue to accrue on the unpaid amount at the rate of 3% per annum above the Relevant Rate from the date on which such payment was due until the date on which such unpaid amounts are actually paid.
- 3.4 The Company shall pay a redemption premium fee to each Noteholder on the date the Notes are redeemed in full, which shall be an amount which, when added to the interest accrued on the relevant Noteholder's Notes in accordance with clause 3.2, provides a total return equal to the amount which would have accrued in respect of such Noteholder's Notes from the date of this Deed until and including the date the Notes are redeemed in full had the Relevant Rate been 30.00% per annum (the "**Redemption Premium**"), provided that no Redemption Premium shall be payable in the event the Notes are converted into Shares on the Conversion Date pursuant to the terms of this Deed, but, for the avoidance of doubt, the Redemption Premium shall be payable on the date the Notes are redeemed in full if the Notes are not converted into Shares on the Conversion Date.

### **4 Ranking of Notes**

- 4.1 The whole of the Notes as and when issued shall rank pari passu equally and rateably without discrimination or preference amongst themselves (subject to the terms of the Noteholders Intercreditor Agreement) and as a guaranteed, secured obligation of the Company.
- 4.2 The provisions of this Deed are subject in all respects to the provisions of the Intercreditor Agreement and the Noteholders Intercreditor Agreement.

## 5 **Guarantee**

The Company's payment obligations in respect of the Notes are guaranteed by each Guarantor on the terms set out in Part 4 of the Schedule.

## 6 **Security**

The Company's obligations in respect of the Notes shall be secured by the Debentures.

## 7 **Certificates**

Every certificate for the Notes shall be in the form or substantially in the form shown in Part 1 of the Schedule and have endorsed thereon conditions in the form also shown in Part 2 of the Schedule. The Company shall not be bound to register more than four persons as the joint holders of any Notes. Every Noteholder shall be entitled without charge to one certificate for the Notes held by him but joint holders of Notes will be entitled only to one certificate in respect of the Notes held by them jointly and such certificate shall be delivered to that one of the joint holders who is first named on the register or to such other person as the joint holder may in writing direct. Where a Noteholder transfers part only of the Notes comprised in a certificate, the old certificate shall be cancelled and a new certificate for the balance of such Notes issued without charge.

## 8 **Events of Default**

If:-

- 8.1 the Company fails to pay any sum due under this Deed within ten days of its due date;
- 8.2 the Company fails to observe or perform any of the material obligations, conditions or provisions contained herein or in the Debenture (except where the Noteholders determine that such failure is not capable of remedy, when no such notice as is mentioned below shall be required), such failure continues for a period of fifteen Business Days following the giving of notice in writing by the Noteholders to the Company of such failure;
- 8.3 the Company fails (other than by failing to pay), to comply with any provision of this Deed and (if the Noteholders considers, acting reasonably, that the default is capable of remedy), such default is not remedied within 30 Business Days of the earlier of:
  - 8.3.1 the Noteholder notifying the Company of the default and the remedy required; and
  - 8.3.2 the Company becoming aware of the default;
- 8.4 any representation, warranty or statement made, repeated or deemed made by the Company in, or pursuant to, this Deed is (or proves to have been) incomplete, untrue, incorrect or misleading in any material respect when made, repeated or deemed made;
- 8.5 the Company stops or suspends payment of any of its debts, or is unable to, or admits its inability to, pay its debts as they fall due;

- 8.6 a moratorium is declared in respect of any Indebtedness of the Company;
- 8.7 any action, proceedings or procedure is taken for:
- 8.7.1 the suspension of payments, a moratorium of any Indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Company; or
  - 8.7.2 the composition, compromise, assignment or arrangement with any creditor; or
  - 8.7.3 the appointment of a liquidator, receiver, administrative receiver, administrator, manager or other similar officer in respect of the Company or any of its assets;
- 8.8 the Company commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors (other than all of the Investors (taken as a class)) with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties);
- 8.9 a distress, attachment, execution, expropriation, sequestration or another analogous legal process is levied, enforced or sued out on, or against, the Company's assets having an aggregate value of £3,000,000 (or its equivalent in other currencies) and is not discharged or stayed within 30 days;
- 8.10 any provision of this Deed is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect;
- 8.11 the Company, without the Noteholders' consent, grants a debenture or other legal charge over the Company's assets to a third party lender;
- 8.12 any event occurs in relation to the Company similar to those in clauses 8.1 to 8.10 (inclusive) under the laws of any applicable jurisdiction; and/or
- 8.13 the Company fails to pay any amount when due under the Downing First Loan Note Instrument (as such term is defined in the Intercreditor Agreement) or any such amount due thereunder is declared to be or otherwise becomes due and payable prior to its specified maturity thereunder,

then, at once or at any time thereafter while the Event of Default is continuing, the Noteholders may by notice in writing to the Company, declare the Notes to be immediately due and payable whereupon they shall become so due and payable together with accrued interest thereon and any other amounts then payable under this Deed (subject always to the provisions of the Intercreditor Agreement and the Noteholders Intercreditor Agreement).

## 9 Notice of Default

The Company hereby undertakes to the Noteholders that so long as any of the Notes remain outstanding the Company will forthwith upon becoming aware of any Event of Default (and in any event no later than five Business Days after becoming so aware) give notice in writing thereof to the Noteholders.

## 10 Covenants by Company

The Company hereby undertakes to the Noteholders that so long as any part of the Notes is outstanding:-

- 10.1 the Company will at all times:-
- 10.1.1 carry on and conduct and procure each of its subsidiaries, if any (so long as they respectively carry on business) to carry on and conduct its and their respective businesses and affairs in a proper manner including (without prejudice to the generality of the foregoing) effecting and maintaining such insurances as are normally carried by companies carrying on similar businesses;
  - 10.1.2 give to the Noteholders on request all such information as they shall reasonably require for the purpose of the discharge of the duties and discretions vested in it under these presents or by operation of law save in relation to information which the Company is prohibited from disclosing under any law or regulation that it is subject to;
  - 10.1.3 following an Event of Default and on request by the Noteholders allow the Noteholders or such person as they shall from time to time in writing for that purpose appoint (not being a person to whom the Company may reasonably object) at all reasonable times to examine all such books of account and other documents as the Noteholders may reasonably require to inspect save in relation to information which the Company is prohibited from disclosing under any law or regulation that it is subject to;
- 10.2 the Company shall not, and shall procure that no member of the Group will, without the prior written consent of the Noteholders (such consent not to be unreasonably withheld or delayed):
- 10.2.1 incur any Indebtedness other than (i) the Senior Debt; (ii) the Subordinated Debt; (iii) any indebtedness incurred in terms of the Loan Notes; or (iv) indebtedness in respect of equipment hire purchase or leasing in ordinary course; or
  - 10.2.2 other than capital expenditure set out in any business plan approved in writing by the board of directors of the Company and notified to the Noteholders, incur any capital expenditure in excess of £1,000,000 in each financial year of the Group;
  - 10.2.3 exceed any borrowing limits applicable to it at the date of this Instrument;
- 10.3 no member of the Group shall increase the emoluments of any director of the Group, except with the prior written consent of all Noteholders;
- 10.4 no member of the Group will dispose of all or a substantial part of its business or assets:-
- 10.4.1 except with the prior written consent of the Noteholders (such consent not to be unreasonably withheld or delayed);

- 10.4.2 pursuant to a licensing or other agreement to facilitate the exploitation of intellectual property in the ordinary course of the Company's business; or
- 10.4.3 where the business is transferred to another member of the Group incorporated in the United Kingdom;
- 10.5 the Company shall not and shall procure that no member of the Group will or will enter into a contract to (without the prior written consent of the Noteholders (such consent not to be unreasonably withheld or delayed)):
- 10.5.1 acquire all or a material part of any business or undertaking (including that of a subsidiary);
- 10.5.2 acquire any interest in any share capital of any company or incorporate any subsidiary undertaking;
- 10.5.3 expand or develop or evolve its business or undertaking otherwise than through the Company or a wholly-owned subsidiary of the Company;
- 10.6 the Company shall not, and shall procure that no member of the Group will, enter into any contract or transaction other than in the ordinary and proper course of business on arm's length terms;
- 10.7 the Company shall not, and shall procure that no member of the Group will, enter into any agreement or arrangement in the nature of partnership, consortium, joint venture (where such joint venture requires the creation or incorporation of a joint venture vehicle or other equity commitment by any member of the Group); profit sharing arrangement; or amalgamation with any other person (other than as part of a solvent reconstruction), in each case save with the prior written consent of the Noteholders (such consent not to be unreasonably withheld or delayed);
- 10.8 the Company shall not, and shall procure that no member of the Group will, without the prior written consent of the Noteholders adopt or pass any resolutions inconsistent with its articles of association;
- 10.9 all consents requiring to be given by the Noteholders under this clause 10 may be given by the director appointed to the board of the Company on behalf of the relevant Noteholder;
- 10.10 the Company will provide the Noteholders with a first right of first refusal on a reasonable period (not less than [20] Business Days) of prior written notice to match any third party funding offer made within 18 months following the first issuance of Notes pursuant to the terms of this Deed before entering into any binding commitment to accept the terms or proposed terms of such funding; and
- 10.11 the Company shall use all reasonable endeavours to agree with the Investors a future capital restructuring (the "**Capital Restructuring**"). The Capital Restructuring will be in a form such that the Directors will be in a position to make a working capital statement in the form set out in Schedule Two (c) of the AIM Rules for Companies.

**11 Representations and warranties**

The Company represents and warrants to each Noteholder on the date of this Deed that the issuance of the Notes will not cause any breach of any applicable limit in its articles of association (including, but not limited to, the borrowing limit imposed by article 103(2)) with regard to its power to borrow (or any similar limit).

**12 Proceedings by the Noteholders**

Subject always to the terms of the Intercreditor Agreement and the Noteholders Intercreditor Agreement, at any time after the Notes shall have become repayable under the provisions of clause 8 hereof, the Noteholders may (but subject always to their being indemnified to their reasonable satisfaction against all proceedings, claims or demands to which the Noteholders may be liable and all costs, charges and expenses which may be reasonably incurred by the Noteholders in connection therewith) without further notice institute such proceedings as the Noteholders may think fit to enforce repayment of the Notes.

**13 Receipts**

The receipt of the principal monies or interest payable in respect of the Notes by the relevant Noteholder shall be a good discharge to the Company.

**14 Endorsement of Certificates**

Upon any payment under any of the provisions of these presents on account of the principal moneys due in respect of the Notes, the certificate(s) representing the Notes in respect of which such payment shall be made shall be produced to the Company who shall cause a memorandum of the amount and date of payment to be endorsed thereon or in the case of payment in full shall retain the same but the Company may in any particular case dispense with production and enforcement of a certificate upon such indemnity being given as it thinks sufficient.

**15 Register of Notes**

The Company shall at all times keep at its registered office or at the office of the Company's Registrars or at such other place as the Noteholders may approve a register showing the amount of the Notes and the date of issue and all subsequent transfers and changes of ownership thereof and the names and addresses of the Noteholders. The Noteholders or any of them and any person authorised by the Noteholders shall be at liberty at all reasonable times during office hours to inspect the said register and to take copies of or extracts from the same or any part thereof. In the event of the Noteholders requiring to convene a meeting, the Company shall at its own expense furnish the Noteholder with such copies of or extracts from the register as they shall require. The register may be closed by the Company for such periods and at such times as it may think fit provided that it shall not be closed for more than thirty days in any one calendar year. Any change of name or address on the part of any Noteholder shall forthwith be notified to the Company and thereupon the register shall be altered accordingly without charge. The Company shall at all times keep at its registered

office a copy of this Deed for inspection at any time during normal business hours by any of the Noteholders and shall supply on demand to any Noteholder and at the cost of the Noteholder demanding the same a copy of these presents and any deed supplemental hereto.

**16 Indemnities**

The Noteholders and every attorney, agent or other person appointed by them hereunder shall (except in so far as this present provision is avoided by Section 750 of the Companies Act 2006) be indemnified by the Company against all liabilities and expenses reasonably incurred by them in the execution or purported execution of any of the trusts, powers, authorities or discretions vested in it pursuant to these presents and against all acts, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to these presents other than any of the foregoing which are negligent or fraudulent.

**17 Underwriting, etc.**

No trustee and no director or other officer of a corporation acting as trustee hereof or any associated company or subsidiary thereof shall be precluded from underwriting, guaranteeing the subscription of or subscribing or otherwise acquiring, holding or dealing with the whole or any part of the Notes or any debenture, debenture notes, shares or securities whatsoever of the Company or any other company in which the Company may be interested either with or without a commission or other remuneration or from entering into any contract of insurance with the Company for a premium or other consideration or from otherwise at any time contracting or entering into any contract or financial or other transaction with or acting as banker to the Company or being interested in any such contract or transaction and they shall not be in any way liable to account to the Company or the Noteholders for any profits made or customary share of brokerage or commission or benefits obtained by them thereby or in connection therewith.

**18 Waivers**

The Noteholders may from time to time waive or authorise on such terms and conditions as to them shall seem expedient any breach or proposed breach by the Company of any of the undertakings and provisions contained herein or any act or omission which would or might otherwise on its own or together with any other act or omission constitute an event which in terms of clause 8 (*Events of Default*) hereof would make the Notes immediately repayable.

**19 Enquiry By the Noteholders**

The Noteholders shall be and are hereby authorised to assume without enquiry in the absence of knowledge by or express notice to them to the contrary that the Company is duly performing, complying with and observing all the undertakings and provisions contained herein and on its part to be performed and observed and notwithstanding knowledge by or notice to the Noteholders of any breach of undertaking or obligation by the Company it shall be in the discretion of the Noteholders whether to take any action or proceedings or to enforce the performance thereof.

**20 Modification Of Deeds**

The Noteholders may at any time and from time to time concur with the Company in making any modification to these presents.

**21 Conditions**

The conditions upon which the Notes are to be issued (which are as set out in Part 2 of the Schedule) and the provisions contained in Part 3 of the Schedule shall have effect in the same manner as if such provisions were herein set forth.

**22 Covenant**

The Company hereby undertakes to the Noteholders that it will duly perform and observe the obligations hereby imposed on it.

**23 Notices**

Any notice required to be given hereunder may be given by registered or special delivery letter addressed to the registered office for the time being of the party to be served and any notice so given shall be deemed to have been received at the expiration of 48 hours after the time of posting. Any notice given in terms of this clause shall be deemed to be sufficiently given for all purposes of these presents.

**24 Applicable Law**

These presents and the whole matters following hereon shall be construed and receive effect according to the laws of England and the parties submit to the jurisdiction of the English Courts.

**25 Intercreditor Agreements**

The provisions of this Deed are in all respects subject to the provisions of the Intercreditor Agreement and the Noteholders Intercreditor Agreement and in the event of any conflict between the terms of this Deed and the terms of the Intercreditor Agreement and the Noteholders Intercreditor Agreement, the terms of the Intercreditor Agreement and the Noteholders Intercreditor Agreement shall prevail.

**IN WITNESS WHEREOF** this Deed, together with the Schedule, is executed by the Company on the day and year first before written as follows:-

## PART1

## CERTIFICATE FOR THE NOTES

Certificate No: [ ]

£[Insert nominal amount of Notes  
represented by Certificate]**REAL GOOD FOOD PLC**

(Registered in England and Wales under Number 04666282)

12.00% C CONVERTIBLE, SECURED, GUARANTEED LOAN NOTES 2021 created by resolution of the directors of the Company passed on [ ] 2018 and issued pursuant to the Memorandum and Articles of Association of the Company.

THIS IS TO CERTIFY that [insert name(s) and address(s) of the Noteholder(s)] is/are registered holder(s) of £[insert nominal amount of Notes represented by Certificate] of 12.00% C Convertible, Secured, Guaranteed Loan Notes 2021 which Notes are constituted by a Deed dated [*insert date of the Deed*] and is issued with the benefit of and subject to the provisions contained in the said Deed and the conditions attached hereto.

Subscribed for and on behalf of  
**REAL GOOD FOOD PLC**  
on the [ ] day of [ ] 2018

.....  
Director

Witness.....

Full Name.....

Address.....

.....  
Occupation.....

**PART 2****THE CONDITIONS****1 Redemption**

- 1.1 The principal amount of the Notes will be repaid in full at par on or before the Redemption Date, together with all unpaid Interest which has accrued in accordance with clause 3.2.
- 1.2 All Notes redeemed in accordance with any of the foregoing provisions will be cancelled and will not be available for re-issue.

**2 Conversion**

- 2.1 Each Noteholder shall have the right to serve a Conversion Notice at any time on the Company to convert all of its Notes outstanding into fully paid Shares at the Conversion Price on the Conversion Date.
- 2.2 On the Conversion Date:
- 2.2.1 the directors of the Company shall convert the principal amount of the relevant Noteholder's Notes (to which the relevant Conversion Notice relates) into such number of new fully paid Shares at the Conversion Price; and
- 2.2.2 subject to the Intercreditor Agreement, all unpaid Interest which has accrued in accordance with clause 3.2 in respect of those Notes that are to be converted shall be paid to the relevant Noteholder(s).
- 2.3 Conversion of the Notes shall be effected by the Company redeeming the relevant Notes on the Conversion Date and repaying all accrued but unpaid Interest on those Notes, in accordance with paragraph 2.2 above. Each Noteholder whose Notes are being converted shall be deemed to irrevocably authorise and instruct the Company to apply the redemption moneys payable (in respect of the outstanding principal of those Notes) to that Noteholder in subscribing for Shares on conversion of the Notes.
- 2.4 Shares arising on conversion of the Notes shall be issued and allotted by the Company on the Conversion Date and the certificates for such Shares shall be despatched to the persons entitled to them at their own risk. Each Share arising on conversion shall be issued and allotted at such premium to reflect the difference between the nominal amount of the Share and the principal amount of Notes converted into one Share on the Conversion Date.
- 2.5 The Shares arising on conversion of the Notes shall be credited as fully paid and rank pari passu with Shares of the same class in issue on the Conversion Date and shall carry the right to receive all dividends and other distributions declared after the Conversion Date.

- 2.6 The entitlement of each Noteholder to a fraction of a Share shall be rounded to the nearest whole number of Shares which result from the conversion of the Notes.
- 2.7 The Company undertakes that, while the Notes remain in issue, it shall (pending either the payment of any redemption moneys in respect of the Notes or the issue of the Shares on conversion, each in accordance with the provisions of this Deed):
- 2.7.1 not alter the Company's articles of association in any way which would adversely affect the rights of the Noteholders without the prior consent of all of the Noteholders;
  - 2.7.2 maintain sufficient authorised but unissued equity share capital in the Company or shareholder authority to satisfy in full, without the need for the passing of any further resolutions of its shareholders, a conversion of the principal amount of all outstanding Notes to be issued pursuant to this Deed into Shares, without first having to offer the same to any existing shareholders of the Company or any other person.

## PART 3

### PROVISIONS AS TO TRANSFER, TRANSMISSION AND OTHER MATTERS

#### **1 Transfer**

- 1.1 Unless agreed otherwise in writing, the Notes may only be held by the Investors or a person who has executed a deed of accession pursuant to the Intercreditor Agreement in a form and substance satisfactory to the Senior Lenders (as defined in the Intercreditor Agreement).
- 1.2 The Notes are transferable in amounts and multiples of £1 by instruments in writing in the usual common form (or in such other form as the directors or the Company may approve) and such instruments need not be under Seal.
- 1.3 No transfer of Notes shall be registered in respect of which a Conversion Notice has been given.
- 1.4 Every instrument of transfer must be signed by or on behalf of the transferor but except in the case of the partly paid Notes need not be signed by or on behalf of the transferee. The transferor shall be deemed to remain the owner of the Notes so transferred until the name of the transferee is entered in the register in respect thereof and the Company shall not be obliged to give effect to any such instrument which purports to transfer any Notes in respect of which notice of redemption shall have been given.
- 1.5 Every instrument of transfer must be left for registration at the registered office of the Company accompanied by the Certificate of the Notes to be transferred and such other evidence as the Directors may require to prove the title of the transferor or his right to transfer the Notes but the Company shall not be bound to register more than four persons as the joint holders of any Notes.
- 1.6 All instruments of transfer which shall be registered will be retained by the Company for a period of at least six years from the date of registration of the transfer but thereafter may be destroyed or otherwise disposed of.
- 1.7 No fee shall be charged for the registration of any transfer or for the registration of any confirmation, probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Notes or for making any entry in the register relating to or affecting the title to any Notes.
- 1.8 The registration of transfers may be suspended at such times and for such periods as the Company may determine provided always that such registration shall not be suspended for more than thirty days in any one calendar year.

#### **2 Transmission on death or bankruptcy**

- 2.1 The executors or administrators of a deceased registered holder of Notes (not being one of several joint registered holders) and in the case of the deceased of one or more of the several joint registered

holders the survivor or survivors of such joint registered holders shall be the only persons recognised by the Company as having any title to such Notes.

- 2.2 Any person becoming entitled to Notes in consequence of the death or bankruptcy of any holder of such Notes may upon producing such evidence that he sustains the character in respect of which he proposes to act under this paragraph or of his title as the Directors shall think sufficient have the right either to be registered in his representative capacity or to be registered himself as the holder of such Notes or to transfer such Notes subject to the preceding paragraphs as to transfer. The Directors may by notice in writing require any such person as aforesaid to elect either to be registered in his representative capacity or to be registered himself as the holder of such Notes or to transfer such Notes and, if such person fails so to elect within sixty days of the date of the said notice, he shall be deemed to have elected to be registered in his representative capacity and may be registered accordingly.

### **3 Interest**

The interest upon the Notes may be paid by cheque or warrant made payable to and sent to the registered holder at his registered address or in the case of joint registered holders made payable to and sent to that one of the joint registered holders who is first named on the register in respect of such Notes at its registered address or made payable to such person and sent to such address as the registered holder or all the joint registered holders may in writing direct. Every such cheque or warrant may be sent through the post at the risk of the registered holder or joint registered holders and payment of the cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the interest represented thereby.

### **4 Payments**

- 4.1 Payment of the principal for the time being owing on the Notes or any part thereof may be made by cheque or warrant made payable to the registered holder thereof or in the case of joint registered holders to all such holders or to such person or persons as the registered holder or all the joint registered holders may in writing direct and sent to the registered holder at his registered address or in the case of joint registered holders to that one of the joint registered holders who is first named on the register at its registered address or to such address as the registered holder or joint registered holders may in writing direct. Every such cheque or warrant may be sent through the post at the risk of the registered holder or joint registered holders and payment of any such cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the principal represented thereby.
- 4.2 If several persons are entered in the register as joint holders of any Notes then without prejudice to paragraphs 4 and 5 the receipt of any one of such persons for any principal, interest or other moneys payable on or in respect of such Notes shall be as effective a discharge to the Company as if the person signing such receipt were the sole registered holder of such Notes.
- 4.3 No unpaid interest shall bear interest against the Company. The payment by the Company of any unclaimed interest or other moneys payable in respect of the Notes into a separate account of the

Company shall not constitute the Company a trustee in respect thereof and any such interest unclaimed after a period of 12 years from the date of payment shall be forfeited and shall revert to the Company notwithstanding that in the intervening period the obligation to pay the same shall have been provided for in the books, accounts or records of the Company.

## **5 Certificates**

If any certificate is worn out, defaced, lost or destroyed it may be replaced on such terms (if any) as to evidence and indemnity and payment of any exceptional out of pocket expenses of the Company of investigating such evidence as the directors may think fit and in the case of wearing out or defacement on delivery of the worn out or defaced certificate to the Company.

## **6 Notice**

- 6.1 Any notice or other document (including a certificate) may be given to or served on any Noteholder by sending the same by post in a prepaid letter addressed to such Noteholder at his registered address or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company as his address for the service of notices. In the case of joint registered holders of any Notes a notice given to or document served on the Noteholder whose name stands first in the register in respect of such Notes shall be sufficient notice to or service on all the joint holders. All notices or other documents sent through the post shall be at the risk of the Noteholders to whom the same are addressed. Any Noteholder who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for service of notices shall not be entitled to receive notices of General Meetings.
- 6.2 Any notice given or document (including a certificate) served by post shall be deemed to have been given or served on the expiration of 24 hours from the time of posting 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.
- 6.3 Any notice or document delivered or sent by post to or left at the registered address of any Noteholder in pursuance of these presents shall notwithstanding that such Noteholder be then dead or bankrupt and whether or not the Company has notice of his death or bankruptcy be deemed to have been duly served in respect of any Notes registered in the name of such Noteholder as sole or joint holder and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Notes.

## PART 4

## GUARANTEE

- 1 Definitions
- 1.1 The following definitions apply in this Schedule.
- |                               |   |
|-------------------------------|---|
| <b>Guarantee</b>              | the guarantee given by each Guarantor to the Noteholders under paragraph 2 of this Schedule                       |
| <b>Guaranteed Obligations</b> | all present and future payment obligations and liabilities of the Company due, owing or incurred to the Investors |
- 2 Guarantee and indemnity
- 2.1 Each Guarantor jointly and severally, unconditionally and irrevocably, guarantees to each of the Noteholders that whenever the Company does not pay any of the Guaranteed Obligations when due, to pay on demand the Guaranteed Obligations.
- 2.1 Each Guarantor as principal obligor and as a separate and independent obligation and liability from its obligations and liabilities under paragraph 2.1 of this Part 4 of the Schedule agrees that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will indemnify and keep indemnified each of the Noteholders in full and on demand from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by a Noteholder as a result of the Company not paying any amount which would, but for such unenforceability, invalidity or illegality been payable by it under this Deed on the date it would have been due. The amount payable by a guarantor under this indemnity will not exceed the amount it would have had to pay under Part 4 of the Schedule if the amount claimed had been recoverable on the basis of a guarantee.
- 3 Noteholder protections
- 3.1 The Guarantee is and shall at all times be a continuing security and shall cover the ultimate balance from time to time owing to the Noteholders by the Company in respect of the Guaranteed Obligations, irrespective of any intermediate payment or discharge in whole or in part of the Guaranteed Obligations.
- 3.2 The liability of each Guarantor under the Guarantee shall not be reduced, discharged or otherwise adversely affected by:
- 3.2.1 any act, omission, matter or thing which would have discharged or affected the liability of a Guarantor had it been a principal debtor instead of a guarantor or indemnifier; or
- 3.2.2 anything done or omitted by any person which, but for this provision, might operate to exonerate or discharge a Guarantor or otherwise reduce or extinguish its liability under the Guarantee.
- 3.3 Each Guarantor waives any right it may have to require the Noteholders (or any trustee or agent on their behalf) to proceed against or enforce any other right or claim for payment against any person before claiming from that Guarantor under the Guarantee.
- 3.4 Until all amounts which may be or become payable by the Company under or in connection with the Guaranteed Obligations have been irrevocably paid in full, and unless the Noteholders otherwise direct in writing, no Guarantor shall exercise any security or other rights it may have by reason of performance by it of its obligations under the Guarantee, whether such rights arise by way of set-off, counterclaim, subrogation, indemnity or otherwise.

- 3.5 The Guarantee is in addition to and independent of all other security which the Noteholders may hold from time to time in respect of the discharge and performance by the Company of the Guaranteed Obligations.
- 4 Demands
- 4.1 Every demand under the Guarantee must be:
- 4.1.1 made in writing and include:
- (a) the full name and registered address of the Noteholder (and, in the case of jointly held Notes, all of the joint Noteholders);
  - (b) the amount of principal and interest which is claimed;
  - (c) confirmation that none of the Notes in respect of which such demand is made have been cancelled, redeemed or repurchased by the Company;
  - (d) confirmation that the sum demanded is due and payable by the Company, that all conditions and demands prerequisite to the Company's obligations in relation to those Notes have been fulfilled and made, that any grace period relating to those obligations has elapsed and that the Company has failed to pay the sum demanded;
  - (e) the date on which payment of the principal in respect of which the demand is made should have been made to the Noteholder by the Company; and
  - (f) the bank account details of a bank in the United Kingdom to which payment by the relevant Guarantor is to be credited;
- 4.1.2 accompanied by the relevant Certificate(s) for the Notes to which the demand relates or evidence that such Certificate(s) have previously been delivered to the Company in accordance with the Conditions; and
- 4.1.3 signed by the Noteholder making the demand (and, in the case of jointly held Notes, all of the joint Noteholders).
- 5 Enforcement, costs and payment
- 5.1 Each Guarantor shall indemnify and pay to each of the Noteholders on demand the amount of all costs and expenses (including legal and out-of-pocket expenses and any value added tax on those costs and expenses) which that Noteholder incurs in connection with:
- 5.1.1 the preservation, or exercise and enforcement, of any rights under or in connection with the Guarantee or any attempt so to do; and
  - 5.1.2 any discharge or release of this Guarantee.
- 5.2 Each Noteholder shall be entitled to determine from time to time when to enforce the Guarantee as regards his outstanding Notes and may from time to time make any arrangements or compromise with a Guarantor in relation to the Guarantee which such Noteholder may think expedient or in his own interest.
- 5.3 All sums payable by a Guarantor under the Guarantee shall be paid by the Guarantor to the Noteholders in full without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

**SIGNATURE PAGE TO GUARANTEE**

**The Guarantors**

EXECUTED as a deed by  
**J F RENSHAW LTD**  
acting by one of its directors

.....  
Director

in the presence of:-

Name: .....

Witness.....

Full Name.....

Address.....

.....

Occupation.....

EXECUTED as a deed by  
**HAYDENS BAKERY LIMITED**  
acting by one of its directors

.....  
Director

in the presence of:-

Name: .....

Witness.....

Full Name.....

Address.....

.....

Occupation.....

**SIGNATURE PAGE  
TO CONVERTIBLE LOAN NOTE INSTRUMENT**

**The Company**

EXECUTED as a deed by  
**REAL GOOD FOOD PLC**  
acting by one of its directors

.....  
Director

in the presence of:-

Name: .....

Witness.....

Full Name.....

Address.....

.....

Occupation.....