

Date

6 December

2023

SECURED LOAN AGREEMENT

Between

VEL PROPERTY HOLDINGS LIMITED

and

XERCISE2 LIMITED

This Agreement is made on 6 December 2023

BETWEEN:

- (1) **XERCISE2 LIMITED** a private limited company incorporated under the laws of England and Wales with registered number 07259361 and having its registered office at 23 Beaumont Mews, First Floor, London, England, W1G 6EN (the **"Lender"**); and
- (2) **VEL PROPERTY HOLDINGS LIMITED** a private limited company incorporated under the laws of England and Wales with registered number 12339094 and having its registered office at 20 St. Thomas Street, London, England, SE1 9RS (the **"Borrower"**).

IT IS AGREED AS FOLLOWS:

2. DEFINITIONS AND INTERPRETATION

2.1 In this Agreement:

"Affiliate" means with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with such Person in question. For the purposes of this definition and the definition of **"Subsidiary"**, **"control"** (including **"controlling"**, **"controlled by"** and **"under common control with"**) as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities by contract or otherwise.

"Availability Period" means the period commencing on 14 December 2023 and ending on 14 January 2024.

"Business Day" means any day (other than a Saturday or Sunday) on which banks are open for general business in London.

"Commitment" means the amount of £3,018,769.

"Drawdown" means the date of utilisation of the Facility;

"Drawdown Date" means the date on which Drawdown takes place in accordance with clause 4 of this Agreement ;

"Existing DDB" means the deep discount bond issued by the Borrower to Friends Provident International Limited pursuant to the deep discount bond instrument dated 14 July 2023.

"Facility" means the Sterling term loan facility made available under this Agreement in an amount equal to the Commitment;

"Finance Documents" means this Agreement and any Security Agreement.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent) but does not include any amount of credit provided by suppliers in the ordinary course of the Borrower's business;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of finance leases;

- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of that derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of (i) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Repayment Date or are otherwise classified as borrowings under generally accepted accounting principles in the United Kingdom);
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowing under generally accepted accounting principles in the United Kingdom; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

“Financial Quarter” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“Financial Year” means the annual accounting period of the Group.

“Group” means the Borrower and each of its Subsidiaries from time to time.

“Interest Period” the period by reference to which interest on the Facility is payable, as determined under clause 5.1.

“Margin” means 5.00 per cent per annum.

“Person” means and includes an individual, a partnership, a joint venture, a limited liability company, a corporation or trust, an unincorporated organisation, a group, a government or other department or agency thereof or any other entity.

“Property” means the property at 13-15 Between Streets, Cobham, Surrey, KT11 1AA and registered at Land Registry with title numbers SY218575 SY214096 and SY126173.

“Quarter Date” means each of 31 March, 30 June, 30 September and 31 December.

“Security Agreement” means any agreement entered into between the Lender and the Borrower by way of security for the monies borrowed under the Facility.

“Subsidiary” means any entity which is controlled directly or indirectly by that person and any entity (whether or not so controlled) treated as a subsidiary in the latest financial

statements of that person from time to time, and “**control**” for this purpose means the direct or indirect ownership of the majority of the voting share capital of such entity or the right or ability to direct management to comply with the type of material restrictions and obligations contemplated in this Agreement or to determine the composition of a majority of the board of directors (or like board) of such entity, in each case whether by virtue of ownership of share capital, contract or otherwise.

“**Total Repayment Date**” means the date on which the Facility (together with all accrued interest thereon) has been fully and unconditionally repaid or prepaid by the Borrower to the Lender.

- 2.2 Any phrase introduced by the terms “**including**”, “**include**” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 2.3 Words denoting “**persons**” shall include corporations, words in the singular shall include in the plural and in the plural shall include the singular, and a reference to one gender includes a reference to the other genders.
- 2.4 A reference to a clause or a schedule is (unless expressly stated otherwise) a reference to a clause of, or schedule to, this Agreement.
- 2.5 Headings are for convenience only and do not affect the interpretation of this Agreement.
- 2.6 A person who is not a party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

3. THE FACILITY AND PROCUREMENT OF FINANCING

- 3.1 The Lender shall make available to the Borrower (subject to Clause 4) a term loan facility denominated in Sterling in an aggregate amount equal to the Commitment. The Facility shall be utilised by the Company in repayment of the Existing DDB.
- 3.2 Without prejudice to the Borrower’s right to draw under the Facility in accordance with clause 4, the Borrower agrees that between the date of this Agreement and the Drawdown Date (and in any event prior to Drawdown) it shall use reasonable endeavours to procure an alternative source of funding to repay the sums owed under the Existing DDB, including but not limited to seeking to issue a new deep discount bond to Friends Provident International Limited.

4. FACILITY

- 4.1 The Borrower may make a drawing under the Facility by giving written notice to the Lender at least fifteen Business Days prior to the proposed Drawdown Date and provided that the proposed Drawdown Date is a Business Day within the Availability Period.
- 4.2 The Lender shall not be obliged to make available the Facility to the Borrower unless, prior to the Drawdown Date, the Borrower has entered into a Security Agreement over all or substantially all of its assets (including a legal charge over the Property) in form and substance satisfactory to the Lender (acting reasonably).

5. INTEREST

- 5.1 The period for which the Facility is outstanding will be divided into consecutive Interest Periods, each of which (other than the first) will start on the last day of the preceding Interest Period. The duration of each Interest Period will be one Financial Quarter. However the duration of Interest Periods will be adjusted automatically so that any Interest Period which would otherwise extend beyond the Total Repayment Date will end on that date.
- 5.2 Interest will accrue from day to day on the outstanding amount of the Facility and will be calculated at a rate which is the aggregate of the base rate of the Bank of England and the Margin for each Interest Period, both before and after judgment, on the basis of the actual

number of days elapsed in a 365 day year. Interest accrued will be payable by the Borrower in arrears on the last Business Day of each Financial Quarter.

- 5.3 Following the occurrence of an Event of Default which has not been cured or waived, interest will be payable (both before and after judgment) on demand at the rate of 2 per cent above the rate specified in Clause 5.2 above.

6. REPAYMENT AND PREPAYMENT

- 6.1 The Borrower shall repay the Facility in full together with accrued and unpaid interest and all other amounts accrued or outstanding under this Agreement on the date falling 15 months from the Drawdown Date (the "**Repayment Date**").

- 6.2 In the event of a sale, lease, licence, transfer, loan or other disposal, by the Borrower of any of its Subsidiaries or assets comprising more than 10% of the gross asset value of the Borrower at the date of disposal to any person other than another member of the Borrower's Group (the "**Disposal**") the Borrower shall apply the proceeds of such disposal (less any professional costs and expenses incurred in connection with such disposal) within 5 Business Days of receipt of such proceeds to the repayment or prepayment of the Facility.

- 6.3 The Borrower may, at any time and from time to time, prepay all or any portion of the unpaid principal amount of the Facility together with any unpaid interest which has accrued on the portion of the principal so prepaid, provided that such prepayments (save for any final balancing payment) shall be made in sums of not less than £200,000.

- 6.4 If at any time prior to the Repayment Date the total outstanding balance on the Facility is nil, the Borrower may serve notice on the Lender that it wishes to terminate the Facility with immediate effect ("**Termination Notice**"). The date on which a Termination Notice is served shall be deemed to be the Total Repayment Date.

- 6.5 If any payment under this Agreement is scheduled to be made on a day which is not a Business Day, then the payment must be made on the following Business Day.

- 6.6 Following the Total Repayment Date the Lender shall:

- (a) unconditionally and irrevocably release, reconvey, surrender and reassign to the Borrower all and any security rights and interests (including without limitation, all assignments by way of security) they have over the assets or undertaking of the Borrower (together the "**Security Interests**");
- (b) at the reasonable cost of the Borrower, execute such other documents for the release of the Security Interests as the Borrower may require.

7. PAYMENTS

- 7.1 All payments by the parties are to be made for value on the due date to a designated account in the country of the relevant currency. Payments by the Borrower must be made without set-off or counterclaim and without any deduction (including without limitation any applicable deductions for withholding taxes) except as required by law. If the Borrower is required to make any deduction from any payment under this Agreement it must pay an additional amount to ensure receipt by the Lender of the full amount which the Lender would have received but for the deduction, save that where any payment by the Borrower under this Agreement:

- (a) is made to a person other than the Lender (for the avoidance of doubt, in this Clause 7.1, "the Lender" shall include any person who becomes a Lender after the date of this Agreement, provided always that if any such person is not resident solely in the UK for tax purposes at the time of the relevant payment they shall not constitute a Lender for the purposes of this Clause 7.1); or

- (b) is subject to taxation in a jurisdiction other than the United Kingdom;
- (c) the Borrower will only be liable to pay an additional amount under this Clause 7.1 if such additional amount would have been required to be paid had the recipient of the payment been the Lender (and, for the avoidance of doubt, had such recipient been resident solely in the United Kingdom for tax purposes) and the payment been subject to taxation in the United Kingdom only.

7.2 The Lender's calculation of any amount due under this Agreement (including interest) shall (except in the case of manifest error) be binding in the Borrower.

8. REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to the Lender, on the date of this Agreement, that:

- (a) the entry into and performance by if of, and the transactions contemplated by, the Finance Documents, do not conflict with:
 - (i) its constitutional documents; or
 - (ii) any other agreement or instrument binding on it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument; and
- (b) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by those documents.

9. COVENANTS

9.1 The Borrower shall not, and shall procure that none of its Subsidiaries will (without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed):

- (a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
- (b) repay or distribute any dividend or share premium reserve;
- (c) pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders of the Borrower, other than management fees to the shareholders of the Borrower in a maximum aggregate amount of £250,000 in each 12 month period commencing on the anniversary of the Drawdown Date; or
- (d) redeem, repurchase, decrease, retire or repay any of its share capital or resolve to do so,

save for any dividend, charge, fee or other distribution made by a Subsidiary of the Borrower to another member of the Group.

9.2 The Borrower shall not, and shall procure that none of its Subsidiaries will, carry out any Disposal other than for consideration representing the fair market value of the assets subject to that Disposal.

9.3 The Borrower must deliver to the Lender:

- (a) as soon as they are available, but in any event without 120 days after the end of each Financial Year, its audited consolidated financial statements for that Financial Year; and
- (b) as soon as they are available, but in any event within 60 days after the end of each Financial Quarter, its consolidated financial statements, for that Financial Quarter.

10. DEFAULTS AND REMEDIES

10.1 An “**Event of Default**” shall occur under this Agreement if:

- (a) the Borrower fails to pay any sum when due under a Finance Document unless its failure to pay is caused by administrative or technical error and (in such case) payment is made within 5 Business Days of its due date;
- (b) the Borrower fails to comply with any other provision of a Finance Document, provided that no Event of Default shall occur under this paragraph (b) if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of (i) the Lender giving notice to the Borrower and (ii) the Borrower becoming aware of the failure to comply;
- (c) any representation made in Clause 8 is or proves to have been materially incorrect or misleading when made;
- (d) a member of the Group:
 - (i) is unable or admits inability to pay its debts as they fall due;
 - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;
 - (iii) suspends or threatens to suspend making payments on any of its debts; or
 - (iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (e) a moratorium is declared in respect of any indebtedness of any member of the Group, and if a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium;
- (f) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium or any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;
 - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or

- (iv) enforcement of any security interest over any assets of any member of the Group,

or any analogous procedure or step is taken in any jurisdiction, provided that no Event of Default shall be occasioned under this paragraph (f) solely by reason of (A) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement, or (B) a solvent liquidation or reorganisation of any member of the Group (other than the Borrower) so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Group;

- (g) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group;
- (h) it is or becomes unlawful for the Borrower to perform any of its obligations under the Finance Documents;
- (i) any obligation or obligations of the Borrower under any Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interest of a Lender under the Finance Documents;
- (j) any Finance Document ceases to be in full force and effect;
- (k) any member of the Group suspects or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business; or
- (l) the authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets.

10.2 On and at any time after the occurrence of an Event of Default which is still subsisting following any relevant cure period, the Lender may, by notice of the Borrower:

- (a) cancel all or any part of the Facility which has not been utilised whereupon it shall immediately be cancelled;
- (b) declare that all or part of the Facility deemed to have been made at the relevant time, together with accrued interest, and all other amounts accrued or outstanding under this Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) declare that all or part of the Facility deemed to have been made at the relevant time be payable on demand, whereupon they shall immediately become payable on demand by the Borrower.

11. AMENDMENT AND WAIVER

Except as otherwise expressly provided herein, the provisions of this Agreement may be amended or waived only with the consent of the Borrower and the Lender.

12. ASSIGNMENT AND TRANSFER

12.1 The Lender may assign and/or transfer all or any of their rights and/or obligations to any person, provided that the Lender must (a) notify the Borrower of the assignee/transferee, and (b) procure that such assignee/transferee agrees to directly be bound by any remaining obligations of the Lender hereunder.

12.2 The Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender.

13. PARTIAL INVALIDITY

If at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

14. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of a Lender, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

15. NOTICES

15.1 Any communications in connection with this Agreement must be given in writing and may be given in person, by post and, to the extent specifically agreed by the relevant party, e-mail or any other electronic communication. An electronic communication will be treated as being in writing. A notice will be deemed to be given:

- (a) if by letter, when delivered personally or an actual receipt; and
- (b) if by e-mail or other electronic communication, when actually received in legible form.

15.2 However, a notice given in accordance with the above, but received on a day that is not a Business Day or after 5.00 pm in place of receipt will only be deemed to be given on the next working day in that place.

15.3 The relevant contact information for the Lender and the Borrower as at the date of this Agreement are:

The Lender

Address:

Email:

Attention:

The Borrower

Address:

Email:

Attention:

16. COUNTERPARTS

This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

17. GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 17.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).
- 17.3 The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

The Lender

