

BROMSGROVE ROVERS SUPPORTERS SOCIETY LIMITED

LOAN NOTES 2006 ISSUE

INSTRUMENT AND GOVERNING RULES

Definitions and interpretation

- 1.1 In this Instrument unless the context otherwise requires, the following expressions shall have the following meanings namely:
 - 1.1.1 'the Bank Account' means the account numbered 85039314, sort code 60-04-05, at NatWest Bank PLC.
 - 1.1.2 'the Board' means the members of the Board of the Society for the time being;
 - 1.1.3 'the Football Club' means Bromsgrove Rovers Football Club Limited or any company incorporated to take on the business and membership of the Southern Football League, currently owned by Bromsgrove Rovers Football Club Limited.
 - 1.1.4 'the Register' means the register kept in accordance with clause 3.
 - 1.1.5 'the Loan Notes' or 'Notes' means the Bromsgrove Rovers Supporters Society Limited Loan Notes 2006 Issue of the Society as constituted by this Instrument, or such part of the amount thereof as is for the time being outstanding;
 - 1.1.6 'the Noteholders' means those persons whose names are entered in the Register as holders of the Loan Notes.
 - 1.1.7 'the Rules' means the rules of the Society for the time being.
 - 1.1.8 'the Society' means Bromsgrove Rovers Supporters Society Limited; and
 - 1.1.9 'the Scheme' means the acquisition of a minimum of 51% of the entire issued share capital of the Football Club including incurring costs and expenses in connection with such an acquisition.
- 1.2 Unless the context otherwise requires words and expression contained in these presents shall bear the same meanings as in the Companies Act 1985 or Industrial and Provident Societies Act 1965 (as appropriate).
- 1.3 Words importing one gender include all other genders and words importing the singular include the plural and vice versa.
- 1.4 References to persons shall include bodies corporate, unincorporated associations and partnerships.
- 1.5 Headings used in this Instrument are for ease of reference and shall not be deemed to form part of this Instrument.
- 1.6 The Schedule to this Instrument forms part of it and shall have the same full force and effect as if expressly set out in the body of it.

2 Creation and issue of the Loan Notes

- 2.1 The Loan Notes shall be issued at par in denominations of £100.00 to such persons over the age of 18 and on such terms and at such times as the Board may determine.
- 2.2 The Loan Notes shall be known as The Bromsgrove Rovers Supporters Society Limited Loan Notes 2006 Issue.
- 2.3 The Society shall be entitled from time to time to create and issue further unsecured Loan Notes so as to be or become identical in all respects and to form a single issue with the Loan Notes which shall be constituted by an instrument supplemental to this Instrument.

3 The Register

- 3.1 The Society shall keep at its registered office a register showing:
 - 3.1.1 the names and addresses of the holders for the time being of the Loan Notes;
 - 3.1.2 the amount of Loan Notes held by each of the Noteholders.
 - 3.1.3 the date of issue of the Loan Note to each of the Noteholders; and
 - 3.1.4 the serial number of each certificate for the Note.
- 3.2 Noteholders shall notify the Society forthwith of any alterations in the details relating to them shown in the Register.

4 Loan Note Certificates

- 4.1 Each of the Noteholders shall be issued with a certificate in respect of the amount of Loan Note held by him within 28 days after the date of issue of his Loan Note but joint holders shall be entitled to only one certificate for the Loan Note held jointly by them and such certificate shall be delivered to such one of the joint holders as the Board may determine.
- 4.2 Each Loan Note certificate shall be in the form set out in the Schedule hereto and there shall be endorsed thereon or attached thereto a copy of this Instrument.
- 4.3 Copies of this Instrument shall be supplied by the Society to the Noteholders on request on payment of a fee not exceeding 50p per copy.
- 4.4 The Loan Note shall be held subject to the provisions of this Instrument and of the certificate, which provisions shall be binding on the Society and the Noteholders and all persons claiming through or under them respectively.
- 4.5 The Society may put in place arrangements under which members of the Society may make payments to the Society by standing order or otherwise with a view to acquiring Loan Notes. No Loan Note shall be issued until a member's total contribution reaches £100 or any multiple of £100.

5 Interest

The Society shall pay no interest on the Loan Notes.

6 Immediate repayment of the Loan Notes

6.1 The Loan Notes shall become immediately repayable at par in each and every of the following events upon written notice by such Noteholder to the Society whilst the same is continuing:

6.1.1 if an order is made or an effective resolution is passed for the winding up of the Society other than for the purpose or re-organisation, reconstruction or amalgamation.

6.1.2 if an encumbrancer takes possession or a receiver or administrative receiver or administrator or similar official is appointed of the whole or any substantial part of the assets or undertaking of the Society.

6.1.3 if the Society ceases to carry on business.

7 Redemption by the Society

7.1 The Society may upon giving notice as provided in clause 7.6 below at any time redeem at par at the registered office of the Society the whole of the Loan Notes or any part of them PROVIDED THAT the Society shall never at any time (save as set out in clause 9.1 below) be under an obligation to redeem the whole or any part of such Loan Notes

7.2 All money which shall become payable by way of redemption shall be payable to the Noteholders pari passu in proportion to the nominal amounts of the Loan Notes held by them respectively and without priority or preference whatsoever.

7.3 All Loan Notes redeemed pursuant to this clause or otherwise repaid shall be cancelled and the Society shall not be at liberty to re-issue the same.

7.4 Where the conditions provide for a redemption or repayment or cancellation of less than the total Loan Notes at any time outstanding and there is more than one Noteholder, such redemption, repayment or cancellation shall be made amongst those Noteholders as the Board shall in their absolute discretion think fit.

7.5 The redemption of the Loan Notes by the Society pursuant to this clause 7 shall take place a maximum of once a year on 31 January and the Society shall not be obliged to make such redemption unless it has, in its absolute discretion, sufficient funds to do so.

7.6 By no later than 14 January in each year the Society may give notice in writing of the date fixed for redemption to each of the Noteholders any of whose Loan Note is to be redeemed in accordance with clause 7.1 above and such notice shall state the amount of his Loan Note due for redemption and shall name the place for repayment of such Loan Note to take place on 31 July in each year and for delivery to the Society of the certificate or certificates relating to it.

7.7 On the expiration of any such notice given pursuant to clause 7.6 above the Society shall be entitled and bound to pay off the Loan Note in respect of which such

notice has been given and each such Noteholder shall be bound to deliver to the Society at the place named in the notice the certificate or certificates for his Loan Note and upon such delivery and, against the receipt of the Noteholder for the redemption money payable in respect of his Loan Note the Society shall pay to the Noteholder the amount payable to him in respect of such redemption and such payment shall be made through a bank on behalf of the Society if the Society shall think fit. The Society shall in the case of payment in full cancel the certificate or certificates of the Noteholder concerned, and in the case of a repayment of part of the Loan Note included in a certificate either

7.7.1 endorse on the certificate a memorandum of the amount and date of payment; or

7.7.2 cancel the certificate and without charge issue to the Noteholder delivering the certificate to the Society a fresh certificate for the balance of the Loan Note not redeemable on that occasion.

8 Bank Account

8.1 Monies received in respect of the Loan Notes shall be paid into the Bank Account and shall be used solely for the purposes of the Scheme.

8.2 Following a sale by the Society of its entire interest in the Football Club, such sale proceeds net of any expenses incurred in connection with such sale shall be paid into the Bank Account.

9 Rights of Noteholders and the Scheme

9.1 The Society shall not go ahead with the scheme unless at a meeting of the Noteholders convened in accordance with clause 10 below those Noteholders holding at least 75% of the votes cast at such meeting vote in favour of the Scheme

9.2 In the event that less than 75% of the votes cast are in favour of the Scheme, the Society may, at its absolute discretion demand a second vote on the Scheme or on the continuation of negotiations.

9.3 In the event that less than 75% of the votes cast are in favour of the Scheme or the continuation of negotiations as referred to in clause 9.2 above, the Society shall redeem the whole of the Loan Notes less any expenses incurred in connection with the Scheme.

9.4 In the event that following completion of the Scheme the Society sells its entire interest in the Football Club, the Society shall use the funds in the Bank Account to redeem the whole of the Loan Notes at par, to the extent the level of such funds permits, the Noteholders ranking pari passu. The balance of any monies remaining in the Bank Account ('the Surplus') shall be applied as follows:

9.4.1 100% of the Surplus shall be distributed to the Noteholders on a basis proportionate to the nominal value of their holding.

PROVIDED THAT the timing and manner of any such redemptions or distributions shall be at the absolute discretion of the Board.

- 9.5 In the event that following completion of the Scheme, the Society sells part of its interest in the Football Club, any proceeds of sale shall be dealt with at the absolute discretion of the Board.

10 Meetings of the Noteholders

- 10.1 The Society may at any time and shall at the request in writing of Noteholders holding a majority of the voting rights convene a meeting of the Noteholders.

- 10.2 A meeting of the Noteholders shall be held at such place and time as the Society may determine and shall be conducted in accordance with the provisions (mutatis mutandis) of the Rules of the Society relating to the holding of general meetings, save that the quorum at a meeting of the Noteholders shall be Noteholders holding a majority of the voting rights.

11 Voting Rights

- 11.1 On a poll, the voting rights of Noteholders shall be as follows:

11.1.1 One vote for a Noteholder holding in value £100 - £2500 Loan Notes

11.1.2 Two votes for a Noteholder holding in value £2600 - £5000 Loan Notes

11.1.3 Three votes for a Noteholder holding in value £5100 and over Loan Notes

PROVIDED THAT the entitlement to vote shall be based on the aggregate value of the Loan Notes held.

12 Elections

The Noteholders shall be entitled to appoint 3 members of the Society Board and shall be entitled to vote as to who those members are in accordance with their voting rights.

13 Membership of the Society

Noteholders are required to be members of the Society. In the event that a Noteholder's membership of the Society ceases such Noteholder shall have no voting rights pursuant to this Instrument and no entitlement to the Surplus under clause 9.4.

14 Recognition of Noteholders

The Society shall recognise the registered holder of any Loan Note as the absolute owner of it and (except as required by law) shall not be bound to take notice or see to the execution of any trust whether express implied or constructive to which any Loan Note may be subject and the receipt of the registered holder for the time being of any Loan Note or in the case of joint registered holders the receipt of any of them for any money payable in respect of the Loan Note shall be a good discharge to the Society notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to or in the

Loan Note, interest or money. No notice of any trust express implied or constructive shall be entered on the Register in respect of any Loan Note.

15 Transfer of Loan Note

The Loan Notes shall not be transferable in whole or in part except with the prior written consent of the secretary, from time to time, of the Board.

16 Transmission of Loan Note

Any person becoming entitled to a Loan Note in consequence of the death or bankruptcy of the holder of such Loan Note may, upon producing such evidence of his authority that sustains the basis upon which he proposes to act under this provision or of his title as the Society shall think sufficient (including without limitation confirmation of his/her membership of the Society) be registered himself as the holder of such Loan Note or subject to the preceding provisions as to transfer may transfer such Loan Note.

17 Payment by cheque

The money payable in respect of the redemption of any Loan Notes may be paid by cheque sent through the post at the risk of the Noteholder to the registered address of the Noteholder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the Register in respect of such holding or to such person and to such address as the Noteholder or joint holders may in writing direct. Every such cheque shall be made payable to the order of the person to whom it is sent and payment of the cheque shall be a satisfaction of the money represented thereby.

18 Lost certificate

If any Loan Note certificate is defaced lost or destroyed it may be replaced on payment of such fee (if any) not exceeding £1 and all stamp duty (if any) payable on the new Loan Note certificate and on such terms as to evidence and indemnity as the Board may require, but so that in the case of defacement the defaced certificate shall be surrendered before the new Loan Note certificate is issued.

19 Notice

Any notice may be given to any Noteholder either personally or by sending it by first class post in a prepaid envelope to him at his registered address or (if he desires that notice shall be sent to some other person or address) to the person at the address supplied by him to the Society for the giving of notices to him, and in the case of joint registered holders of any Loan Note a notice given to the Noteholder whose name stands first in the Register in respect of such Loan Note shall be sufficient notice to all the joint holders. Any notice so given shall be deemed to have been served 2 days following that on which it is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed stamped and posted. If sent by pre-paid airmail post to an address outside the United Kingdom, notice shall be deemed to have been served or delivered on the 5th day after the day when it was put in the post, and in proving such service or delivery it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. The date of

deemed service of a notice of general meeting, which is sent to one or more addresses both within and outside the United Kingdom, shall be the later of the respective dates on which such notices are or are deemed to be respectively served in accordance with the foregoing provisions.

IN WITNESS WHEREOF these presents consisting of this and the preceding seven pages together with the annexed schedule are executed at Bromsgrove on the day of the sixteenth of March Two thousand and six as follows: -

For and on behalf of the Society

.....
Board Member

.....
Secretary

