



Registration of a Charge

Company name: **Soundcloud Limited**

Company number: **06343600**



X62OVSSP

Received for Electronic Filing: **21/03/2017**

Details of Charge

Date of creation: **10/03/2017**

Charge code: **0634 3600 0005**

Persons entitled: **ARES CAPITAL CORPORATION (AS SECURITY AGENT)**

Brief description: **N/A**

Contains fixed charge(s).

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **LAURA HOWARD (BIRMINGHAM)**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 6343600

Charge code: 0634 3600 0005

The Registrar of Companies for England and Wales hereby certifies that a charge dated 10th March 2017 and created by Soundcloud Limited was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 21st March 2017 .

Given at Companies House, Cardiff on 22nd March 2017

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**



DATED

10 March 2017

(1) SOUNDCLOUD LIMITED
as Assignor

- and -

(2) ARES CAPITAL CORPORATION
as Security Agent

**SECURITY ASSIGNMENT
AGREEMENT**

relating to
present and future accounts receivables
(*Forderungen aus Lieferungen und
Leistungen*), insurance receivables and
intercompany receivables



I CERTIFY THAT, SAVE FOR MATERIAL REDACTED
PURSUANT TO s859G OF THE COMPANIES ACT 2006,
THIS IS A TRUE, COMPLETE AND CORRECT COPY
OF THE ORIGINAL INSTRUMENT

DATE 21 March 2017

SIGNED DLA Piper UK LLP
DLA PIPER UK LLP

*Laura Howard
Solicitor*

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Execution Version

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THIS SECURITY ASSIGNMENT AGREEMENT (the "Agreement") is made on 10 March 2017
BETWEEN:

- (1) **SOUNDCLOUD LIMITED**, a limited liability company under English law, registered under number 6343600, England and Wales, as assignor (the "Assignor" and the "Borrower"); and
- (2) **ARES CAPITAL CORPORATION**, as assignee and as security agent (the "Security Agent"; the Assignor and the Security Agent collectively, the "Parties").

BACKGROUND:

- A Pursuant to a \$ 70,000,000 senior facility agreement dated on or about the date hereof between, *inter alios*, the Borrower, the Lenders (as defined below) and the Security Agent (the "Senior Facility Agreement"), the Original Lenders have agreed to grant a term loan facility to the Borrower.
- B The terms of an intercreditor agreement dated on or about the date hereof between, *inter alios*, the Security Agent, the Lenders and the Borrower (the "**Intercreditor Agreement**") provide for a separate and independent obligation of any Obligor (as defined by reference below) to pay to the Security Agent an amount which is equal at any time to the aggregate of all amounts owed at that time by that Obligor (as defined by reference below) to the Secured Parties (as defined by reference below) (the "**Parallel Debt**"). The Security Agent will hold and administer the security created under this Agreement as trustee (*Sicherheitsrentreuhänder*) under German law for the benefit of the other Secured Parties (as defined below) and on its own behalf in its capacity as creditor of the Parallel Debt, in each case in accordance with the terms of the Intercreditor Agreement.
- C It is a condition precedent under the Senior Facility Agreement that the Assignor provides certain security to the Security Agent for the benefit of the Secured Parties to secure the Secured Obligations (as defined below).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised terms used but not defined in this Agreement shall have the meaning given to them in the Senior Facility Agreement (including by reference); and:

"**Accounts Receivables**" means all present and future, contingent (*bedingte*) and uncontingent (*unbedingte*) rights and claims of the Assignor against any Third Party Obligor in relation to account receivables (*Forderungen aus Lieferungen und Leistungen*) governed by German law;

"**Agent**" means Ares Capital Corporation and any person as successor in the capacity as agent for the other Finance Parties;

"**Ancillary Rights**" means all present and future, contingent and uncontingent ancillary rights and claims (*Hilfs-, Neben- und Vorzugsrechte*) pursuant to or in connection with the underlying contractual or other relationship under which the Receivables arise, including

contractual powers (*Gestaltungsrechte*), and any security (*Sicherheiten*) created in relation to the Receivables;

"Arranger" means Ares Capital Corporation and any person as successor in that capacity;

"BGB" means the German Civil Code (*Bürgerliches Gesetzbuch*);

"Collateral" means the Receivables, the Ancillary Rights and any other right or claim transferred or assigned pursuant to this Agreement;

"Enforcement Event" has the meaning given to such term in clause 13.1(a);

"Event of Default" means any event of default under the Senior Facility Agreement;

"Finance Documents" means the Senior Facility Agreement, any accession deed relating to the Senior Facility Agreement, any compliance certificate relating to the Senior Facility Agreement, any fee letters relating to the Senior Facility Agreement, the Intercreditor Agreement, any Transaction Security Document, any warrant instrument granted to any Lender, any utilisation request in relation to the Senior Facility Agreement and any other document designated as a "*Finance Documents*" by the Agent and the Parent;

"Finance Party" means the Agent, the Arranger, the Security Agent or a Lender;

"Group" means the Borrower and each of its Subsidiaries for the time being;

"Guarantors" are SoundCloud Limited, SoundCloud, Inc, SoundCloud Operations, Inc., any other person acceding to the Senior Facility Agreement in such capacity and any of their successor(s) from time to time unless it has ceased to be a Guarantor in accordance with the terms of the Senior Facility Agreement;

"InsO" means the German Insolvency Act (*Insolvenzordnung*);

"Insurance Agreement" means any insurance agreement governed by German law and entered into or to be entered into between an Insurance Company (as defined below) and the Assignor or an affiliated company of the Assignor for the benefit of the Assignor but excluding any insurance agreement in relation to liability insurance (*Haftpflichtversicherung*) and under any insurances in favour of directors or employees, including those specified in Schedule 1: (*List of Receivables*) Part 1: (*Insurance Agreements*) (as amended, varied, supplemented, superseded or extended from time to time by means of any updated Receivables List);

"Insurance Companies" means Axa Köln and Zurich Bonn and any other insurance company in relation to the Insurance Receivables;

"Insurance Receivables" means all present and future, contingent and uncontingent rights and claims of the Assignor or for the benefit of the Assignor arising from or in connection with any Insurance Agreement;

"InsO" means the German Insolvency Act (*Insolvenzordnung*);

"Intercompany Receivables" means all present and future, contingent and uncontingent rights and claims of the Assignor against any member of the Group arising under or in connection with intercompany loans (including intercompany agreements resulting from any cash pool arrangements) governed by German law or any other contractual arrangement

governed by German law with such members of the group, including, the receivables arising under the intercompany agreements governed by German law specified in Schedule 1: (*List of Receivables*) Part 2: (*Intercompany Agreements*) and each Receivables List to be delivered from time to time;

"**Lenders**" means Ares Capital Corporation, Kreos Capital V (UK) Limited, Davidson Technology Growth Debt Fund and any other person becoming a lender under the Senior Facility Agreement and which in each case has not ceased to be a Lender in accordance with the terms of the Senior Facility Agreement;

"**Obligor**" means the Borrower and the Guarantors;

"**Receivables**" means the Account Receivables, the Insurance Receivables and the Intercompany Receivables;

"**Receivables List**" has the meaning given to such term in clause 9.1(a);

"**Secured Obligations**" means all present and future liabilities and obligations at any time due, owing or incurred by any member of the Group and by each Obligor to any Secured Party under the Finance Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity, including the obligations arising under the Parallel Debt, including any claims for the payment of principal, interest, costs, fees or damages based on contract, unjust enrichment (*ungerechtfertigte Bereicherung*) or tort (*Delikt*), as well as any claims arising from the insolvency administrator's choice to fulfil mutual agreements according to section 103 InsO;

"**Secured Party**" means the Security Agent, any Receiver or Delegate (each as defined in the Intercreditor Agreement) and each of the Finance Parties from time to time but, in the case of each Finance Party, only if it is a party to the Intercreditor Agreement or has acceded to the Intercreditor Agreement, in the appropriate capacity, pursuant to clause 17.6 (*Creditor Accession Undertaking*) of the Intercreditor Agreement; "**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"**Subsidiary**" means a subsidiary (*Tochterunternehmen*) for the purpose of section 290 German Commercial Code (*Handelsgesetzbuch - HGB*);

"**Transaction Security Document**" means this Agreement and any agreement or document creating, purporting to create or evidencing a Security, including any guarantee, indemnity, preferential arrangement or subordination arrangement, for and with regard to the Secured Obligations; and

"**Third Party Obligor**" means any third person debtor (*Drittschuldner*) in relation to the Receivables.

1.2 Interpretation

In this Agreement:

- (a) any reference to a "**clause**" or a "**schedule**" is a reference to a clause of, or a schedule to, this Agreement and schedules shall form an integral part of this Agreement;
- (b) "**include**", "**including**" and "**in particular**" shall be construed without limitation;

- (c) any reference to a **"person"** includes any individual, firm, company, corporation, state or agency, any unincorporated association or body (including a partnership, trust, joint venture or consortium) or other entity (whether or not having separate legal personality);
- (d) **"promptly"** shall mean without undue delay (*ohne schuldhaftes Zögern*);
- (e) **"transfer"** shall, where used in connection with Secured Obligations, include assignment (*Abtretung*), assumption of contract (*Vertragsübernahme*), novation (*Schuldumschaffung*) and universal succession (*Gesamtrechtsnachfolge*);
- (f) where the context so admits, a reference to the singular includes the plural and *vice versa*;
- (g) an Event of Default is **"continuing"** if it has not been waived;
- (h) any reference to a defined document or provision of statutory law is a reference to that defined document or provision as amended, supplemented, restated or novated from time to time;
- (i) headings are for ease of reference only and shall be ignored in the construction of this Agreement;
- (j) where a German language term has been added to an English language term, such German term shall be decisive throughout; and
- (k) if there arises any conflict or inconsistency between this Agreement and any provision of the Intercreditor Agreement, then the provisions of the Intercreditor Agreement shall prevail unless thereby rendering this Agreement invalid or unenforceable.

2. ASSIGNMENT

- (a) The Assignor hereby assigns for security purposes (*zur Sicherheit abtreten*) the Receivables to the Security Agent.
- (b) The Receivables are assigned in such way that:
 - (i) title to the present Receivables shall pass to the Security Agent on the date of the execution of this Agreement; and
 - (ii) title to future Receivables shall pass to the Security Agent at such time they originate (*entstehen*).
- (c) The Security Agent hereby accepts such assignment of the Receivables.

3. FURTHER ASSURANCE

- (a) Together with the Receivables all Ancillary Rights, insofar not passed over (*übergegangen*) by operation of law pursuant to section 401 BGB, are hereby assigned and/or transferred to the Security Agent, accepting such assignment or transfer.

- (b) Should any further measure or declaration be or become necessary or reasonably expedient for the effectiveness or enforceability of the assignment of the Receivables or the Ancillary Rights, the Assignor shall subject to the Agreed Security Principles promptly take such measure and make such declarations upon the reasonable request of the Security Agent (in such form as the Pledges may reasonably require).

4. SECURITY PURPOSE

The Collateral shall secure the prompt, complete and irrevocable discharge of the Secured Obligations. It shall also cover any future extension, prolongation or increase of the Secured Obligations. The Assignor herewith explicitly consents to any such future extension, prolongation or increase. The principles of section 1210 subsection 1 sentence 2 BGB shall not apply.

5. RETENTION OF TITLE

- (a) If and to the extent a Receivable is subject to a customary (*branchenüblicher*) extended retention of title agreement (*verlängerter Eigentumsvorbehalt*), the assignment of such Receivable under this Agreement shall become effective only at the time such extended retention of title ceased to exist (*erloschen*). If such Receivable can only be partially claimed by such Third Party Obligor, the assignment to the Security Agent is limited to the part of the Receivable the Assignor is entitled to. The other part shall pass to the Security Agent at the time such extended retention of title ceased to exist.
- (b) The Assignor hereby assigns to the Security Agent, together with all ancillary rights:
 - (i) all claims for re-assignment of claims assigned to a Third Party Obligor in connection with an extended retention of title agreement;
 - (ii) all claims for re-transfer of any expectancy right (*Anwartschaftsrecht*) assigned under a resolutive condition (*auflösende Bedingung*); and
 - (iii) all claims for disbursement of proceeds (*Erlöse*) against such Third Party Obligor.
- (c) The Security Agent accepts such assignments.
- (d) The Security Agent shall be entitled, but not obliged, to discharge an extended retention of title by satisfying the claims of the respective Third Party Obligor.

6. CURRENT ACCOUNTS

- (a) Should genuine or non-genuine current accounts (*echtes oder unechtes Kontokorrent*) exist between the Assignor and a Third Party Obligor now or in the future, the Assignor hereby assigns to the Security Agent:
 - (i) the right to terminate such current accounts;
 - (ii) the right to determine the present balance (*Saldenfeststellung*); and
 - (iii) any claims resulting from balances (*Salden*) already determined or to be determined in the future.

- (b) The Security Agent accepts such assignments.
- (c) The Assignor shall be authorised (*bevollmächtigt*) to exercise the rights set out in clause 6(a)(i) through 6(a)(ii), subject to the provisions of this Agreement, unless and until the Security Agent revokes such authorisation upon the occurrence of a Default. Clause 8(c) shall apply *mutatis mutandis*.

7. PAYMENTS BY CHEQUE OR BILL OF EXCHANGE

If a Receivable is paid by cheque (*Scheck*) or bill of exchange (*Wechsel*) title to such instruments shall pass to the Security Agent upon the Assignor acquiring such title, and the Assignor hereby assigns to the Security Agent, who accepts the assignment, any claims arising from such instrument as security for the Secured Obligations. Physical delivery (*Übergabe*) of such cheque or bill of exchange shall be replaced by an undertaking of the Assignor to hold such instruments in custody on behalf of the Security Agent, free of charge (*unentgeltliche Verwahrung*) or, in the event such instruments are in the possession of a third person, the Assignor hereby assigns to the Security Agent all of its claims for delivery thereof against such third person as security for the Secured Obligations. The Security Agent accepts such assignment.

8. COLLECTION OF RECEIVABLES

- (a) At all times prior to the occurrence of an Event of Default, the Assignor shall be authorised to collect the Receivables in its ordinary course of business (*gewöhnlicher Geschäftsbetrieb*) and with the due care of a prudent businessman (*Sorgfalt eines ordentlichen Kaufmanns*) (the "**Authorisation**").
- (b) Notwithstanding the Authorisation, none of the Receivables shall be sold by way of:
 - (i) non-recourse factoring (*echtes Factoring*);
 - (ii) recourse factoring (*unechtes Factoring*);
 - (iii) asset backed securities transactions; or
 - (iv) similar transaction involving the transfer of a Receivable against credit, purchase prices or other consideration, without the written consent of the Security Agent,

except such sale is (part of) a Permitted Transaction or Permitted Disposal or otherwise permitted under the Senior Facility Agreement.

- (c) The Security Agent may revoke, restrict or impose conditions on the Authorisation upon the occurrence of a Default.

9. LIST OF RECEIVABLES, INFORMATION AND INSPECTION RIGHTS

9.1 List of receivables

- (a) No later than 15 (fifteen) Business Days after the expiry of each calendar quarter and any time upon the request of the Security Agent (acting reasonably), the Assignor shall promptly deliver to the Security Agent an updated list of the Intercompany Agreements and Insurance Agreements, substantially in the form of Schedule 1: (*List of Receivables*) (the "**Receivables List**"). The Receivables List shall be provided in

electronic copy or in such other form as agreed between the Security Agent and the Assignor.

- (b) Any Receivables List is provided for information purposes only and if for any reason whatsoever the relevant Receivables are not or are incompletely listed, the assignment of the Receivables hereunder shall not be affected thereby.
- (c) The Assignor shall upon the Security Agent's reasonable request promptly provide all information, documents and deeds in relation to the Receivables. In the event the Assignor employs a data processing system for the servicing of the Receivables the documents have to be printed or supplied in such electronic form as requested by the Security Agent (acting reasonable).
- (d) To the extent the Assignor has instructed a third person with its bookkeeping and/or data processing, it hereby authorises the Security Agent to obtain all information, documents, deeds and lists in relation to the Receivables directly from such third person in its own name and at the Assignor's costs. Upon the Security Agent's request, the Assignor shall promptly provide the Security Agent with separate powers of attorney (*Vollmachten*) in such scope.

9.2 Right of inspection

Upon prior notice of at least five (5) Business Days to the Assignor the Security Agent may inspect the Assignor's books, ledgers, systems and documents during normal business hours or have them inspected by a duly authorised representative, and the Assignor herewith instructs (*anweisen*) any third person in possession of such books, ledgers, systems and documents accordingly. Upon the occurrence of an Event of Default the Security Agent may so inspect without prior notice to the Assignor.

10. NOTIFICATION OF ASSIGNMENT

10.1 Insurance and Intercompany Receivables

- (a) The Assignor shall notify by registered mail (*Einschreiben mit Rückschein*), fax or email, in each case with confirmation of receipt (*Empfangsbestätigung*) the relevant Third Party Obligors of the assignment of Intercompany Receivables and Insurance Receivables substantially in the form set out in Schedule 2: (*Form of Notice of Security Assignment*) Part 1: (*Form of Notification*):
 - (i) in relation to such present Receivables, within five (5) Business Days from the date of this Agreement; or
 - (ii) in relation to such future Receivables, within five (5) Business Days from the date of entry into the relevant Insurance Agreement or Intercompany Agreement.

The Assignor shall promptly send a copy of each despatched notification letter together with the return receipt (*Rückschein*) or the confirmation of receipt (*Empfangsbestätigung*) to the Security Agent.

- (b) The Assignor shall use its best endeavours to obtain the acknowledgement by the relevant Third Party Obligor in relation to the Intercompany Receivables and the Insurance Receivables substantially in the form set out in Schedule 2: (*Form of Notice of Security Assignment*) Part 2: (*Form of Third Party Obligor's*

Acknowledgement) within 20 Business Days of despatching the notification letter. The Assignor shall provide to the Security Agent any such acknowledgement promptly upon its receipt from the Third Party Obligor.

- (c) If the Security Agent does not receive acknowledgments of the relevant Third Party Obligor in relation to the Intercompany Receivables or the Insurance Receivables within the period of time referred to in clause 10.1(b), the Security Agent shall be entitled to contact the relevant Third Party Obligor which have not provided the requisite acknowledgment and ask for such acknowledgment on behalf of the Assignor.

10.2 Accounts Receivables

The Assignor shall deliver to the Security Agent undated notification letters substantially in the form of Schedule 2: (*Form of Notice of Security Assignment*) Part 1: (*Form of Notification*) executed in blank within fifteen (15) Business Days from the date of this Agreement for the purpose of notifying the Third Party Obligors of the assignment of the Accounts Receivables in accordance with clause 13 (*Enforcement*). The Assignor hereby authorises the Security Agent to prepare photocopies of and to complete such blank notices or such photocopy by including addresses, invoice numbers and amounts as well as other details and to use such form to notify the relevant Third Party Obligor of the assignment of the Accounts Receivables. The right of the Security Agent to effect such notification in any other way remains unaffected.

11. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNOR

11.1 Representations and Warranties

The Assignor hereby represents and warrants to the Security Agent in the form of an independent guaranty (*unabhängiges Garantieversprechen*) pursuant to section 311 BGB as of the date of this Agreement that:

- (a) it has full legal and beneficial title to the Receivables (except for the Receivables subject to customary retention of title arrangements or any other Permitted Security) and such Receivables are unencumbered and freely assignable (*abtretbar*);
- (b) it may freely dispose over the Receivables without any restrictions other than those arising as a result of any Permitted Security;
- (c) the obligations under any agreement entered into between the Assignor and a Third Party Obligor constitute legally binding and valid obligations of the parties thereto; and
- (d) Schedule 1 (*Receivables List*) is a complete and correct list of Intercompany Agreements and Insurance Agreements as of the date of this Agreement.

11.2 Repeating Representations

The representations and warranties under clause 11.1 (*Representations and Warranties*) shall be repeated by the Assignor by way of delivery of each Receivables List and by reference to the facts and circumstances then existing.

12. UNDERTAKINGS BY THE ASSIGNOR

The Assignor hereby undertakes to the Security Agent:

- (a) not to assign, grant any security or otherwise encumber any of the Receivables in favour of a third person (except for any security entered into in its ordinary course of business and disclosed to the Security Agent), except with the prior written consent of the Security Agent or permitted under the Finance Documents;
- (b) not to agree to any arrangement adversely affecting the value, the due date or transferability of any of the Receivables;
- (c) to the extent collateral has been provided as security for any of the Receivables (including any retention right (*Eigentumsvorbehalt*) of the Assignor) which will not be acquired by the Security Agent by operation of law or under any Finance Document, to promptly transfer any such collateral to the Security Agent upon its reasonable request;
- (d) to promptly inform the Security Agent of any attachments (*Pfändung*) or of any third person measure which may materially impair or jeopardise the Security Agent's rights to the Receivables or parts thereof. In such an event it shall provide the Security Agent with a copy of the attachment order (*Pfändungsbeschluss*), any transfer order (*Überweisungsbeschluss*) or any documents necessary or reasonably expedient for a defence against such measures. In addition, the Assignor shall inform such third person promptly in writing of the Security Agent's security in the respective Receivables;
- (e) at its own reasonable cost and expense, to execute and do all such assurances, acts and things as the Security Agent may reasonably require for:
 - (i) perfecting, protecting and enforcing the security intended to be afforded by this Agreement; and
 - (ii) if this Agreement has become enforceable, for facilitating the realisation of all or any part of the Receivables and the exercise of all powers, authorities and discretions vested with the Security Agent;
- (f) to notify the Assignee promptly if any representation or warranty made in this Agreement is or becomes untrue or misleading at any time;
- (g) clearly mark the Receivables in its books, ledgers and systems as transferred, assigned or encumbered in favour of the Security Agent; and
- (h) procure that any payment on a Receivable shall only be made to accounts subject to a Security for the benefit of the Security Agent or any other Secured Party.

13. ENFORCEMENT

13.1 Right of realisation

- (a) The Security Agent shall be entitled to enforce its rights under this Agreement and to realise the Collateral upon the occurrence of an Event of Default which is continuing in respect of which the Security Agent has exercised its rights under clause 23.19 of the Senior Facility Agreement (each an "**Enforcement Event**").

- (b) Upon request of the Security Agent, the Assignor shall collect the Receivables on behalf of the Security Agent and in strict accordance with the Security Agent's instructions. The Security Agent shall be entitled to instruct the Assignor to pay proceeds of the collection to an account of the Security Agent, to procure that the Third Party Obligors pay directly to an account of the Security Agent or otherwise direct the manner of collection as the Security Agent deems expedient.
- (c) The Assignor shall render at its own cost all necessary and lawful assistance in order to facilitate the enforcement of this Agreement (or parts thereof) in the event the Security Agent seeks the enforcement in accordance with the terms of this Agreement and the provisions of statutory law. The Security Agent may take all measures and enter into all agreements, in particular seek advice from surveyors, accountants, other counsel and/or legal advice whenever at its sole discretion it seems advisable to enforce this Agreement.
- (d) The Security Agent shall be entitled to enter into such agreements and take other steps with any of the respective Third Party Obligor as the Security Agent considers necessary and, in particular, shall be entitled to accept deferred payments and grant indulgences and discounts and to enter into any settlement agreement with any of the Third Party Obligors.
- (e) For the purpose of realising the Collateral, the Assignor shall, upon the Security Agent's request, promptly furnish the Security Agent with all documents of title and other relevant documents, and shall render all reasonable assistance which is necessary or expedient in respect of the realising of the Collateral.

13.2 Enforcement notice

- (a) The Security Agent shall notify the Assignor at least five (5) Business Days prior to any enforcement. Prior notice is not required if:
 - (i) the Assignor has generally ceased to effect payments (*Zahlungseinstellung*);
 - (ii) an application has been filed for the commencement of insolvency proceedings (*Antrag auf Eröffnung des Insolvenzverfahrens*) over the assets of the Assignor by the Assignor or any of its creditors (in the latter case only if it was no fraudulent or frivolous application which is dismissed within 15 (fifteen) Business Days of filing);
 - (iii) insolvency proceedings have been opened (*Eröffnung eines Insolvenzverfahrens*) against the Assignor;
 - (iv) similar proceeding under applicable laws have been opened in relation to the Assignor; or
 - (v) it is otherwise inappropriate (*untunlich*) in the meaning of Section 1234 para. 1 BGB.
- (b) Upon the occurrence of an Enforcement Event, the Security Agent shall be entitled to collect the Receivables and shall be authorised by the Assignor to deliver, also on the Assignor's behalf, a notification of assignment substantially in the form of Schedule 2: (*Form of Notice of Security Assignment*) Part 1: (*Form of Notification*) to the Third Party Obligors and to request acknowledgement substantially in the form of Schedule 2: (*Form of Notice of Security Assignment*) Part 2: (*Form of Third Party*

Obligor's Acknowledgement) from the Third Party Obligors and instructing them to pay to a designated account notified by the Security Agent.

13.3 Application of proceeds

The Security Agent shall use any proceeds received with regard to the Collateral towards discharge of the Secured Obligations. Any amount exceeding the Secured Obligations will be paid to the Assignor, upon complete and irrevocable satisfaction of all Secured Obligations. The Security Agent may deduct from the proceeds any tax, expenses, fees and any other amount reasonably incurred in connection with the realisation of the Collateral.

13.4 Selection of security

The Security Agent may at its sole discretion determine which Collateral or other Security (created under this Agreement or other agreements), shall be realised to satisfy the Secured Obligations.

13.5 Waiver of defences

- (a) The Assignor has no defences of revocation (*Einrede der Anfechtbarkeit*) and set-off (*Einrede der Aufrechnung*) and no defences based on defences any Obligor may have against the Secured Obligations. Such waiver shall not apply to set-off with counterclaims that are (i) uncontested (*unbestritten*) or (ii) based on an unappealable court decision (*rechtskräftig festgestellt*). The Security Agent is not required to proceed against or enforce any other rights or security before enforcing the security created hereunder.
- (b) Unless or until all the Secured Obligations have been unconditionally discharged in full, no rights of the Security Agent shall pass to the Assignor by subrogation or otherwise. Further, the Assignor shall not at any time before, on or after an enforcement of the Collateral, and as a result of the Assignor entering into this Agreement, be entitled to demand indemnification or compensation from an Obligor or any affiliate of an Obligor or assign any of these claims.

14. RELEASE OF SECURITY (*SICHERHEITENFREIGABE*)

- (a) Upon complete, irrevocable and unconditional discharge of the Secured Obligations and provided no Secured Party has any further commitment obligation or liability under or pursuant to the Finance Documents, the Security Agent shall promptly, at request and at the reasonable cost and expenses of the Assignor, reassign to the Assignor the Receivables and surrender the excess proceeds, if any, resulting from any realisation thereof. The Security Agent will, however, transfer any Receivables or excess proceeds to a third person, if so required by law.
- (b) At any time when the aggregate Security granted to secure the Secured Obligations (the "**Relevant Security**") which can be realised in an event of enforcement of the Relevant Security (*realisierbarer Wert*) exceeds 110 per cent. of the outstanding Secured Obligations (the "**Limit**") not only temporarily (*nicht nur zeitweilig*), the Security Agent shall, on written demand of the Assignor, release such part of the Relevant Security (*Sicherheitenfreigabe*) as the Security Agent in its reasonable discretion may determine so as to reduce the realisable value of the Relevant Security to the Limit. In selecting the Relevant Security to be released, the Security Agent shall take into account the legitimate interests (*berechtigten Interessen*) of the Assignor and of any other grantor of Relevant Security.

- (c) In calculating the realisable value of the Relevant Security, no assets or their value shall be double-counted.
- (d) For the purposes of assessing the realisable value of the Receivables the following shall, without double-counting, be deducted from the nominal value of the Receivables:
 - (i) Receivables which are subject to an assignment restriction where the relevant person has not consented to such assignment in writing;
 - (ii) the amount of any counterclaims in relation to which a right of set-off or retention right may be exercised;
 - (iii) Receivables which are subject to defences or objections (*Einreden und Einwendungen*);
 - (iv) Receivables which have not been validly assigned to the Security Agent;
 - (v) Receivables owing by an Affiliate of the Assignor;
 - (vi) Receivables which remain unpaid 90 days after their maturity date;
 - (vii) Receivables which cannot be enforced due to the jurisdiction in which the relevant debtor has its seat or resides; and
 - (viii) a discount of 15 per cent. for the risk of non-recovery.
- (e) In case the realisable value of the Relevant Security has decreased below the Limit (or would decrease below this amount upon a drawdown permitted under a Finance Document) and provided the Security Agent has prior to such decrease released Relevant Security, the Assignor shall, upon request by the Security Agent, promptly re-grant (or procure to be granted) such Security previously released as the Security Agent may in its reasonable discretion determine so as to increase the realisable value of the Relevant Security up to the Limit.
- (f) All reasonable costs and expenses in relation to any retransfer, re-granting or valuation (irrespective of its result) pursuant to this clause 14 shall be borne by the Assignor.

15. TRANSFERS

- (a) The Assignor shall not assign or transfer any of its rights, claims or obligations under or in connection with this Agreement without prior consent of the Security Agent.
- (b) The Security Agent may at any time assign and transfer its rights, claims and obligations, including by way of assumption of contract (*befreiende Vertragsübernahme*), under or in connection with this Agreement to a person appointed as successor security agent under the terms of the other Finance Documents. The Assignor hereby consents to any such transfer.

16. LIABILITY AND INDEMNITY

16.1 Liability for damages

The Security Agent shall not be liable for any losses, damages, costs, expenses, actions, claims, demands and liabilities suffered or incurred by or made against the Assignor except in case of wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*) of the Security Agent.

16.2 Indemnification

The Assignor shall indemnify the Security Agent and keep the Security Agent indemnified against any losses, damages, costs, expenses, actions, claims, demands and liabilities which may be incurred by or made against the Security Agent for anything done or omitted in the exercise or purported exercise of the powers contained herein and occasioned by any breach of the Assignor of any of its obligations or undertakings hereunder other than to the extent that such losses, damages, expenses, actions, claims, demands and liabilities are incurred or made against the Security Agent as a result of the wilful misconduct or gross negligence of the Security Agent.

17. COSTS AND EXPENSES

All costs, charges, (legal) fees and expenses reasonably incurred in connection with this Agreement, in particular:

- (a) the preparation, execution, translation, administration or modification of this Agreement; and
- (b) the enforcement, attempted enforcement or preservation of any right or remedy under this Agreement

shall be borne by the Assignor and the Assignor shall promptly upon demand pay to the Security Agent any such amounts (including any VAT thereon).

18. DURATION AND INDEPENDENCE

- (a) This Agreement shall remain in full force and effect until complete discharge of the Secured Obligations.
- (b) This Agreement shall create a continuing security and no change, amendment, or supplement whatsoever in any Finance Document or in any document or agreement related to any of the Finance Documents shall affect the validity or the scope of this Agreement or the obligations of the Assignor under it.
- (c) This Agreement is independent from any other security or guarantee which may have been or will be granted to any Finance Party in relation to the Secured Obligations (or parts thereof). No such other security or guarantee shall prejudice, shall be prejudiced by or shall be merged in any way with this Agreement.
- (d) Waiving the provisions of section 418 BGB, the Assignor hereby agrees that the security created hereunder shall not be affected by any transfer of the Secured Obligations to any third person.

19. PARTIAL INVALIDITY, WAIVERS

19.1 Invalidity

If any provision of this Agreement should be or become invalid or unenforceable in whole or in part, this shall indisputably (*unwiderlegbar*) not affect the validity of the remaining provisions of this Agreement. The invalid or unenforceable provision shall be deemed replaced by such provision which best meets the intent and the economic purpose of the invalid or unenforceable provision. The same shall apply *mutatis mutandis* in case of omissions (*Vertragslücken*).

19.2 Waiver

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy hereunder shall operate as a waiver of such right or remedy, 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 under this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

20. AMENDMENTS

Any amendments to this Agreement, including this clause 20, must be in writing or in stricter form, if required by law.

21. NOTICES

21.1 Communications in writing, contact details

- (a) Any notice, consent, approval or other communication in connection with this Agreement must be in writing and, unless otherwise stated, may be given in person, by post or fax:

- (i) in the case of the Assignor, to:

SoundCloud Limited
Branch Office (*Zweigniederlassung*) Berlin
Permanent Representative (*ständiger Vertreter*) within the meaning of section 13(e) para. 2, sentence 5 no. German Commercial Code (*Handelsgesetzbuch - HGB*):
Address: [REDACTED]
Tel: [REDACTED]
Attention: Alexander Ljung

- (ii) in case of the Security Agent:

Ares Capital Corporation
Address: [REDACTED]
Tel: [REDACTED]
Fax: [REDACTED]
Att.: Steven Michau
E-mail: [REDACTED]

or any substitute address, fax number and the department or person, if any, for whose attention the communication is to be made as a Party may notify to each other Party with not less than five (5) Business Days' prior notice.

- (b) Proof of posting or dispatch of any notice or communication to the Assignor shall be considered proof of receipt (*widerlegbare Vermutung*):
 - (i) in case of a letter, on the second business day (at the place of receipt) following the date of its posting; and
 - (ii) in case of a fax transmission on the business day (at the place of receipt) immediately following the date of its dispatch.

21.2 Language

- (a) Any communication made in connection with this Agreement must be in English.
- (b) Any document provided in connection with this Agreement must be:
 - (i) in English; or
 - (ii) if not in English and if so requested by the Security Agent accompanied by a certified translation into English. In this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

22. GOVERNING LAW

- (a) This Agreement shall be governed by the laws of Germany.
- (b) The laws of Germany shall also be applicable to any non-contractual obligations arising under or in connection with this Agreement. This shall not prejudice the rights of third persons.

23. JURISDICTION

- (a) The courts of Frankfurt am Main, Germany, shall have exclusive jurisdiction to settle any dispute in connection with this Agreement.
- (b) This clause 23 is for the benefit of the Security Agent only. To the extent admissible by law, the Security Agent may take proceedings in any other court with jurisdiction and concurrent proceedings in any number of jurisdictions.

24. CONCLUSION OF THIS AGREEMENT (VERTRAGSSCHLUSS)

- (a) The Parties may decide to conclude this Agreement by exchanging fully executed versions of this Agreement, which shall be done by telecommunication transmission or by fax or as electronic copies (pdf, tif etc.) by e-mail.
- (b) If the Parties decide to conclude this Agreement pursuant to sub-clause (a), the Parties will transmit their respective signed version of this Agreement to Robert Hofbauer, Fax: [REDACTED] Email: [REDACTED] or to Marc Kirchner, Fax: [REDACTED] Email: [REDACTED] each at DLA Piper UK LLP (each a "Recipient"). This Agreement shall be deemed to have been

concluded as soon as the Recipient has received all executed versions from all Parties to this Agreement and at the time of receipt of the last outstanding executed version.

- (c) For the purpose of this clause 24 only, the Parties appoint each Recipient as their respective receiving agent (*Empfangsbote*) and explicitly authorize each Recipient to receive all signed versions of this Agreement from all Parties and for all Parties. Each Recipient shall not be subject to any further obligations whatsoever in connection with this receiving agency and may in particular assume that the signed versions transmitted to him by means of telecommunication correspond to the originals of the respective signed version, the authenticity of all signatures on the originals of the signed versions, as well as the signing authority of all signatories.

[SCHEDULES AND EXECUTION PAGE TO FOLLOW]

SCHEDULE 1: LIST OF RECEIVABLES**Part 1: Insurance Agreements**

Insurance Agreement	Insurance Policy	Insurance Company	Insurance holder (Versicherungsnehmer), address	insured persons (versicherte Personen); address
Property Electronics - Electronic Equipment in the clients premises Netherlands, Germany	[REDACTED] I-48	AXA Köln Postfach 920134 51151 Köln	Soundcloud Ltd. Rheinsberger Str. 76 10115 Berlin	Soundcloud Ltd. Rheinsberger Str. 76 10115 Berlin
Property Damage / Business Interruption – Office- and technical equipment, stocks	[REDACTED] 8M	AXA Köln Postfach 920134 51151 Köln	Soundcloud Ltd. Rheinsberger Str. 76 10115 Berlin	Soundcloud Ltd. Rheinsberger Str. 76 10115 Berlin
Commercial Liability – Personal Injury / Property damage	[REDACTED] 316	Zurich Bonn 59287 Bonn	Soundcloud Ltd. Rheinsberger Str. 76 10115 Berlin	Soundcloud Ltd. Rheinsberger Str. 76 10115 Berlin

Part 2: Intercompany Agreements

Agreement	Third Party Obligor	Address	Due date	Amount outstanding in EUR
Currently None	-	-	-	-

SCHEDULE 2: FORM OF NOTICE OF SECURITY ASSIGNMENT

Part 1: Form of Notification

Note: This Notification may also be sent in a German translation of this form.

[Letterhead of the Assignor]

To: [◆ Third Party Obligor]

Copy to: [◆ Security Agent]

Date: [◆]

**Re: Notification of Security Assignment in relation to [◆ *description of Receivables*]
(the ["Insurance Receivables"/"Intercompany Receivables"/"Accounts Receivables"])**

Dear Sirs,

This letter is to inform you that, pursuant to a security assignment agreement between ourselves and [◆ Security Agent] (the "Security Agent") dated [◆] we have assigned to the Security Agent all present and future receivables, rights and claims against you arising from or in connection with the [Insurance Receivables/Intercompany Receivables/Accounts Receivables] together with all ancillary rights.

We are authorised by the Security Agent to collect the assigned receivables in our own name and for our own account and to exercise any rights and claims until and unless you receive a notification from the Security Agent to the contrary.

We kindly request that you acknowledge receipt of this notice and consent to the assignment described above by using the attached form of acknowledgement on the enclosed copy letter and returning the same to the Security Agent.

Yours faithfully,

[◆ Assignor]

[Note: Form of Third Party Obligor's acknowledgement and copy of the signed security assignment agreement to be enclosed.]

Part 2: Form of Third Party Obligor's Acknowledgement

[Letterhead of Third Party Obligor]

To: [◆ Security Agent]

Copy: [◆ Assignor]

Date [◆]

Security assignment agreement between, *inter alios*, [◆ Assignor] (the "Assignor") and [◆ Security Agent] (the "Security Agent") dated on or about [◆] (the "Security Assignment Agreement")

Dear Sirs,

We hereby confirm to have taken note of the Security Assignment Agreement under which the Assignor has assigned to you present and future receivables, rights and claims against us arising from or in connection with [◆ reference to the Receivables] [in relation to the Insurance Receivables (insurance policy number [◆] (the "Insurance Policy"))] together with all ancillary rights (the ["Insurance Receivables"/"Intercompany Receivables"/"Accounts Receivables"]). We hereby consent to such assignment and confirm that, to the best of our knowledge, we are not aware of any other security arrangements regarding the [Insurance Receivables/Intercompany Receivables/Accounts Receivables].

[in relation to the Insurance Receivables: We have noted the Security Agent as assignee in the Insurance Policy and agree to provide copies of any dunning letters in relation to insurance premiums to the Security Agent.]

Yours faithfully,

Duly authorised signatory of the Third Party Obligor

EXECUTION PAGE
to the Security Assignment Agreement
dated 10 March 2017

THE ASSIGNOR

SOUNDCLOUD LIMITED

By: 

By: _____
Authorised Signatory

THE SECURITY AGENT

ARES CAPITAL CORPORATION

By: _____
Authorised Signatory

By: _____
Authorised Signatory