



# THE LONDON TUNNELS INC CONVERTIBLE BOND INSTRUMENT INC1

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## INSTRUMENT CONSTITUTING

UP TO

USD\$ 10,000,000 CONVERTIBLE BONDS 2025

## TABLE OF CONTENTS

<b>1 //</b>	DEFINITIONS AND INTERPRETATION	3
<b>2 //</b>	THE BONDS	4
<b>3 //</b>	BOND CERTIFICATES, TRANSFERS AND REGISTER	4
<b>4 //</b>	CONDITIONS OF ISSUE	4
<b>5 //</b>	ENFORCEMENT AND VARIATION	4
<b>6 //</b>	THIRD PARTY RIGHTS	5
<b>7 //</b>	NOTICES	5
<b>8 //</b>	EXECUTION	5
<b>9 //</b>	GOVERNING LAW AND JURISDICTION	5
	SCHEDULE 1 FORM OF CERTIFICATE	6
	SCHEDULE 2 CONDITIONS	7



## THIS INSTRUMENT IS MADE ON 1 OCTOBER 2025

### BY

**THE LONDON TUNNELS INCORPORATED (an exempted company incorporated with limited liability under the laws of the Cayman Islands, company number 423292) Registered office: c/o Bolder Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands (the "Company").**

### BACKGROUND

- A. The Company intends to pursue a potential listing of its Ordinary Shares on Nasdaq (the "Listing"). The timing, terms and completion of the Listing have not yet been determined and will depend on market conditions and the receipt of all necessary regulatory approvals. There can be no assurance as to whether, or when, the Listing will occur.
- B. In order to assist with the Company's capital commitments and to provide further liquidity following Listing, the Company has, pursuant to its Articles and by resolution of Directors passed on or around the date hereof, constituted this Instrument and created and authorised the issue of unsecured convertible bonds with an aggregate nominal amount of up to **USD\$ 10,000,000** (the "**Bonds**").
- C. The Instrument has been executed by the Company as a deed poll in favour of the Bondholders (as defined below).

## OPERATIVE PROVISIONS

### 1. DEFINITIONS AND INTERPRETATION

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

Adjustment Event	means, while the Bonds remain in issue, any sub-division, consolidation, re-classification or pro-rata cancellation of the Ordinary Shares; or any reduction of capital; or any issue of Ordinary Shares (or rights to subscribe for Ordinary Shares) by way of capitalisation or bonus issue, or distribution of Ordinary Shares to holders of Ordinary Shares, or by way of payment of a scrip dividend on the Ordinary Shares
Listing	has the meaning set out in Recital (A) above
Listing Price	the price of the Ordinary Shares on Listing
Articles	the articles of association of the Company as amended or superseded from time to time
Bondholder Majority	the holders who, from time to time, hold in aggregate more than fifty per cent. (50%) of the Principal Amount of the Bonds in issue and outstanding
Bondholder	a person whose name is entered in the register (set up pursuant to clause 3.3) as a holder of a Bond from time to time
Bond	up to 6,000 convertible bonds of \$500 each constituted by this Instrument
Business Day	a day on which the banks are ordinarily open for the transaction of normal banking business in the Cayman Islands (other than a Saturday or Sunday)
Certificate	a certificate for Bonds in the form (or substantially in the form) set out in Schedule 1
Conditions	the conditions attaching to the Bonds, as set out in Schedule 2
Conversion Date	the date on which the Bonds are converted, being the date of Listing
Conversion Ratio	110% of the Ordinary Shares that can be acquired by applying the Principal Amount, together with interest (if any), of a Bond to subscribe for Ordinary Shares at the Listing Price
Directors	the board of directors for the time being of the Company
Interest Rate	6% per annum
Maturity Date	1 October 2030
Minimum Holding	\$5,000 being the minimum amount of face value of the Bonds that may be held by a single or joint registered holder(s)
NASDAQ	means the Nasdaq Stock Market LLC (or its successor)
Ordinary Shares	ordinary shares in the capital of the Company
Principal Amount	for each Bond means the principal amount of such Bond from time to time issued and paid up and outstanding
Tax	any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same)
Tax Deduction	a deduction or withholding for or on account of Tax from a payment under this Instrument

**1.2** In this Instrument, unless the context otherwise requires:

- a. references to redemption includes repayment and vice versa and the words "redemption", "redeem" and "redeemed" shall be construed accordingly;
- b. references to clauses and schedules are references to clauses of and schedules to this Instrument;
- c. the schedules form part of and are incorporated into this Instrument;
- d. headings are included for ease of reference only and shall not affect the interpretation of this Instrument;

- e. the singular shall include the plural and vice versa and references to any gender shall include references to the other genders;
- f. references to “writing” or “written” include any other non-transitory form of visible reproduction of words and includes email;
- g. references to persons shall include bodies corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality;
- h. reference to a company shall include any company, corporation or other body corporate, wherever and however incorporated or established;
- i. references to statutory provisions shall, where the context so permits or requires, be construed as references to those provisions or respectively amended, consolidated, extended or re-enacted from time to time unless any such change imposes upon any party any liabilities or obligations which are materially more onerous than as at the date of this agreement; and
- j. except as otherwise provided, expressions defined in the Companies Act (2025 Revision) shall be read as if defined in that way in this Instrument.

## **2. THE BONDS**

**2.1** The nominal amount of each Bond is \$500 and the aggregate maximum Principal Amount of all the Bonds is \$10,000,000. The Bonds may only be issued subject to the Minimum Holding, and applicable securities laws and regulatory approvals.

**2.2** All the Bonds shall rank *pari passu*, equally and rateably, without discrimination or preference and as unsecured obligations of the Company under this Instrument.

## **3. BOND CERTIFICATES, TRANSFERS AND REGISTER**

**3.1** Each Bondholder shall be entitled to receive a Certificate executed as a deed by the Company for the amount of Bonds held by such Bondholder, provided that joint holders of Bonds will only be entitled to receive one Certificate in respect of their joint holding and delivery of a Certificate to the first-named joint holder set out in the register shall be sufficient delivery to all.

**3.2** The Bonds shall be transferable only with the prior written consent of the Company, which may be withheld at its sole discretion.

**3.3** The Company shall keep, or cause to be kept, a register of mortgages and charges in respect of the Bonds at its registered office showing the names and addresses of the Bondholders for the time being of the Bonds and the amount of the Bonds held by every Bondholder and the principal monies paid up on them.

## **4. CONDITIONS OF ISSUE**

The Bonds shall be issued subject to, and with the benefit of, the Conditions. The Conditions shall be binding on the Company, the Bondholders and all persons claiming through or under them.

## **5. ENFORCEMENT AND VARIATION**

**5.1** From the date of this Instrument and for so long as the Bonds are outstanding, the Company covenants with each of the Bondholders to perform and observe the obligations in this Instrument to the intent that this Instrument shall ensure for the benefit of all persons for the time being registered as holders of any Bonds, each of whom may sue for the performance and observance of the provisions of this Instrument so far as the holding of such Bondholder is concerned.

**5.2** The Company may, without the consent of the Bondholders or any of them, make any amendment, modification, change or addition to this Instrument and any such amendment, modification, change or addition shall be binding on the Bondholders.

**5.3** Any modification to this Instrument shall be notified to the Bondholders in accordance with clause 7.



## 6. THIRD PARTY RIGHTS

This Instrument is enforceable under the Contracts (Rights of Third Parties) Act 2014 by any Bondholder, but not by any other person.

## 7. NOTICES

**7.1** Any notice or other document required to be given under this Instrument shall be in writing, in English and either delivered by hand or sent by first class post or email or any other electronic form:

- a. to any company or other corporate entity, at its registered office (or such other address as it may notify to the other parties for such purpose); and
- b. to any individual, at the address of that individual last known by the Company.

**7.2** A communication sent according to clause 7.1 shall be deemed to have been received:

- a. if delivered by hand, at the time of delivery;
- b. if sent by pre-paid first class post, on the second day after posting; or
- c. if sent by email or any other electronic form at the time of completion of transmission by the sender

except that if a communication is received between 5:30pm on a Business Day and 9:30am on the next Business Day, it shall be deemed to have been received at 9:30am on the second of such Business Days.

## 8. EXECUTION

Execution shall be in accordance with the Cayman Islands Companies Act and the Articles of Association of the Company. This Instrument, together with any Certificates, may be executed either by autographic signature or by the Company applying its signature by some mechanical or other means in accordance with the Companies Act (2025 Revision).

## 9. GOVERNING LAW AND JURISDICTION

**9.1** This Instrument and the Bonds (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of the Cayman Islands. The Company confirms that this Instrument is valid and binding under Cayman Islands law for corporate capacity and execution purposes.

**9.2** The courts of the Cayman Islands shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Instrument (including non-contractual disputes or claims). Accordingly, any proceedings relating to, or in connection with, this Instrument or the Bonds (including non-contractual disputes or claims) may be brought in such courts.

The Company intends this Instrument to be a deed poll and accordingly it or its duly authorised representatives execute and deliver it as such.



**SCHEDULE 1**

**FORM OF CERTIFICATE**

**THE LONDON TUNNELS INCORPORATED**, an exempted company incorporated with limited liability under the laws of the Cayman Islands (company number 423292), whose registered office is c/o Bolder Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands (the “Company”).

**CERTIFICATE NO.**

**AMOUNT OF BONDS \$**

**DATE OF ISSUE**

**INTEREST RATE 6% per annum**

**CONVERSION RATIO 110% of the Ordinary Shares at Listing Price**

Issued pursuant to the articles of association of the Company and created by a resolution of the Directors passed on \_\_\_\_\_ 2025.

This is to certify that \_\_\_\_\_ of

is/are the registered holder(s) of the Principal Amount stated above of the Bonds constituted by a convertible bond instrument dated \_\_\_\_\_ 2025 (the “**Instrument**”) and made by the Company.

The Bonds are issued subject to, and with the benefit of, the provisions contained in Schedule 2 to the Instrument (the “Conditions”). Interest is payable in accordance with the Conditions.

Executed as a deed by the Company this \_\_\_\_\_ 2025.

**EXECUTED AS A DEED** by

**THE LONDON TUNNELS INCORPORATED** acting by a director

in the presence of

Witness signature

Name (print)

Address

Occupation

## SCHEDULE 2

### CONDITIONS

#### 1. Interest

**1.1** In the event that the Bonds are converted or redeemed on or prior to 1 October 2026 they will not bear interest.

**1.2** Interest shall accrue on all outstanding Bonds at the Interest Rate from 2 October 2026 until they are converted or redeemed, such interest payable in accordance with the provisions of this Schedule 2.

**1.3** Interest shall be paid by the Company on the date of conversion or redemption (as the case may be) or (if not a Business Day) on the next following Business Day by wire transfer or other agreed method.

#### 2. Maturity date

The Bonds then in issue (so far as not converted) shall be redeemed at the Principal Amount outstanding on the Maturity Date, together with any interest payable thereon.

#### 3. Pre-payment and redemption

The Company may pre-pay the Bonds (together with any interest (if any) due thereon) by redeeming them in whole or in part at any time, by giving not less than 14 days' notice in writing to the Bondholders.

#### 4. Events of Default

**4.1** Any of the following shall constitute an event of default under the Bonds (each, an "**Event of Default**"):

- a. an administration order is made in relation to the Company;
- b. an order is made, or an effective resolution is passed, for the winding-up, liquidation, administration or dissolution of the Company;
- c. a receiver or encumbrancer is appointed of the whole or the major part of the assets or undertaking of the Company, and such receiver or encumbrancer is not withdrawn, discharged, paid out or removed within 7 days of the appointment of the receiver or encumbrancer;
- d. the Company, stops payment of its debts generally or ceases to carry on its business or a substantial part of its business;
- e. the Company, for the purposes of the Companies Act (2025 Revision) (or any equivalent legislation), to be unable to pay its debts or compounds or proposes or enters into any reorganisation or special arrangement with its creditors generally;
- f. a material breach of this Instrument and, if capable of remedy, the same is not remedied to the reasonable satisfaction of a Bondholder Majority within 10 days after notice in writing of such material breach has been given by a Bondholder Majority.

**4.2** The Company shall give written notice to the Bondholders promptly on the Company becoming aware of the occurrence of an event specified in Condition 4.1, giving reasonable details of that event.

**4.3** Upon the occurrence of any Event of Default the Bonds held by a Bondholder then in issue shall automatically (unless otherwise agreed in writing by such Bondholder) be redeemed at the Principal Amount.

## 5. Action following redemption

**5.1** If, on redemption of a Bond, a Bondholder fails to deliver the Certificate for it, or an indemnity for a lost certificate, or to accept payment of moneys due to it, the Company shall pay the moneys due to it into a bank account set up solely for this purpose which shall be held on trust for the benefit of the Bondholder and such payment shall discharge the Company from all further obligations in respect of the Bond. If the Company shall place the moneys so set aside on deposit at a bank, the Company shall not be responsible for the safe custody of such moneys or for interest thereon except such interest (if any) as the said moneys may earn whilst on deposit less any expenses incurred by the Company in connection therewith.

**5.2** The Company shall cancel any Bonds repaid, redeemed or converted and shall not reissue them.

## 6. Withholding taxes

**6.1** The Company shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law. For the avoidance of doubt, no Cayman Islands withholding tax is expected to apply to payments under this Instrument.

**6.2** The Company shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify Bondholders accordingly.

## 7. Conversion and adjustments

**7.1** Not less than 7 Business Days prior to the anticipated date of Listing the Company shall give notice to the Bondholders, and the Principal Amount of the Bonds, together with all interest thereon (if any), shall automatically convert into Ordinary Shares on the date of Listing, without further action required by Bondholders.

**7.2** In the event that the conversion of any of the Bonds might cause a single Bondholder or a group of Bondholders to acquire a controlling interest in the Company, the Company shall ensure that only such number of Bonds as are held by the relevant Bondholders convert as would not cause the relevant Bondholders to exceed any applicable threshold for control under relevant securities laws or listing rules.

**7.3** On the Conversion Date, the Directors shall convert the Principal Amount of the Bonds together with interest (if any), into such number of new fully paid Ordinary Shares at the Conversion Ratio, subject to any adjustment as set out in paragraphs 7.7 and 7.8 and in accordance with this clause 7.

**7.4** Shares arising on conversion of the Bonds shall be issued and allotted by the Company on the Conversion Date and the certificates for such Ordinary Shares shall be dispatched to the persons entitled to them at their own risk.

**7.5** The Ordinary Shares arising on conversion of the Bonds shall be credited as fully paid and rank *pari passu* with Ordinary 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.

**7.6** The entitlement of each Bondholder to a fraction of an Ordinary Share shall be rounded down to the nearest whole number of Ordinary Shares which result from the conversion of the Bonds.

**7.7** The Company undertakes, that while the Bonds remain in issue, it shall:

- a. subject to paragraph 7.8, not alter or agree to any alteration of, the Articles or the constitutional documents of the Company in any way which would adversely affect the rights of the Bondholders without the prior consent in writing of the Bondholder Majority;
- b. act in good faith in relation to the arrangements contemplated by this Instrument and not take (or permit the taking of) any steps with the aim, design or effect (whether partial or otherwise) of prejudicing or otherwise adversely affecting the Bondholders' rights under this Instrument.



**7.8** Notwithstanding the provisions of paragraph 7.7(a), nothing in this Instrument shall prevent the Directors from taking such steps as may be necessary or desirable in connection with the Listing, including any re-registration of the Company or adoption of amended and restated articles of association appropriate for a company whose shares are proposed to be listed on Nasdaq.

**7.9** Within 20 Business Days following an Adjustment Event, a Bondholder Majority may give notice to the Company that certification is required, and the Company shall within 10 Business Days appoint an independent third party accountancy firm of recognized international standing (or otherwise acceptable to the Bondholder Majority) to certify in writing the adjustments to the number and nominal value of the Ordinary Shares to be converted which they consider to be necessary so that, after such adjustment and on conversion, the Bondholders shall be entitled to receive the same percentage of the issued share capital of the Company carrying the same proportion of votes exercisable at a general meeting of shareholders and the same entitlement to participate in distributions of the Company, in each case as nearly as practicable, as would have been the case had no Adjustment Event occurred (and making such reduction or increase as is necessary to the premium arising on the issue and allotment of the Ordinary Shares on conversion of the Bonds). The Company shall then notify the Bondholders in writing of the necessary adjustment as determined by the accountancy firm.

**7.10** In the event that the Listing has taken place as at the date of Conversion, the Company shall make application for the Ordinary Shares issued on conversion of the Bonds to be admitted to trading on Nasdaq as soon as reasonably practicable after the date of issue and for such Ordinary Shares to be listed on any other stock exchange on which the Company's other issued Ordinary Shares are then listed.

**8. Transfers of Bonds**

**8.1** The Bonds are not transferable in whole or in part by a Bondholder without the prior written consent of the Company.

**8.2** The Company shall recognise the registered holder of any Bonds as the absolute owner of them and shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Bond may be subject. The Company shall not (except as provided by statute or as ordered by a court of competent jurisdiction) be bound to enter into any notice of any trust (whether express, implied or constructive) on the register in respect of any of the Bonds.

**8.3** No application has been, or shall be, made to any investment exchange (whether in the UK or otherwise) for permission to deal, or for an official or other listing or quotation, in respect of the Bonds.

**EXECUTED AS A DEED** by

**THE LONDON TUNNELS INCORPORATED** acting by a director

in the presence of

Witness signature

Name (print)

Address

Occupation