

(1) NPIF II – EQUITY NW GP LLP

AND

(2) [NAME OF COMPANY]

AND

(3) PRAETURA VENTURES LIMITED

INVESTMENT INSTRUMENT
relating to
[Name of Company]



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THIS AGREEMENT is made on

2025

BETWEEN:

- (1) **NPIF II – EQUITY NW GP LLP** a limited liability partnership established in England with number OC450609 whose registered address is at Level 8 Bauhaus, 27 Quay Street, Manchester, United Kingdom, M3 3GY, acting in its capacity as general partner of NPIF II – EQUITY NW LP, a private fund limited partnership established in England whose registered address is at Level 8 Bauhaus, 27 Quay Street, Manchester, United Kingdom, M3 3GY (“**Investor**”);
- (2) **[NAME OF COMPANY]**, a company incorporated and registered in England and Wales with company number **[NUMBER]** and having its registered office at **[ADDRESS]** (“**Company**”); and
- (3) **PRAETURA VENTURES LIMITED** incorporated and registered in England and Wales with registered number 11439791 and whose registered office is at Level 8 Bauhaus, 27 Quay Street, Manchester, England, M3 3GY (“**Praetura**”).

BACKGROUND

On or around the date of this agreement the Investor shall make advance subscription funds available to the Company for the purpose and on the terms more particularly described in this agreement.

IT IS AGREED that:

1 INTERPRETATION AND DEFINITIONS

- 1.1 This agreement will be interpreted in accordance with the provisions set out in paragraph 1 of SCHEDULE 4 (Interpretation and definitions) unless the context otherwise requires.
- 1.2 A number of terms used in this agreement are defined in SCHEDULE 4 at the end of this agreement and all such defined terms will apply throughout this agreement.
- 1.3 In addition to the terms defined in SCHEDULE 4, a number of other terms are defined elsewhere in this agreement, and those defined terms will also apply throughout this agreement unless the context otherwise requires.

2 ADVANCE SUBSCRIPTION

2.1 Advance Subscription

Subject to the terms of this agreement, on the Advance Date, the Investor shall make available to the Company funds in an aggregate amount of £**[AMOUNT]** (“**Advance Subscription Funds**”).

2.2 Purpose

The Company will apply the Advance Subscription Funds towards growing and developing the business of the Company in accordance with the Business Plan.

2.3 Payment

The Advance Subscription Funds shall be paid to the following bank account held by the Company (or such other account as the Company and Investor may agree) on or around the Advance Date:

Name of Bank: [•]

Account name: [•]

Sort Code: [•]

Account Number: [•]

2.4 **Waiver**

The Company hereby undertakes to procure all consents, waivers and shareholder resolutions necessary (pursuant to the Articles or otherwise) so as to enable the issue of shares in the capital of the Company contemplated by this agreement to proceed free of pre-emption rights or other restriction.

3 REPAYMENT

3.1 The Advance Subscription Funds shall, prior to Conversion, become immediately repayable and due to the Investor without further demand, together with the Redemption Premium, on the occurrence of any Insolvency Event.

3.2 If the Company breaches, in any material respect, any of the Warranties or the undertakings contained in Part 2 of SCHEDULE 3, and such breach, if capable of remedy, is not remedied to the reasonable satisfaction of the Investor, and provided Conversion has not occurred, the Investor may direct, by written notice to the Company, that the Advance Subscription Funds, together with the Redemption Premium, shall be repayable and due to the Investor immediately.

3.3 The Company may not make any voluntary repayment of the Advance Subscription Funds.

3.4 On repayment of the Advance Subscription Funds, together with the Redemption Premium, in accordance with clause 3.1 or clause 3.2, this agreement shall terminate.

4 CONVERSION

4.1 The Advance Subscription Funds shall be applied to the subscription of Conversion Shares at the Conversion Price, and the Company shall issue and allot to the Investor (or as the Investor shall direct) the number of fully paid Conversion Shares to which it is entitled:

4.1.1 in the event of a Financing Round, automatically and immediately prior to the unconditional completion of such Financing Round; or

4.1.2 in the event of an Exit, automatically and immediately prior to the unconditional completion of such Exit; or

4.1.3 on the election of the Investor (such election to be made by written notice to the Company – a “**Conversion Notice**”) at any time on or after the Longstop Date (if no Financing Round or Exit has unconditionally completed on or prior to the Longstop Date).

4.2 The Conversion Shares will rank pari passu with the most senior class of shares that will be in issue with effect from the Conversion Date and shall carry the right to receive all dividends and other distributions declared after the Conversion Date, provided that the issue price or starting price (as the case may be) for any liquidation preference and any anti-dilution rights (if applicable) attaching to the Conversion Shares will be calculated by reference to the Conversion Price, rather than the price paid by the investor(s) on any Financing Round. The entitlement of the Investor to a fraction of a

share shall be rounded to the nearest whole number of shares which result from Conversion.

- 4.3 The Investor will, following Conversion, be entitled to transfer the Conversion Shares without restriction to a Permitted Transferee.

5 WARRANTIES

- 5.1 The Company hereby warrants to Praetura and to the Investor in terms of the Warranties at the Advance Date.
- 5.2 The Company acknowledges that the Investor has entered into this agreement in reliance on the Warranties.
- 5.3 Each Warranty shall be construed independently and not limited by the terms of any other Warranty or provision of this agreement and each shall be interpreted as a separate, independent warranty with separate right of action in respect of any breach.
- 5.4 Unless otherwise specified, where any Warranty refers to the knowledge, awareness or belief of the Company (or similar expression) such awareness or belief shall refer to the knowledge, awareness or belief of each of the directors of the Company and such knowledge or awareness as they would have obtained had they made reasonable enquiries into the subject matter of that Warranty.

6 COVENANTS

The Company covenants with and undertakes to Praetura and the Investor in terms of SCHEDULE 3.

7 BOARD OBSERVER

Praetura shall, both before and after Conversion, be entitled to appoint and remove or replace an observer who shall be entitled to receive notice of, and to attend, observe or speak (but not vote) at meetings of the directors of the Company (and of any subsidiary).

8 RIGHTS FOLLOWING CONVERSION

The Company will procure that the rights of Praetura and of the Investor that are expressed in this agreement to apply after Conversion are given enforceable effect whether by way of incorporation into a shareholders' agreement, via the Articles, or otherwise.

9 COSTS AND FEES

- 9.1 On the Advance Date (or, if later, the date of receipt of the Advance Subscription Funds) the Company shall pay:
- 9.1.1 a due diligence fee of £1,000 (plus VAT, if applicable) to Praetura; and
 - 9.1.2 the reasonable legal costs of Praetura and the Investor in connection with this agreement, not exceeding £4,000 plus VAT.
- 9.2 The Company shall pay to Praetura an annual monitoring fee equivalent to 1.5% of the Advance Subscription Funds ("**Annual Fee**"), payable annually in advance. The first payment shall be paid on the Advance Date (or, if later, the date of receipt of the Advance Subscription Funds). The Annual Fee will be payable both before and after Conversion.
- 9.3 Save as provided in clause 9.1.2, each party shall pay its own costs relating to the negotiation, preparation and performance by it of this agreement.

10 COMMUNICATIONS

10.1 In writing

Unless otherwise expressly stated herein, all communications under this agreement will be in writing and may be made by letter or email.

10.2 Address

Any communication by letter to be made or delivered by one party to the other(s) will be made or delivered to that other party at the address shown next to its name on the first page of this agreement or to such other address as may from time to time be notified by one party to the other(s) in accordance with this clause and any communication by email to be made by one party to the other(s) will be made to that other party at the email address as may from time to time be notified by one party to the other(s) in accordance with this clause 10.

10.3 Delivery

Any communication made or delivered under this agreement will be deemed made or delivered:

10.3.1 when received, in the case of an email (except that if an email is received between 5:00pm on a Business Day and 9:00am on the next Business Day (UK time), it shall be deemed to have been received at 9:00am on the second of such Business Days);

10.3.2 when left at the relevant address, in the case of a personally delivered letter; or

10.3.3 two Business Days after dispatch, in the case of a letter sent by prepaid first class post in an envelope addressed to the relevant address.

11 GENERAL

11.1 Status of funds

No amount of the Advance Subscription Funds is repayable by the Company other than in the circumstances set out in clause 3. The Advance Subscription Funds shall, unless they have become repayable in accordance with clause 3, be applied to the subscription of shares in the Company in accordance with clause 4. The parties acknowledge that this agreement is irrevocable.

11.2 Announcements

11.2.1 No party shall make or authorise any public announcement or communication concerning this agreement or any matter contemplated by or ancillary to it unless they have first obtained the written consent of Praetura.

11.2.2 Notwithstanding clause 11.2.1 any party may:

11.2.2.1 make any announcement required by law or any regulatory or governmental body, or in response to any freedom of information request; and

11.2.2.2 make a communication to their professional advisers in connection with advice relating to this agreement.

11.3 **Assignment**

11.3.1 Subject to clause 11.3.2, no party shall assign, transfer, charge, make the subject of a trust or deal in any other manner with this agreement or any of its rights under this agreement or purport to do any of the same without the prior written consent of Praetura on behalf of the Investor.

11.3.2 The benefit of this agreement may be assigned by the Investor to any of its Permitted Transferees.

11.3.3 This agreement shall be binding on and shall continue for the benefit of each party's personal representatives and successors in title.

11.4 **Variation**

A variation to this agreement shall only be effective if it is in writing signed by or on behalf of the Company and Praetura on behalf of itself and the Investor, in which event such variation shall be binding against all of the parties. The parties shall not be required to obtain consent of a third party on whom a benefit is conferred under this agreement to variation of this agreement or waiver of any right or claim arising under it.

11.5 **Counterparts**

This agreement may be executed in counterpart, and this has the same effect as if the signatures on the counterparts were on a single copy of this agreement. The exchange of a fully executed version of this agreement (in counterparts or otherwise) by electronic transmission in PDF format shall be sufficient to bind the parties to the terms and conditions of this agreement and no exchange of originals is necessary.

11.6 **Survival**

Except to the extent that they have been performed or where this agreement provides otherwise, the obligations contained in this agreement remain in force after Conversion.

11.7 **Entire Agreement**

This agreement sets forth the entire understanding among the parties with respect to the subject matter hereof.

11.8 **Severance**

If one or more provisions of this agreement is held to be unenforceable under applicable law, such provision shall be excluded from this agreement and the balance of the agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms. If any provision hereof is found unlawful, invalid or but would be lawful, valid or enforceable if part of it were deleted, that provision shall apply with such modification(s) as may be necessary to make it lawful, valid or enforceable.

11.9 **Waiver**

Failure or delay in exercising a right or remedy under this agreement or by law does not constitute waiver of any such right or remedy. No single or partial exercise, or non-exercise or non-enforcement of any right or remedy provided by this agreement or by law prevents or restricts any further or other exercise or enforcement of that (or any other) right or remedy.

12 GOVERNING LAW AND JURISDICTION

12.1 This agreement shall be governed by and interpreted in accordance with the laws of England and Wales. Non-contractual obligations arising out of or in connection with this agreement shall be governed by the laws of England and Wales.

12.2 The parties agree to submit to the exclusive jurisdiction of English Courts in relation to any claim or matter arising under this agreement.

SCHEDULE 1

Share Capital of the Company

£[] divided into [] [] shares of £[] each.

Name	No of [] shares of £[] each	Percentage of shares
[]	[]	[]%
[]	[]	[]%

SCHEDULE 2

The Warranties

1 INFORMATION

- 1.1 The information in Schedule 1 is true, complete and accurate.
- 1.2 The information provided by the Company in the Company Questionnaire and all information contained in the Data Room is true, complete and accurate in all material respects and is not misleading.
- 1.3 The balance sheet of the Company contained at [*document number*] of the Data Room fairly represents the assets, liabilities and financial position of the Company.

2 THE COMPANY

- 2.1 The Company is a limited company incorporated under English law and has been in continuous existence since incorporation. The Company has the right, power, capacity and authority to carry on its business or any proposed business or operations.
- 2.2 The Company has full power and authority and has taken all action necessary (including obtaining all necessary consents or approvals) to enter into and perform this agreement.
- 2.3 This agreement (and the other documents to be entered into pursuant to it) will, when executed, constitute obligations binding on the Company in accordance with their terms.
- 2.4 The Company does not undertake and is not involved in any Ineligible Activities.

3 SOLVENCY

- 3.1 No order or application has been made or resolution passed for the winding up of the Company or for the appointment of a provisional liquidator to the Company.
- 3.2 No petition has been presented and no application has been made to court for an administration order relating to the Company. No notice of an intention to appoint an administrator of the Company has been given or filed.
- 3.3 No receiver or receiver and manager has been appointed of the whole or part of the Company's business or assets.
- 3.4 No voluntary arrangement has been proposed under section 1 Insolvency Act 1986 relating to the Company. No compromise or arrangement has been proposed, agreed to or sanctioned under part 26 of the Act relating to the Company.
- 3.5 The Company is not insolvent or unable to pay its debts within the meaning of section 123 Insolvency Act 1986. The Company has not stopped paying its debts as they fall due.
- 3.6 No distress, execution or other process has been levied on an asset of the Company.
- 3.7 There is no unsatisfied judgment or court order outstanding against the Company.
- 3.8 None of the Company's assets have been the subject of a transaction at an undervalue within the meaning of Part VI or Part IX Insolvency Act 1986.

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- 3.9 No action is being taken by the Registrar of Companies to strike the Company off the register.
- 3.10 The Company has not suffered any proceedings or orders equivalent or analogous to any of those described in this paragraph 3 under the law of any other jurisdiction.

4 SHARES

Each of the shareholders listed therein is the legal and beneficial owner of the number and class of shares set opposite their respective name in Schedule 1. All of those shares are fully paid or credited as fully paid and together constitute the whole of the share capital of the Company at the date of this agreement.

5 BUSINESS PLAN

- 5.1 So far as the Company is aware, the factual information in the Business Plan is true, complete and accurate and, so far as the Company is aware, does not omit anything which makes such information materially untrue, inaccurate or misleading.
- 5.2 The Business Plan has been honestly and carefully prepared by (or on behalf of) the Company, having made all reasonable enquiries to ascertain, and taking into account, all information which is (or could reasonably be expected to be) relevant.
- 5.3 All forecasts and projections contained in the Business Plan are based on assumptions which the Company believes to be reasonable.

SCHEDULE 3

Covenants

Part 1

Positive Covenants

1 CONDUCT OF BUSINESS

- 1.1 The Company shall procure that the Company's business complies with all applicable laws and regulations including all applicable laws and regulations relating to anti-bribery, anti-corruption or sanctions.
- 1.2 The Company shall take all steps necessary to obtain, maintain and comply with all governmental and other licences and consents necessary for the carrying on of the business of the Company.
- 1.3 The Company shall ensure that any expansion or development of the Company's business is effected only through the Company or a joint venture or other agreement entered into on arms' length terms.
- 1.4 The Company shall keep proper accounting records, prepared in accordance with generally accepted accounting policies in the United Kingdom and the requirements of the Act, and shall ensure that such accounting records contain a true, complete and accurate record of the dealings and transactions of the Company.
- 1.5 The Company shall take all steps required or necessary to identify and protect its confidential information and all intellectual property used in or required for conduct of the Company's business.
- 1.6 The Company will maintain a material part of its operations, staffing and/or trading in the Fund Area.

2 BOARD MEETINGS

- 2.1 The Company shall procure at least eight meetings of the Board are held each year (not more than nine weeks apart) at the Company's registered office, or at such other place as Praetura agree.
- 2.2 At least five Business Days' notice shall be given to Praetura of each meeting of the Board (unless the prior consent of Praetura has been given to a shorter period), specifying the nature of the business to be transacted at the meeting and accompanied by copies of all documents circulated to the Board in preparation for such meeting.

3 PROVISION OF INFORMATION

- 3.1 The Company will provide to Praetura:
 - 3.1.1 the annual accounts of the Company within six months of the end of each accounting period of the Company;
 - 3.1.2 copies of its monthly management accounts within 20 days of the end of each calendar month;
 - 3.1.3 monthly trial balances (to be submitted via Praetura's online reporting system);
 - 3.1.4 following Conversion, the same information that is provided to the Company's other investors from time to time under the terms of any shareholders'

TEMPLATE

agreement in place between the Company and such investors, including any accounts, budgets, forecasts, reports and/or any right to reasonably request other information, in each case for the purpose of monitoring the Investor's investment in the Company.

Part 2

Negative Covenants

1 INELIGIBLE ACTIVITIES

The Company shall not carry on any of the following activities in the course of its business:

- 1.1 the manufacture, supply, sale, distribution or marketing of alcohol;
- 1.2 any activity connected with the tobacco industry or the manufacture, supply, sale, distribution or marketing of any nicotine products;
- 1.3 the design, manufacture, supply, sale, distribution or marketing of any products used solely in the defence industry;
- 1.4 the provision of sub-prime financing;
- 1.5 any activity connected with pornography or adult entertainment;
- 1.6 any activity connected with the gambling industry;
- 1.7 the promotion or support of religious movements; or
- 1.8 any activity which has an adverse impact on human or animal rights (excluding activities done by companies in compliance with the Animals (Scientific Procedures) Act 1986).

2 USE OF FUNDS

The Company will not use any of the Advance Subscription Funds for:

- 2.1 the repayment of any existing debt;
- 2.2 the payment of any dividend or other distribution;
- 2.3 any gift or charitable donation, any political donation or any political expenditure (as such terms are defined in sections 364 and 365 (respectively) of the Act); or
- 2.4 the payment of any bonus or discretionary payment to any employee, consultant or director other than as contracted prior to the Advance Date or provided in the Business Plan and paid by the Company in the ordinary course of its business.

3 CONSENT MATTERS

The Company will not without the prior written consent of Praetura:

- 3.1 make any material change to the nature of the business carried on by the Company or the jurisdiction where it is managed and controlled or change the name of the Company or do any act or thing outside the ordinary course of the business carried on by the Company;
- 3.2 adopt any business plan in substitution for the Business Plan or make any material amendment to the Business Plan;
- 3.3 buy-in or redeem any of its share capital;

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- 3.4 make any loan or advance or give any credit (other than in the ordinary course of business) to any person or enter into or give any guarantee of or contract of suretyship for or otherwise commit itself in respect of the due payment of money or the performance of any contract, engagement or obligation of any other person or body other than a wholly owned subsidiary of the Company;
- 3.5 incur any borrowings or liability for financial indebtedness (other than ordinary trade credit incurred in the ordinary course of business);
- 3.6 create any Encumbrance on or over the business or assets of the Company (other than liens or retentions of title arising in the ordinary course of business);
- 3.7 make any payment or series of payments to a single counterparty or creditor in excess of £25,000;
- 3.8 increase the remuneration of any of its directors other than as provided in the Business Plan;
- 3.9 subscribe or otherwise acquire or dispose of any shares in the capital of any other company or any part of the undertaking of any other person.

4 GENERAL

The Company will not take any steps or actions intended to impair or adversely affect or derogate from, in any manner whatsoever, the enforceability in any respect of this agreement or to adversely affect the economic interests of the Investor pursuant to this agreement.

SCHEDULE 4

Interpretation and Definitions

1 INTERPRETATION

In this agreement:

- 1.1 references to a party include its successors in title, transferees and assignees;
- 1.2 references to each gender includes the other genders;
- 1.3 a reference to a **subsidiary** means a subsidiary as defined in section 1159 of the Act;
- 1.4 a **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns; and
- 1.5 references to a document in **agreed form** are to that document in the form agreed by the parties as evidenced for identification purposes by them initialling such document (or their solicitors on their behalf agreeing such form in correspondence).

2 DEFINITIONS

2.1 In this agreement:

“**Act**” means the Companies Act 2006;

“**Acting in Concert**” has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

“**Advance Date**” means the date of this Agreement;

“**Advance Subscription Funds**” has the meaning given in clause 2.1;

“**Affiliate**” means in relation to a body corporate, any other entity which directly or indirectly controls, is controlled by, or is under direct or indirect common control with that body corporate from time to time;

“**Annual Fee**” has the meaning given in clause 9.2;

“**Articles**” means the articles of association of the Company from time to time;

“**Asset Sale**” means the sale or transfer of the whole or substantially the whole of the undertaking or assets of the Company or any subsidiary of the Company;

“**BBB Group**” means British Business Bank PLC and its Affiliates (which for the avoidance of doubt includes British Business Investments Limited);

“**Board**” means the board of directors of the Company from time to time;

“**Business Days**” means a day (other than a Saturday or Sunday) on which banks are open for business in London;

“**Business Plan**” means the Company's business plan in the agreed form which is contained in section 1 of the Data Room;

“**Company Questionnaire**” means the Company’s written responses to Praetura’s due diligence questionnaire in the agreed form which are included in section [NUMBER] of the Data Room;

“**Controlling Interest**” means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

“**Conversion**” means the application of the Advance Subscription Funds in subscription for Conversion Shares in accordance with clause 4;

“**Conversion Date**” means the date on which Conversion occurs;

“**Conversion Notice**” has the meaning given in clause 4.1.3;

“**Conversion Price**” means:

- (a) where the subscription takes place pursuant to clause 4.1.1 (*on a Financing Round*), a price per Conversion Share equal to the lower of:
 - (i) the Discount to the lowest price paid per Next Round Share; or
 - (ii) a price per share based on a pre-money valuation of £[5,000,000] divided by the fully diluted share capital of the Company immediately prior to the Financing Round (excluding (i) any securities to be issued pursuant to the application of the Advance Subscription Funds or on the Financing Round and/or (ii) any increase in the Company’s share option pool required in connection with the Financing Round); or
- (b) where the subscription takes place pursuant to clause 4.1.2 (*on an Exit*), a price per Conversion Share equal to the lower of:
 - (i) the Discount to a price per share based on the Sale Price, divided by the fully diluted share capital of the Company immediately prior to completion of the Exit (excluding any securities to be issued pursuant to the application of the Advance Subscription Funds); or
 - (ii) a price per share based on a pre-money valuation of £5,000,000 divided by the fully diluted share capital of the Company immediately prior to completion of the Exit (excluding any securities to be issued pursuant to the application of the Advance Subscription Funds);
- (c) where the subscription takes place pursuant to clause 4.1.3 (*on or after the Longstop Date*), at a price per Conversion Share equal to the lower of:
 - (i) a price per share based on a pre-money valuation of £1,500,000 divided by the fully diluted share capital of the Company immediately prior to the Longstop Date (excluding any securities to be issued pursuant to the application of the Advance Subscription Funds); or
 - (ii) in the event any shares have been, issued by the Company in the period from the Advance Date to the date of the Conversion Notice the Discount to the lowest price paid per share for any such shares.

“**Conversion Shares**” means:

- (a) in the case of shares issued pursuant to clause 4.1.1, the Next Round Shares; or

- (b) in the case of shares issued pursuant to clauses 4.1.2 or 4.1.3, the Ordinary Shares.

“Data Room” means the online data room hosted by Irwin Mitchell containing documents relating to the Company, an index of which has been initialled on behalf of the Company and the Investor for identification;

“Discount” means:

- (a) if Conversion occurs within 6 months after the Advance Date, a discount of 10%;
- (b) if Conversion occurs more than 6 months but less than 12 months after the Advance Date, a discount of 20%; and
- (c) if Conversion occurs 12 months or more after the Advance Date, a discount of 30%;

“Encumbrance” means any interest or equity of any person or any mortgage, charge, pledge, lien, assignment, hypothecation, security, interest, title, retention or any other security agreement or arrangement, or any agreement to create any of the above;

“Exit” means a Share Sale or an Asset Sale;

“Financing Round” means either:

- (a) subscriptions for equity in the Company after the date of this agreement by one or more persons raising an aggregate of at least £1,000,000 (including the Advance Subscription Funds), which amount can be raised in one or in a series of fundraisings prior to the date falling 6 months after the Advance Date; or
- (b) subscriptions for equity in the Company after the date of this agreement by one or more persons raising an aggregate of at least £1,000,000 (excluding the Advance Subscription Funds), which amount can be raised in one or in a series of fundraisings on or before the Longstop Date;

“Fund Area” means the International Territorial Level 2 areas of Cheshire, Cumbria, Greater Manchester, Lancashire, Merseyside, North Yorkshire, South Yorkshire and West Yorkshire and the International Territorial Level 3 areas of City of Kingston upon Hull, East Riding of Yorkshire, Hartlepool and Stockton-on-Tees, South Teesside, Darlington, Durham, Northumberland, Tyneside and Sunderland;

“Ineligible Activities” means those activities listed in paragraph 1 of Part 2 of SCHEDULE 3;

“Insolvency Event” means any one or more of the following:

- (a) the Company is insolvent or unable to pay its debts (as defined in sections 123(1)(e) and 123(2) of the Insolvency Act 1986);
- (b) an order is made or an effective resolution is passed for the winding-up or dissolution of the Company or an administrative or other receiver, administrator, liquidator, provisional liquidator, trustee or similar officer is appointed over all or any material part of its assets;
- (c) any Encumbrance on or over all or a material part of the assets of the Company becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that Encumbrance; and/or

- (d) anything analogous to or having a substantially similar effect to any of the events specified in the previous paragraphs inclusive shall occur under the laws of any applicable jurisdiction;

“Longstop Date” means the date falling two years from the Advance Date;

“Next Round Share” means, in respect of a Financing Round, the most senior class of share (as determined by the Investor) issued in such Financing Round;

“Ordinary Shares” means the [ordinary] shares of £[AMOUNT]¹ each in the capital of the Company or, if at the time of Conversion the Company has created a class of shares with rights (whether in respect of return of capital income or income) senior to those [ordinary] shares, shares of such class (and if more than one such class of shares is in existence, such class of shares as the Investor shall designate);

“Permitted Transferee” means:

- (a) any member of the BBB Group or any other entity controlled or majority owned (directly or indirectly) by the Department for Business, Energy and Industrial Strategy or any other UK Government Agency, or any entity managed, advised, controlled or majority owned (directly or indirectly) by such member of the BBB Group or other entity;
- (b) where shares or investments are held by a nominee, any person beneficially entitled to such shares;
- (c) any nominee or trustee for, or general partner of, any investment fund or co-investment plan for whom shares or investments are held;
- (d) any investment fund or co-investment managed or advised by the same manager of the investment fund or co-investment plan for whom shares or investments are held; or
- (e) any unitholder, shareholder, partner or participant in, or manager or adviser (or an officer or employee, past or present, of such manager or adviser) of any investment fund or co-investment plan for whom shares or investments are held;

“Redemption Premium” means a premium equal to 100% of the amount of the Advance Subscription Funds;

“Sale Price” means the aggregate consideration payable to the shareholders for the entire issued share capital of the Company (in the case of a Share Sale) or to the Company (in the case of an Asset Sale);

“Share Sale” means the sale of any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in the Company immediately prior to the sale; and

“Warranties” means those warranties set out in SCHEDULE 2.

¹ Note: include the appropriate nominal value for the Company's ordinary shares. Update if the existing share capital is already divided into separate classes.

TEMPLATE

This agreement has been executed on the date stated at the beginning of this agreement.

Signed by.....)
duly authorised attorney for **NPIF II –**)
EQUITY NW GP LLP, acting in its)
capacity as general partner of **NPIF II –**)
EQUITY NW LP) _____

Signed by)
[COMPANY NAME], acting by)
....., a director) _____
)

Signed by)
duly authorised attorney for)
PRAETURA VENTURES LIMITED)
) _____