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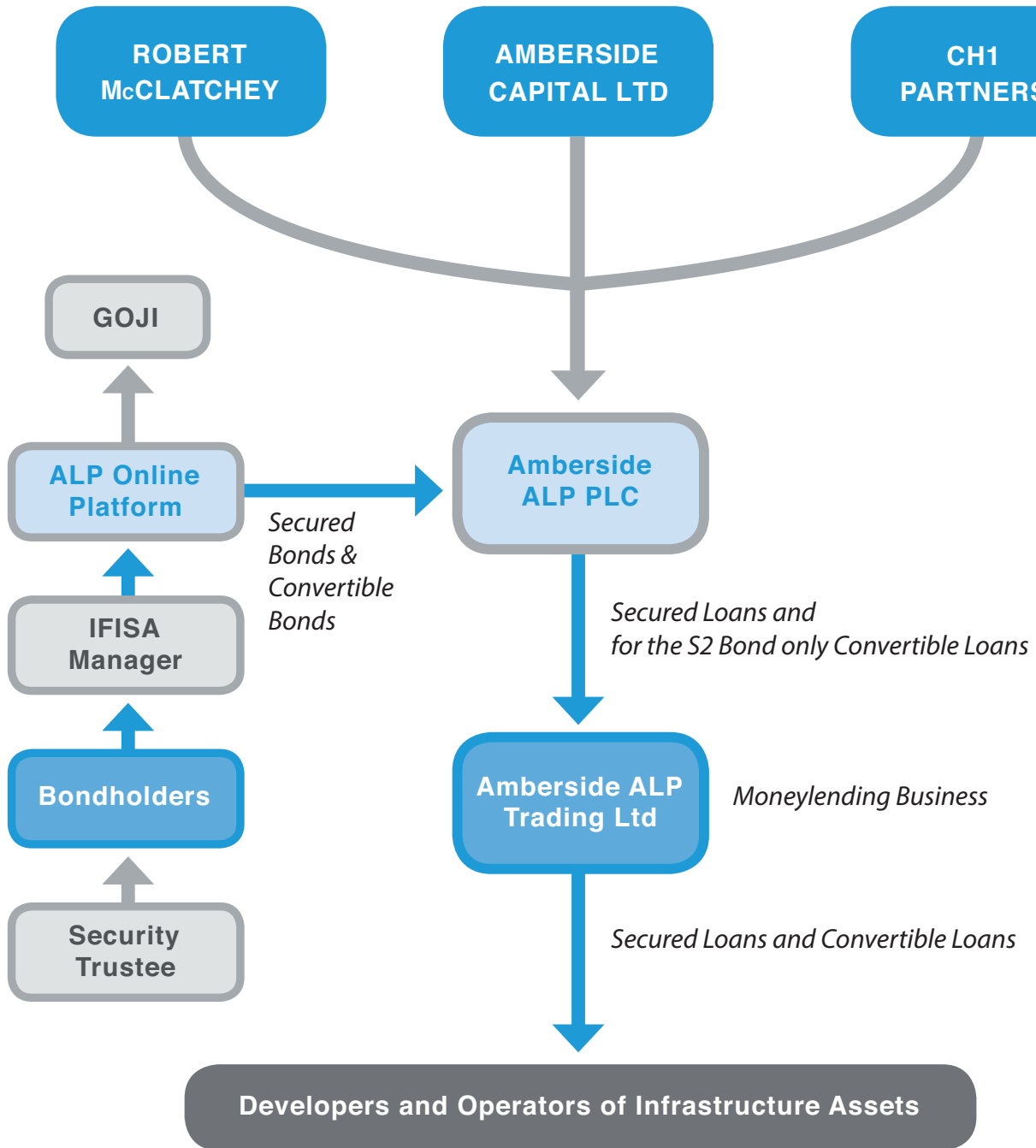
2020

**OFFER DOCUMENT  
FOR THE  
FOLLOWING  
SERIES OF 2020  
ISSUE BONDS:**

❖ SERIES S2 BONDS

WITH PROVISION  
FOR THE ISSUE OF  
FURTHER SERIES OF  
2020 ISSUE BONDS  
IN ACCORDANCE  
WITH APPLICABLE  
FINAL TERMS OF  
ISSUE UNDER A  
BOND ISSUANCE  
PROGRAMME





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This document dated 26 October 2020 (the "Information Memorandum") is issued by Amberside ALP plc, a public limited company, incorporated in England with the registered number 11041038 and whose registered office is at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP (the "Company", "we" or "us").

The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

This Information Memorandum is exempt from the general restriction in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is made solely to persons who fall into one or more of the following categories:

- certified high net worth individuals within the meaning of article 48 of the Financial Services and Markets Act 2000 (Financial Promotions Order) 2005 (the "Order")
- certified sophisticated investors within the meaning of article 50 of the Order
- self-certified sophisticated investors within the meaning of article 50A of the Order
- investment professionals within the meaning of article 19 of the Order

Any person who does not fall into one or more of the categories above should not rely on this document and should not attempt to make an investment in the Company in the manner described herein.

Please contact an appropriately authorised and experienced financial adviser if you are in any doubt about the contents of this promotion or what action (if any) you should take.

This Information Memorandum does not constitute an approved prospectus within the meaning of section 85(7) of the Financial Services and Markets Act 2000. By reading this document you represent and warrant to the Company and Amberside that, amongst other things, you are able to receive the Information Memorandum without violating any applicable laws.

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Prospective Investors should not regard the contents of the Information Memorandum as constituting legal, tax or investment advice.

Prospective Investors (provided they fall into one or more of the categories above) are advised to read this Information Memorandum in full. The Company and the Directors (whose names are set out on page 39 accept responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

# AMBERSIDE ALP PLC

(registered in England and Wales under the Companies Act 2006 with registered number 11041038)

Offers of Bonds for subscription to raise up to £2,000,000  
to fund the Company's money lending business  
pursuant to a Bond Issuance Programme.

The Terms of Issue for the Bonds now being offered:

- Series S2 Bonds

are set out on page 33 and summarised on page 5. It is anticipated that further series of Bonds will be issued in accordance with additional Final Terms of Issue which will be made available on the Company's website at [www.ambersidealp.com](http://www.ambersidealp.com). No application has been made for any shares or Bonds in the capital of the Company to be dealt in or listed on any stock exchange or market.

Applications for Bonds are made through the application form available on [www.ambersidealp.com](http://www.ambersidealp.com). The S2 Bonds will not be available within an ISA.

Applications, once made, may not be withdrawn save where a supplementary information memorandum is published by the Company in which case investors may withdraw their applications during the two Business Days following the publication of the supplementary information memorandum. Copies of this Information Memorandum are available (and any supplementary information memorandum published by the Company will be available) free of charge from the offices of the Company at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP or on the Amberside ALP website at [www.ambersidealp.com](http://www.ambersidealp.com).

## IMPORTANT NOTICE

Your attention is drawn to the risk factors set out on page 13 to 16 of this document. All statements of opinion contained in this Information Memorandum, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Company represent the Company's own assessment based on information available to it as at the date of this Information Memorandum. If you are in doubt as to the action you should take, you should consult an independent financial adviser authorised under FSMA.

## S2 BONDS ARE DIFFERENT

The S2 Bonds are a different risk profile and structure to those of all other ALP bonds and hence have potential for higher returns. They are bonds linked to a convertible loan agreement that either provide equity or a cash payment at the end of their term. The expected term of the S2 Bonds is 3 years, although this may be shorter upon the occurrence of certain events specified in the Convertible Loan Agreement and returns are subject to the performance of Sterling Suffolk Limited. In the event of an insolvency of Sterling Suffolk Limited, these S2 Bonds do not share the same charges as other Bonds issued by the Company as they are unsecured and are likely to have a lower recovery, which could be zero.

## RETURN OF FUNDS

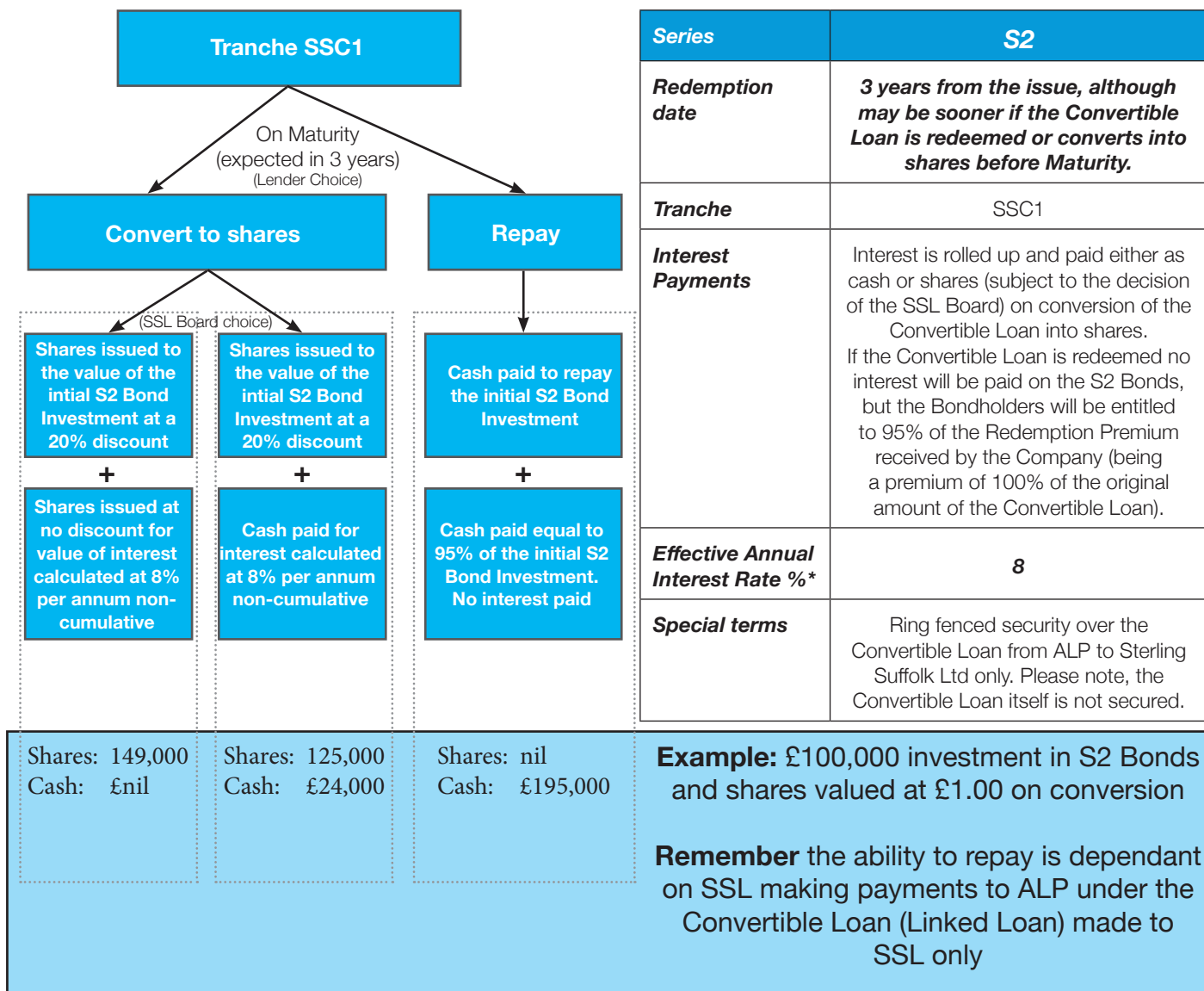
If the Convertible Loan from ALP to Sterling Suffolk Limited is not entered into, then the issue of S2 Bonds will be cancelled and money will be returned to investors. No interest on the money will be paid and no administration fee will be deducted. Once money has been committed to be matched for the Future Fund, it will not be possible to cancel an application, even if the Convertible Loan has not yet been made to Sterling Suffolk Limited and the bonds are not formally issued.

### SUMMARY OF BOND TERMS

Set out below is a summary of the Final Terms of Issue for the AMBERSIDE ALP PLC - Series S2 Bonds to be issued in tranches per Series, as described in this Information Memorandum.

The entire amount of the funds raised by the issue of Series S2 Bonds will be applied towards the funding or refinancing of the Convertible Loan Agreement made on the Future Fund standard terms between ALP and SSL. Accordingly, all money flows will be dependent on the return from this loan and principal and/or interest may be settled in the form of shares issued by SSL. The Final Terms of Issue for Series S2 Bonds are set out on page 33

#### Series S2 Bonds



The Series S2 Bonds are secured on the cashflows received by the Company in respect of the Convertible Loan (being the Linked Loan for the S2 Bonds) advanced by ALP to Sterling Suffolk Ltd and are not secured on any other assets of the Company or of ALP. They are redeemable in 3 years from the date of issue if the Convertible Loan is redeemed at the Maturity Date specified therein, or sooner on the occurrence of certain events, including (in summary) a further fundraising by SSL that is a “Qualified Financing” under the Convertible Loan Agreement, a shareholder exit or an IPO. The Series S2 Bonds are offered in one tranche with interest being paid on redemption (assuming the conversion of the Convertible Loan into shares). Where the Convertible Loan is repaid in cash a redemption premium equal to 95% of the loan value will be paid in lieu of interest. The redemption of interest and principal in the Series S2 bonds will be satisfied promptly by the Company upon receipt of such monies and/or shares from SSL following the Redemption Date.

## **Introduction**

The Company and its wholly owned subsidiary, Amberside ALP Trading Ltd (“ALP”) (together, the “Group”), were launched as a new money-lending platform in March 2018 and the Company has since raised approximately £9.4 million by the issue of Bonds: Series A, Series B, Series C and Series Z Bonds (“Diversified Bonds”) and by the issue of a series of Special Bonds: Series S1. All Bond capital raised by the Company has been lent down to ALP Trading for deployment and this intra-group loan is secured over all the assets of ALP Trading by way of a debenture.

To date, all money raised by the Company have ultimately been invested by way of secured loans made to Sterling Suffolk Limited (“SSL”), a company which currently operates a 5.6 hectare greenhouse, to grow premium quality tomatoes. SSL is progressing with plans to construct a 2.7 hectare expansion to the glasshouse next year and is also progressing CO2 improvements, which includes electricity generation on site through the use of a combined heat and power (CHP) unit.

In order to finance this expansion, SSL is seeking to raise up to £4 million through further investment by the Group and/or, as required, through matched funding available through the Future Fund set up by the UK government (further details below). This money raised by SSL from the Group (and matched by the Future Fund) is to be used towards:

- installation of the CHP unit;
- new sensors within the glasshouse to enhance yield through predictive algorithms;
- phase 2 glasshouse extension; and
- maintaining working capital.

The Company is proposing to raise additional funds for the purpose of providing finance to SSL for this expansion plan through:

1. the issue of a further class of Special Bonds: Series S2, which is intended to be invested in SSL through a convertible loan agreement in the Future Fund standard form; and
2. applying money currently standing to the credit of the interest accounts set up in respect of the Diversified Bonds and the Series S1 Bonds.

## **Target raise**

The Company is targeting to raise as close to £2 million as possible from private investors with matched funding from the Future Fund.

### **Minimum raise**

SSL is also in discussions with Abundance Investments Ltd in respect of additional loan finance, expected to be available at a lower interest rate than the current debt terms from ALP Trading provided a minimum of £1.1 million in combined funding can be raised from the Group and Future Fund. As noted above, the Future Fund will match money raised from the Company, which implies that a minimum additional investment of £550k is required from the Series S2 Bonds and/or utilisation of the interest reserve accounts by the Company (discussed further below under the heading ‘Proposal Regarding Interest Accounts’).

### **Future Fund**

The Future Fund is a scheme launched by the UK Government, in partnership with the British Business Bank, to support innovative companies which are facing financing difficulties due to the coronavirus outbreak. Up to £250 million of convertible loans are to be issued by the Government, subject to at least equal match funding from private investors. The loans, which have a maturity date of 3 years, attract a minimum 8% per annum (non-compounding) interest rate, to be paid on a conversion event (see below) or if there is an event of default. To be eligible, a company must:

- (1) be an unlisted, UK registered company
- (2) have raised at least £250,000 in equity investment from third party investors in the last five years; and
- (3) have been incorporated on or before 31 December 2019 and half or more of its employees must be UK-based and/or half or more of its revenues must be from UK sales.

SSL meets all of the criteria.

The fundraising comes with the following key terms:

- 8% per annum interest, non-compounding, paid on (1) a conversion event (described below) either in cash or, at the election of the board of SSL, in shares of SSL, or (2) on certain Events of Default;
- at least a 20% discount to the share price at the last round of fundraising on a conversion event; and
- a 100% Redemption Premium should the lenders elect after the three-year maturity period, on a sale or an IPO, or on the occurrence of certain events of default.



The conversion events are as follows:

1. On a company's next "Qualified" equity funding round (when the company raises an amount equal to or greater in value than the amount of the loans).
2. On a "Non-Qualified" equity funding round, at the election of a certain majority of the investors. If a sale or an IPO occurs within six months of a Non-Qualified financing an anti-embarrassment provision will apply.
3. On a sale or IPO, the Loans will be repaid (with the Redemption Premium) unless the lenders will receive more in cash through conversion in which case, immediately before exit, the Loans will convert.
4. On maturity, the loans will, if elected by the lenders, be repaid with interest and the Redemption Premium; or convert into equity.

The final form of Convertible Loan Agreement used with Sterling Suffolk and the Future Fund is found in Annex V.

### **Series S2 Bonds**

It is proposed to issue a special Series of Bonds ("Series S2") in order to raise additional capital to fund the additional Future Fund matched loans to SSL.

Pursuant to the amendments authorised by Bondholders on 26 September 2018, the Board has the authority to issue special Series of Bonds ("S Bonds") where the holders of a Series of S Bonds will be repaid only from the money and/or other assets which ALP receives from or in connection with the loans to be funded by the capital raised by that Series of S Bonds ("Linked Loans"). By the same token, the holders of a Series of S Bonds would not have any recourse to the money or assets received by ALP Trading which are not held or received in connection with Linked Loans attributed to that Series of S Bonds.

The Series S2 Bonds to be issued in order to raise capital specifically for a Linked Loan to SSL will be entirely dependent on the returns that are generated through the Convertible Loan Agreement to be entered into between ALP Trading, the Future Fund and SSL. Further details of the proposed Final Terms for the issue of S2 Bonds to fund the Linked Loan to SSL, are set out on page 33.

### **Terms Applicable to all Series and tranches now offered**

|                               |   |
|-------------------------------|---|
| <b>Commencement Date</b>      | The date on which a Bond certificate is issued  |
| <b>Redemption Date</b>        | The date on which a Bond is due for repayment   |
| <b>Term</b>                   | The period from the Commencement Date until the Redemption Date   |
| <b>Minimum Subscription</b>   | £100  |
| <b>Transferability</b>        | Transferable  |
| <b>Interest Payment Dates</b> | On the Redemption Date (assuming conversion of the Convertible Loan into shares)  |
| <b>General</b>                | As described in the bond instrument, this Information Memorandum and any Supplemental Information Memorandum published by the Company |

### **Performance of Company**

The Company and its wholly owned subsidiary, Amberside ALP Trading Ltd, were launched as a new money-lending platform in March 2018 and the Company has since raised £9.4m (before expenses) by the issue of Bonds: Series A, Series B, Series C, and Series Z Bonds and by the issue of Special Bonds: Series S1. Special Bonds are issued on the basis that the capital subscribed for them will be wholly deployed in funding the Linked Loans described in their Final Terms of Issue and they are secured only on the money and/or other assets which ALP receives from or in connection with the Linked Loans attributed to a Series of Special Bonds. All other Bonds issued by the Company rank pari passu equally with each other as regards payments of amount due to their holders and are secured on all assets of the Company save that they have no right to seek repayment from the security over ringfenced assets securing Linked Loans funded by Special Bonds, save where Linked Loans have also been funded by capital raised from the issue of other Bonds.

All Bond capital raised by the Company is lent down to ALP for deployment in its loan portfolio and this inter-company loan is secured over all the assets of ALP by the Subsidiary Security as explained in Annex 3.

As at 30 September 2020 ALP has lent £12m (£11.4m plus re-invested interest) to SSL which has constructed and is operating a 5.6 hectare greenhouse. This commitment is secured by a first ranking charge in favour of ALP over all assets of SSL. To part finance this commitment ALP has a bridging loan of £2.3m from Sterling Suffolk Funding LLP which supplemented the Bond capital raised so far by the Company. This bridging facility of £2.3m is secured by a debenture which ranks pari passu with the Company's security over ALP.

SSL intends to construct and operate a further 2.7 hectare extension as well as invest in a combined heat and power unit to improve the efficiency of CO2 production. The current ALP facility to SSL has expired and SSL are currently under negotiation to extend this facility. It is envisaged this money may be raised in conjunction with, or entirely by, another entity. SSL are also raising money under a Convertible Loan scheme which it is SSLs intention to have matched by the Future Fund.

Capital raised by the issue of the new S2 Bonds will be used for:

- installation of a Combined Heat and Power unit;
- new sensors within the glasshouse to enhance yield through predictive algorithms;
- phase 2 glasshouse extension; and
- maintaining working capital.

It is envisaged that new ring-fenced Special Bonds will be offered for future investments, however, the Company has rejected opportunities as the risk profile and/or specifics of the project did not fall in line with the Company's assessment of an acceptable investment. There are currently no acceptable projects in the pipeline of opportunities but the Company will continue to consider further investments.

The financial results of the Company are shown below. The accounts to 31 October 2019 have been audited by Hillier Hopkins LLP, the results to 31 October 2020 are the companies current forecasts which are not expected to materially change. The audited accounts to 31 October 2020 are expected to be completed by March 2021 and will be published on the company website, [www.ambersidealp.com](http://www.ambersidealp.com).

| INCOME STATEMENT               | unaudited forecast<br>31 October 2020 | audited results<br>31 October 2019 |
|--------------------------------|---------------------------------------|------------------------------------|
| Trading Loan interest received | £1,109,976                            | £640,311                           |
| Other income                   | £0                                    | £36,554                            |
| Bond interest expense          | (£857,174)                            | (£485,875)                         |
| Other costs of sales           | (£50,000)                             | (£41,852)                          |
| <b>Gross Profit</b>            | <b>£202,802</b>                       | <b>£149,116</b>                    |
| Admin and distribution costs   | (£95,000)                             | (£96,071)                          |
| Other interest receivable      | £0                                    | £696                               |
| <b>Profit for the year</b>     | <b>£107,802</b>                       | <b>£43,825</b>                     |

| BALANCE SHEET  | unaudited forecast<br>31 October 2020 | audited results<br>31 October 2019 |
|--|---------------------------------------|------------------------------------|
| Fixed Assets   | £25,242                               | £36,742                            |
| Debtors  | £9,418,123                            | £9,170,737                         |
| Cash - segregated for the benefit of series S1 bond holders only   | £129,509                              | £9,599                             |
| Cash - held in segregated interest account for the benefit of series A, B, C and Z bond holders only                     | £178,264                              | £88,283                            |
| Cash - held in segregated capital account ready for investment for the benefit of series A, B, C and Z bond holders only | £242,313                              | £264,990                           |
| Cash -unsegregated account   | £47,888                               | £19,071                            |
| Creditors due within one year  | (£625,653)                            | (£40,296)                          |
| Creditors after more than one year   | (£9,123,497)                          | (£9,364,738)                       |
| <b>Net Assets</b>  | <b>£292,189</b>                       | <b>£184,387</b>                    |
| Called up share capital  | £131,585                              | £131,585                           |
| Profit and Loss  | £160,604                              | £52,802                            |
| <b>Shareholder Funds</b>   | <b>£292,189</b>                       | <b>£184,387</b>                    |

Amberside and CH1 have not charged fees to the Company given the current state of diversification and relatively low retained profits. It is anticipated that any management fees will be waived for a further 12 months.



**Performance of Sterling Suffolk Loan**

SSL started harvesting tomatoes at the end of February 2019. The glasshouse is nearing the end of its second season. The first seasons performance was marginally below forecasts but performed satisfactorily for the lenders of the business. The second season’s performance was significantly below expectations.

The crops were inter planted in the lit area of the glasshouse, this inter planting led to a build-up of powdery mildew, this was treated with environmentally friendly bio sprays. These sprays, as well as combating mildew, had the effect of reducing the population of beneficial insects.

SSL suspect that pests came from a Dutch propagator and were transported into the glasshouse when new plants were introduced for the second season crop. Due to the COVID-19 pandemic, the management team did not have pest experts visiting the glasshouse and the particular species of pests were not correctly identified in a timely basis. This meant significant damage was done to the plants and this ultimately led to reduced yield and high amounts of unusable fruit.

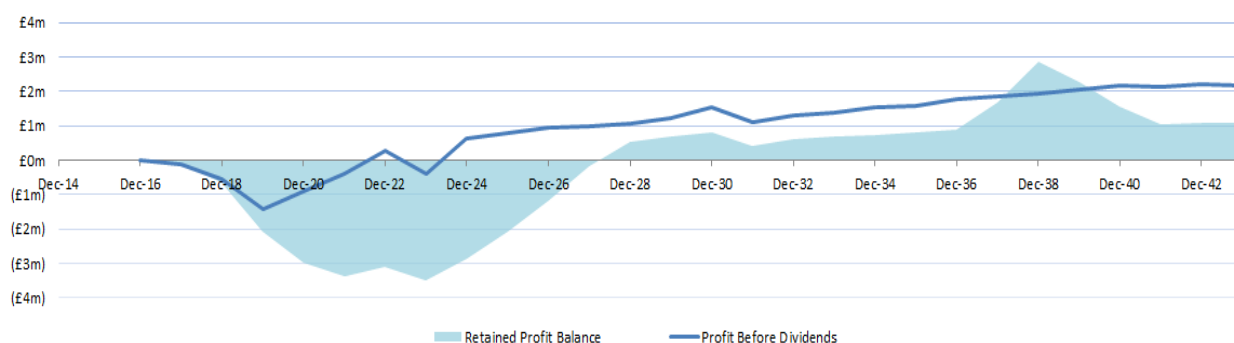
As well as pest issues, the glasshouse suffered a number of maintenance issues. The pad wall system was not working correctly and in the hottest days of summer, was not cooling the glasshouse sufficiently which led to further damage to the plants from overheating. As well as a number of minor issues, the other significant problem was to do with the ultraviolet filtering system. This system was not treating the recycled water and meant additional expense over budget was incurred on buying fertiliser for the plants rather than recirculated water which retained significant levels of fertiliser. The rectification of issues took longer than anticipated due to COVID-19.

The COVID-19 pandemic also meant some experienced crop workers became unexpectedly unavailable, this further added to the financial issues caused by the pests and the maintenance due to falling behind on a number of critical tasks.

Both ALP and the shareholder representative, Amberside Capital Ltd, intervened in the management of the Glasshouse, and together with a team from the wholesaler Suncrop, did a detailed review of SSL. This resulted in a list of maintenance items clearly identified with responsibilities for rectifying and a restructure of the management team, which has meant a member of the ALP board, David Scrivens, taking an executive role as the finance director.

Since the intervention, the maintenance issues have been mostly cleared under the warranties with the Builder and the newly structured management team appear to be performing well. A recent example of this is the new plants arrived for the lit area of the glasshouse for the start of the 3rd season and they had significant pests. These pests were dealt with quickly and effectively and the cost of dealing with them was passed on to the new propagator, which was a UK based company.

The latest forecasts for Sterling Suffolk Limited have been provided to ALP, which incorporates the Convertible Loan and additional contingent costs. The graph below summarises the profit position.



The graph above shows the losses due to the issues encountered by SSL during the year as described above and the costs associated with phase 2 and additional CO2 installation. The graph assumes no combined heat and power unit is installed, such a unit increases the profitability of the glasshouse significantly, the exact effect will depend on the size of the installed unit, but recent work from Vital Energi have estimated the effect on profit to be over £1m per annum for their recommended solution. The dip in profit shown in 2023 reflects an assumption that the convertible loans are repaid with their redemption premium of 100% rather than being converted to equity.

In August 2020, the company entered into an energy efficiency transaction with Mutamus Flex Plc. As part of this transaction the existing LED lights were sold to Mutamus Flex for £1m. This ensures there is sufficient funds to meet interest obligations without needing to use money raised through the Convertible Loan.

The directors of ALP are encouraged by the improvement in the company since June 2020 and are pleased to be supporting a project with such strong environmental credentials.

Further information on SSL can be found on page 17.

## AMBERSIDE ALP PLC

### Form of Final Terms of Issue for future Bond issues under the Programme described in this Information Memorandum

It is anticipated that further series of Bonds will be issued in accordance with additional Final Terms of Issue which will be made available for inspection at the Company's website [www.ambersidealp.com](http://www.ambersidealp.com). The form of those Final Terms of Issue is set out below.

| <b>Amberside ALP plc<br/>(registered number: 11041038)<br/>Date</b>  |   |
|--|---|
| The Final Terms of Issue below are terms and conditions specific to the Series referred to below and form part of and must be read in conjunction with the terms and conditions set out in the Information Memorandum dated 26 October 2020 which is/are available for viewing and copies may be obtained during normal working hours from the Company's registered office at Amberside ALP, 9 Amberside House, Wood Lane, Hemel Hempstead, HP2 4TP and from the Company's website at <a href="http://www.ambersidealp.com">www.ambersidealp.com</a> . |   |
| <b>Series Number</b>   | This will be a letter and a number  |
| <b>Series Name</b>   | This will contain the name of the series  |
| <b>Innovative Finance ISA status</b>   | This will state simply applicable or not applicable   |
| <b>Issue price</b>   | This will be the price of a single bond and would normally be £1  |
| <b>Minimum Subscription</b>  | This will be the minimum expressed in pounds and would normally be £100   |
| <b>Interest rate</b>   | This would be the percentage per annum rate of the bond   |
| <b>Redemption Date</b>   | This will be the date the bond is due for redemption  |
| <b>Term</b>  | The period from the Commencement Date until the Redemption Date   |
| <b>Transferability</b>   | Transferable  |
| <b>Commencement Date</b>   | The date on which a bond certificate is issued  |
| <b>Interest Payment Dates</b>  | On the last Business Day of each Half Year  |
| <b>Half-Years</b>  | 1 January to 30 June<br>1 July to 31 December   |
| <b>First Interest Period</b>   | From the Commencement Date to the last day of the Half-Year in which the Bond is subscribed provided that if the Bond is subscribed within the last month of a Half-Year then the First Interest Period will end on the last day of the following Half-Year |
| <b>Final Interest Period</b>   | From the first day of the Half-Year in which the Redemption Date falls to the Redemption Date   |
| <b>Other Interest Period(s) during the Term</b>  | From the first Business Day of each Half-Year to the first Business Day of the following Half-Year  |
| <b>General</b>   | This will contain a description of the bond   |

From this point on this Information Memorandum is split into different sections as follows. Capitalised words or expressions are defined on pages 36 to 39.

**1. Risk Factors**

This section describes the principal risks and uncertainties affecting the Company and the Bonds and, therefore, the Company's ability to fulfil its obligations under the Bonds.

**2. The Business of the Group**

This section provides an overview from the Directors regarding the Group's principal business activities and the reasons for the Programme and the use of the proceeds raised by the issue of Bonds.

**3. Bond Returns**

This section describes the return profile of the various Series of Bonds being issued by the Company.

**4. Management and Administration**

The business of the Company and ALP will be subject to the overall supervision of the Directors but on a day to day basis the business will be managed by the Lending Team. No loan however will be made without the approval of the Credit Committee. This section sets out the biographies of the Directors, the members of the Credit Committee and the Lending Team.

**5. The Bonds, the Parent Charge and the Security Trustee**

The terms on which all Bonds will be issued fall into two categories, Diversified Bonds and Special Bonds. Diversified Bonds under the Bond Programme will be the same, except for details such as the rate of interest payable, the Redemption Date of the Bonds and whether the Bonds enable an adviser charge to be facilitated. Capital raised by the issue of Special Bonds is deployed in financing loans to a specific borrower. Special Bonds are issued on the basis that the capital subscribed for them will be wholly deployed in funding the Linked Loans described in their Final Terms of Issue and they are secured only on the money and/or other assets which ALP receives from or in connection with the Linked Loans attributed to a Series of Special Bonds. Diversified Bonds are all other Bonds issued by the Company and they rank *pari passu* equally with each other as regards payments of amount due to their holders and are secured on all assets of the Company save that they have no right to seek repayment from the security over ringfenced assets securing Linked Loans funded by Special Bonds, save where Linked Loans have also been funded by capital raised from the issue of Diversified Bonds. A fuller description of the two types of bonds is provided in Annex 1 which contains a summary of the Bond Instrument. Terms of Issue are specific to each Series of Bonds issued under the Programme, whether they are Diversified Bonds or Special Bonds and, as regards a later Series of Bonds, not referred to in this Information Memorandum, their Terms of Issue are published separately in Final Terms of Issue (in the form set out on page 10) on the Company's website at [www.ambersidealp.com](http://www.ambersidealp.com).

The Parent Charge creating security interests in the assets of the Company has been granted to the Security Trustee (the City Partnership (UK) Limited). Under the terms of the trust, the Security Trustee has agreed to hold these security interests on trust on behalf of all Bond Holders. The Parent Charge secures repayment of all Bonds issued under the Programme. ALP will also grant security over its assets in favour of the Company, the Subsidiary Security, and the Subsidiary Security will form part of the assets which are secured by the Parent Charge granted to the Security Trustee.

**6. The ALP Innovative Finance ISA**

This section sets out some information about the ALP ISA, in which a qualifying Investor may hold Bonds so that interest can be paid tax free.

**7. Taxation**

This section provides a brief outline of certain taxation implications and considerations that may be relevant to the Bonds.

**8. Additional Information on the Company**

This section contains some additional information on the Company and ALP.

**9. Terms and conditions of the Offer of the Bonds**

This section sets out the terms and conditions for the current offer of the Bonds.

**10. Definitions**

This section contains the definitions that are used throughout this Information Memorandum.

There is annexed to this Information Memorandum copies of the following documents

**Annex 1** - A summary of the Bond Instrument pursuant to which the Bonds will be issued.

**Annex 2** - A summary of the Parent Charge by which the assets of the Company will be charged to secure payments due under the Bonds to Bondholders.

**Annex 3** - A summary of the Security Trust Deed pursuant to which the benefit of the Charge created by the Company will be held in trust for the benefit of Bond Holders.

**Annex 4** - A summary of the Subsidiary Security by which the assets of ALP will be charged to secure repayment of loans made by the Company to ALP/Borrowers.

**Annex 5** - The Convertible Loan Agreement with Sterling Suffolk Ltd and the Future Fund.

## Contents

|   |    |
|---|----|
| RISK FACTORS  | 13 |
| THE BUSINESS OF ALP   | 16 |
| CAPITAL STRUCTURE OF THE COMPANY                              | 18 |
| RETURNS PROFILE   | 19 |
| MANAGEMENT AND ADMINISTRATION                                 | 19 |
| FEES AND CHARGES  | 22 |
| THE BONDS, THE GROUP CHARGE SECURITY AND THE SECURITY TRUSTEE | 22 |
| TAXATION  | 26 |
| ADDITIONAL INFORMATION ON THE COMPANY AND ALP                 | 26 |
| TERMS AND CONDITIONS FOR THE OFFER OF EACH SERIES OF BONDS    | 34 |
| DEFINITIONS   | 36 |

## **RISK FACTORS**

You should read the Information Memorandum in full before deciding whether to invest and bear in mind the risks of investing in Bonds, such as:

### **Capital at risk**

If you invest you might not get your money back or receive the returns that are due to you if the Company becomes insolvent. Returns might be delayed if the Company suffers cashflow problems. The past performance of the Company, Amberside, or CH1 or any of their directors, partners or Associates or companies or funds which they have managed or invested in is not necessarily a guide to the future performance of the Company. The Company and the Bonds have not been assigned a credit rating by any independent credit rating agency.

### **Risk of money lending businesses**

The money lending business carried on by ALP will have all the risks associated with a money lending trade. Although the Directors anticipate a strong demand from Borrowers to borrow money from ALP, there can be no guarantee that ALP will be able to achieve the volume of business or the rates of interest necessary to achieve its overall objectives.

The main trading risk will be the ability of the Borrowers to make repayments on the loans made to them by ALP. To mitigate against this, ALP will, with assistance from other co-lenders within the ALP Network:

- prior to concluding any loan agreements, undertake usual due diligence as to the creditworthiness of the Borrower, including reviewing the financial strength of such parties; loans will only be made to Borrowers whom ALP and the Lending Team (with approval from the Credit Committee) believes benefit from risk mitigation characterised by strong predicted cash flows from creditworthy counterparties and/or asset rich balance sheets and which are, and in the opinion of the Credit Committee, should remain, financially strong; and
- require contractual protections and security for the loans which it makes.

However, any due diligence and assessment on the basis thereof necessarily involve risk and uncertainty because they will rely on certain assumptions and information provided by the Borrowers and third parties, and any contractual protections and security for loans will be susceptible to future events and circumstances which may affect the financial strength of Borrowers and/or their counterparties.

Furthermore, the effectiveness of contractual protections and security will be affected by matters beyond the reasonable control of ALP. Accordingly, it is possible that the Borrowers and/or the counter-parties with which they do business could go bankrupt or be unable to honour their commitments, and the loan security may turn out to be ineffective.

If a Borrower or one of the counterparties with which it does business collapses or if their financial strength deteriorates then the value of a loan made by ALP could decline, ALP could lose part or all of its money lent to (or interest due from) the relevant Borrower(s), and any minimum levels of return assumed by ALP may become worthless. Accordingly, the ability of ALP to repay the Company's loan to it and in-turn, the ability of the Company to pay interest to Bond Holders, and eventually redeem their Bonds, would be reduced. Investors may not receive back the full amount invested. Investors could lose part or all of their investment.

### **Security Ranking**

It is the intention of ALP to generally restrict loans to those where the Borrower has granted no security to another party which ranks ahead of the security granted to ALP. Where ALP co-lends, it will generally do so on the basis that its security ranks equally with its co-lenders on a *pari passu* basis. On some occasions, however, where the Directors believe the commercial opportunity and risk profile is justified, ALP may lend to a Borrower which will also raise additional debt from a bank or another commercial lender who will lend on preferential terms to ALP. In such instances, ALP's security on the assets of the Borrower is likely to be second ranking and accordingly on an event of the default of such a Borrower, the proceeds of any enforcement action will go firstly towards repaying the outstanding amount owed to the lender with first ranking security before ALP receives any outstanding amount. This might ultimately impair the Company's ability to pay interest on the Bonds and repay capital sum to investors.

The Convertible Loan, on which the Series S2 Bonds are lined, is unsecured. This means that on the occurrence of a default, ALP will have no recourse against any assets of SSL and secured creditors of SSL would take priority on an insolvency. This will severely impair the Company's ability to pay interest and principal to investors.

### **Conflict of interests/Role of Independent Chairs**

ALP will source lending opportunities through the Company's shareholders, Amberside and CH1. Additionally, Amberside and CH1 will provide services to the Company and ALP, details of which, including fees payable, are set out on page 22. Amberside, CH1 and individuals associated with them may also have equity or other interests in the Borrowers.

To mitigate the risk of a conflict of interest between the Company and ALP with Amberside or CH1, any contract or arrangement between a member of the Group and Amberside or CH1 will only be entered into if such contract or arrangement has been approved by the Independent Chair.

A biography of the Independent Chair can be found on page 20. The Independent Chair's chief role will be to ensure that all transactions that the Group enters into are on bona fide commercial terms and that any conflicts with the rest of the ALP Network are managed for the protection of Bond Holders interests.

### **Convertible Loan Agreement**

The performance of the Series S2 Bonds will be linked to the performance of the loan under the Convertible Loan Agreement, which is an unsecured debt obligation which may convert into shares of the borrower in certain circumstances.

Whilst the loan has a maturity date of 3 years, the loan may convert into shares in Sterling Suffolk Limited, for which there is no ready market and are not easily transferable. Interest and the principal amounts invested in the Series S2 Bonds therefore may be repaid in shares in SSL rather than cash. The Convertible Loan may also convert before the 3 year maturity date in certain occurrences, including a fundraising that is a "Qualified" financing, a sale of SSL's shares or an IPO of SSL.

In the case of the redemption of the Convertible Loan (rather than conversion into shares), no interest will be paid in respect of the Series S2 Bonds but a redemption premium will be paid. This will be 95% of the principal amount invested.

The issue of the Series S2 Bonds is conditional upon either a minimum raise of £1.1 million or a successful application by ALP to the Future Fund for matched funding of £550,000 or more. If neither of these criteria is met, the Company will return any monies raised in respect of the Series S2 Bonds.

SSL has convened a general meeting to approve the various resolutions in connection with the Convertible Loan and the shares that might be issued thereunder. There is no guarantee that such resolutions will be approved by members of that company and in which case the Future Fund application will not proceed. The Company will also return any monies raised in respect of the Series S2 Bonds.

#### **The forecast cashflow can be delayed or reduced affecting the Borrower's ability to service the loans.**

The Company may fail to meet its financial obligations for a variety of unanticipated reasons. For example, construction of the facilities being financed by the loan could be delayed leading to a delay in revenue. While this may be mitigated through liquidated damages from the contractor this risk may not be fully mitigated. Repayment of the loan by the Borrower may be dependent on the Borrower raising further debt. The Borrower's ability to raise further debt will be dependent on both the operational performance of the facilities and the market conditions at the time.

#### **The Company is not yet listed on any stock exchange so Bonds cannot easily be sold**

The Company is not yet listed on any stock exchange so Bonds cannot easily be sold. Also, as the Company is not listed it is also not subject to all the rules and regulations which apply to listed companies. In accordance with the terms of the Bond Instrument, Bond Holder Resolutions are passed by a show of hands or by a poll vote of the aggregate nominal number of Bonds held.

#### **Investors will not become shareholders or have any ownership stake in the Company**

Investing in Bonds means that investors are lending money to the Company. Investors will not become shareholders or have any ownership stake in the Company. All the shares in Company will be held by Amberside and the Directors. Instead, subject to the risks that we describe here, investors will receive interest and at the end of the term of each Bond (when it matures), their initial investment amount back.

#### **The Credit Committee and Lending Team may change**

ALP's ability to operate successfully and grow its lending business is largely dependent on the efforts, abilities and services of its Lending Team, Amberside and CH1. The success of the Group will also depend on its, Amberside and CH1's ability to attract and retain qualified personnel. The members of the Lending Team have developed an important understanding of the industry in which its Borrowers operate and any change in the composition of the Lending Team could impact on the ability of the Group to continue to execute its business strategy successfully and, if this affected the Group's revenue, this could impact on its ability to make payments to Bond Holders.

#### **Dependence on key contractors and relationships**

The Group's future success is dependent on it having and maintaining the services of its strategic development partners as well as building relationships with new strategic development partners in order to both source new deals and to develop the relevant projects. The Directors cannot give assurances that those relationships will continue throughout the life of the Group, either due to the development of such partner businesses away from the core business assistances contemplated in this business, failure to continue to agree the commercial terms for specific projects or the failure of such partner businesses completely.

Such failure of a strategic development partner could damage the Group's business. In the event that it became apparent that the failure of a strategic development partner was likely, the Directors would seek to obtain similarly experienced contractors to take over the role of any particular strategic partner and, in case of building contractors, seek to minimise project disruption and cost escalation as a result.

#### **ALP may face competition for lending opportunities**

A strong pipeline of new opportunities which ALP might lend to is an important part of generating enough revenue to cover the Group's general overheads and other costs and make payments of interest and capital to Bond Holders. The Group needs to time these deals in such a way that it has, at any one time, sufficient money (liquid cash) to fund payments due by the Company to Bond Holders. If this balance is not achieved effectively, this could have an adverse impact on the ability of the Company to meet payments due to Bond Holders. It should be noted however, that the Company may continue to run with only the SSL loan which, on maturity, the Directors believe is sufficient to meet the Company's financial obligations, especially given the waiving of management fees to date by Amberside and CH1.

#### **There is limited financial information relating to the Company**

The Company was incorporated on 31 October 2017 and began trading in March 2018. It has limited trading history and financial information. The most recent audited financial statements will be published on the ALP Website, [www.ambersidealp.com](http://www.ambersidealp.com), or are available from companies house.

#### **New rules, regulations and laws could create additional burdens for the Company**

The Company will be under a duty to comply with any new rules, regulations and laws applicable to its operations. Compliance with



these rules, regulations and laws could create additional burdens for the Company and could have a material adverse effect on its profitability and ability to make payments to Bond Holders.

#### **The IT systems upon which the Group relies may fail**

The Group relies on its and third parties' information technology ("IT") systems to conduct its business, including the Website. The Group's and those third parties' processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of the IT systems and/or third-party infrastructure on which the Group relies could lead to costs and disruptions that could adversely affect the Group's reputation, business, results of operations, financial condition and prospects.

#### **There may be changes in the Company's tax status or in taxation legislation**

Any change in the Company's tax status or in taxation legislation, or which may affect a third party from which its income is sourced, could affect the profitability of the Company and its ability to make payments to Bond Holders.

#### **The Company has not been assigned a credit rating**

At the date of this Information Memorandum, the Company has not been assigned a credit rating by any independent credit rating agency. Accordingly, Investors will need to make their own assessment of the credit of the Company and the other factors, which may affect the value of the Bonds, without the benefit of an independent credit rating.

#### **The Company may not have sufficient working capital**

The financial results of the Company to the year ended 31 October 2019 are shown on page 8 which have been audited by Hillier Hopkins LLP. An unaudited forecast for the year ended 31 October 2020 is also shown on page 8. The Company is currently making a modest profit. The working capital statement of the Directors on page 8 confirms that in their opinion, having made due and careful enquiry, and taking into account the expected net proceeds of the Offers and the capital subscribed by the Company's shareholders of which particulars are provided on pages 27 to 30, the working capital of the Company will be sufficient for its present requirements, that is, for at least the period of 12 months from the close of the Offers.

#### **The Financial Services Compensation Scheme does not protect the Bonds**

The Bonds are not protected by the Financial Services Compensation Scheme (the "FSCS"). Accordingly, neither the FSCS nor anyone else will pay an Investor compensation upon the failure of Company. If the Company goes out of business or becomes insolvent, you may lose all or part of your investment in Bonds. Individuals approaching retirement and considering options under the new pension freedoms should realise that an investment in Bonds is a much higher-risk alternative to buying an annuity. Individuals in retirement, who may have significant sums in savings and may be concerned about low interest rates, and are tempted, to invest in Bonds may be taking an inappropriate level of risk with their money. Consequently, your capital is at risk and therefore before making a decision about whether to invest, we urge you to consider whether investing is right for you. You should not invest money which you cannot afford to lose.

#### **A transfer fee may be payable**

In respect of sales of Bonds on the Website, a transfer fee payable to the Company of 1% of the original full-face value of the Bond, which is being transferred, will be applied on the date of the transfer, which would reduce the proceeds that a Bond Holder would receive on the sale of Bonds.

#### **Yield**

The indication of yield stated within this Information Memorandum applies only to investments made at (as opposed to above or below) the issue price of the Bonds. An investment in the Bonds at a price other than the issue price of the Bonds could result in a yield on the investment that is different from the illustrative yields stated.

#### **Bonds may be difficult to transfer**

Whilst the Bonds are transferable and whilst Bond Holders may request the Company's assistance to find buyers for their Bonds for the original full face value, the Company is under no obligation to facilitate this nor does the Company anticipate offering this service except in circumstances where it is viable to do so. Factors affecting the ability to transfer may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position of the Company (including any information on its cash flow projections) and an assessment of the future prospects of the Company.

#### **There will be no ready market in which the Bonds may be sold**

No application has been, or is intended to be made to any Recognised Investment Exchange for the listing of the Bonds and so there will be no ready market in which the Bonds may be sold which may, therefore, make them difficult or impossible to sell.

#### **The Company has the right to repay the Bonds early**

In accordance with the Terms and Conditions, the Company has the right to repay the Bonds early to allow the Company to wind up its business if that was preferable to carrying on the business as a going concern. If this were to happen the length of an investment in the Bonds could be materially shortened, as would the period over which Interest is paid.

#### **Bonds pay a fixed rate of Interest**

Bonds pay a fixed rate of interest and there is a risk that a fixed rate will become less attractive if interest rates available elsewhere go up. Similarly, high inflation could adversely impact the real return on an investment in Bonds (in respect of both capital and interest) to a Bond Holder. Each Series will have one interest rate and in submitting an Application for a particular Series an investor will elect to subscribe for Bonds at the interest rate applicable to that Series.

### **A Bond Holder Resolution may be passed against the wishes of a Bond Holder**

In accordance with the terms of the Bond Instrument, Bond Holder Resolutions are passed by a majority (or 75% in the case of a special resolution) of the aggregate nominal number of Bonds held. This may mean that a Bond Holder Resolution may be passed against the wishes of a Bond Holder.

### **Investors applying for Bonds directly will not receive the additional rights and protections applicable to Investors who are advised by a Financial Adviser**

Investors applying for Bonds directly will not receive the additional rights and protections applicable to investors who are advised by a Financial Adviser which are triggered by their relationship with a Financial Adviser (not with the Company), and which may include:

- a suitability assessment in the form of a personal recommendation by the Financial Adviser to say that Bonds are suitable for an individual investor's circumstances; and
- additional recourse to Financial Services Compensation Scheme and the Financial Ombudsman Service, which may cover cases where loss has been caused by bad investment advice (although as stated in the risk factors on this page above, the Bonds themselves are not protected by the FSCS).

### **An investment in Bonds is concentrated in one company and not an investment in a diversified portfolio**

A Bond is an investment in one company only, namely the Company. Accordingly, an investment in Bonds is concentrated in one company and is not an investment in a diversified portfolio of companies. Furthermore, the Company only has one investment so far in SSL and as such has halted the issuance of further Diversified Bonds until a more diverse portfolio becomes available.

### **The legislation relating to ISAs may change**

The amount investors can invest into an ISA each year is decided by the Government. Currently ISA investments are free from capital gains tax and income tax. The Government in the future may change these benefits and/or investment limits and investors should make sure that they understand any changes that are made. Once investors have invested the maximum they can't make any further contributions in the tax year. This means that if investors withdraw money from their ISA they will not be able to pay it back in if they have reached their annual subscription limit. If investors decide to transfer an ISA from one company to another they will need to do this as an ISA transfer rather than take money out and pay it back in again. Investors can transfer cash to invest in Bonds from an existing cash ISA, or stocks or shares ISA. Switching from one type of ISA account to an ISA account which can hold Bonds is easy and can be effected online through the ALP website at [www.ambersidealp.com](http://www.ambersidealp.com).

### **ISA Manager failure**

If any ISA manager holding the Bonds for you becomes insolvent, although the Company intends to attempt to identify an appropriate replacement, it may not be possible to find an alternative ISA manager who will accept a transfer of the Bonds and it may not be possible to sell your Bonds. In such circumstances, it would be possible that your Bonds would cease to benefit from the ISA tax benefits.

### **There may be changes in the law, regulations or administrative practices**

The structure of the issue of the Bonds is based on English law, regulatory and administrative practice in effect as at the date of this Information Memorandum, and has due regard to the expected tax treatment of all relevant entities under UK tax law and the published practice of HMRC in force or applied in the UK as at the date of this Information Memorandum. No assurance can be given as to impact of any possible change to English law, regulatory or administrative practice in the UK, or to UK tax law, or the interpretation or administration thereof or to the published practice of HMRC as applied in the UK after the date of this Information Memorandum.

### **Forward looking statements**

This Information Memorandum includes statements that are (or may be deemed to be) "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology including the words "believes", "continues", "expects", "intends", "may", "would" or "should" or, in each case their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

## **THE BUSINESS OF ALP**

ALP is a wholly owned subsidiary of the Company, which has been established to carry on the trade of a money lender, making loans available to companies carrying out activities that are expected to generate relatively predictable long-term cash flows. Examples of such activities include:

- The provision of public infrastructure such as schools, hospitals, care centres, sheltered housing and road networks;
- The provision of economic infrastructure such as gas and electricity distribution networks, food production facilities, smart meters for domestic gas and electricity supplies, and broadband internet;
- Generation and storage of energy as well as implementing efficiency measures to reduce demand for energy; and
- Building commercial real estate where there is a clear long-term demand from credit worthy tenants.

The Programme for Bond issuance described in this Information Memorandum is intended to raise capital to finance this business and so funds raised by the Company through the issue of the Bonds will be loaned by the Company to ALP which in turn will make loans to project companies in the sectors set out above.

### **Current transaction – Sterling Suffolk Limited**

The first loan made by the Lending Team was in Sterling Suffolk Limited (“SSL”), a company which has now constructed and operates a 5.6 hectare greenhouse, to grow premium quality tomatoes. The tomato plants are grown in substrate on troughs fed with natural nutrients and water in a controlled environment (a technique known as ‘high yield hydroponic growing techniques’).

SSL has entered into a contract to sell its produce to Suncrop, a preferred supplier to a major premium supermarket, as well as a range of other major retailers.

SSL has employed a team of growers to operate the greenhouse, the head grower, Richard Lewis has 30 years’ experience growing tomatoes in facilities such as this.

SSL has funded the development of its facilities with the issue of circa £5 million of equity and just over £11 million of senior debt. The senior debt was funded by a loan from ALP which was funded by the issue of Diversified Bonds, S1 Bonds, and a bridge facility of £2.3m. The £2.3m bridge facility is secured by a debenture which ranks *pari passu* with the Company’s security over ALP. Capital raised by the issue of the new S2 Bonds will be employed for various initiatives as described on page 8, with the ultimate aim to improve the financial and operational performance of SSL and expand its physical size.

The S1 Bond is secured only on the cashflows and the underlying charges and covenants of this loan to Sterling Suffolk Limited. The Series A,B,C and Z bonds have additional security of cash held in segregated accounts. The Series S2 Bonds are secured only on the cashflows and/or shares deriving from the Convertible Loan to Sterling Suffolk Limited and do not therefore directly benefit from the first charge security over SSL.

### **MARKET OPPORTUNITY**

In lending to relatively small-scale project finance opportunities, ALP is targeting a segment of the market that it believes is currently poorly served. Banks and insurance companies with project finance teams are often reluctant to consider lending opportunities requiring less than £20m of debt. Providers of asset backed lending and general commercial lenders will lend to smaller opportunities but will require recourse or offer a low loan to value ratio for assets that are not readily realisable. ALP’s lending will be based on forecasts of long term cashflows.

The Company is seeking to raise up to £2 million in the next 3 months of trading through this offer for the SSL. Additional money may be raised if the Company has new opportunities that pass the due diligence requirement of ALP, although this would be expected to be through a new bond series.

Since the loans ALP makes will be secured against long term cash flows rather than primarily the value of the Borrower’s assets, ALP will be relatively sector agnostic provided Borrowers can demonstrate long term predictable cash flows. Below are some sectors which are currently attractive:

#### **Renewable Energy Generation and Associated Facilities**

The UK, along with most other developed economies has seen a large expansion in renewable energy generation in recent years. With this expansion comes the need for additional investment in facilities that support the grid and cater for the intermittent nature of many forms of renewable generation. Facilities range in size from off-shore wind farms costing hundreds of millions of pounds to develop to domestic rooftop solar panels available for a few hundred. Technologies of a scale to be of interest to ALP include ground mounted solar PV, biomass, anaerobic digestion, gas fired peaking plants, and battery storage.

There is currently a competitive funding market for operational assets, even at the smaller scale, as equity funders aggregate facilities into larger portfolios and raise debt for those portfolios. However, there is less competition to fund the construction of these assets. This lending would be typically for one to two years.

This lack of competition and our confidence in the final offtake makes the market an attractive one for ALP. For solar and battery storage, construction and commissioning is relatively straightforward. Where it is less so for anaerobic digestion and biomass ALP would seek additional protection under the construction contract and would ensure the parties involved had the necessary experience.

#### **Waste Management and Effluent Treatment**

Significant investment in waste management and effluent treatment facilities is required to reduce the level of waste that is sent to landfill or process waste and effluent to a degree that it meets current and future standards and can be discharged into rivers or the sea. Energy in the form of heat or natural gas is often generated through the process providing a secondary revenue stream and often attracting government subsidy.

Environmental concerns are driving investment in this sector as a result of landfill taxes and tightening discharge standards.

The long term contractual revenue streams with strong counterparties, often local authorities, makes this sector of particular interest to ALP.

**Hydroponics**

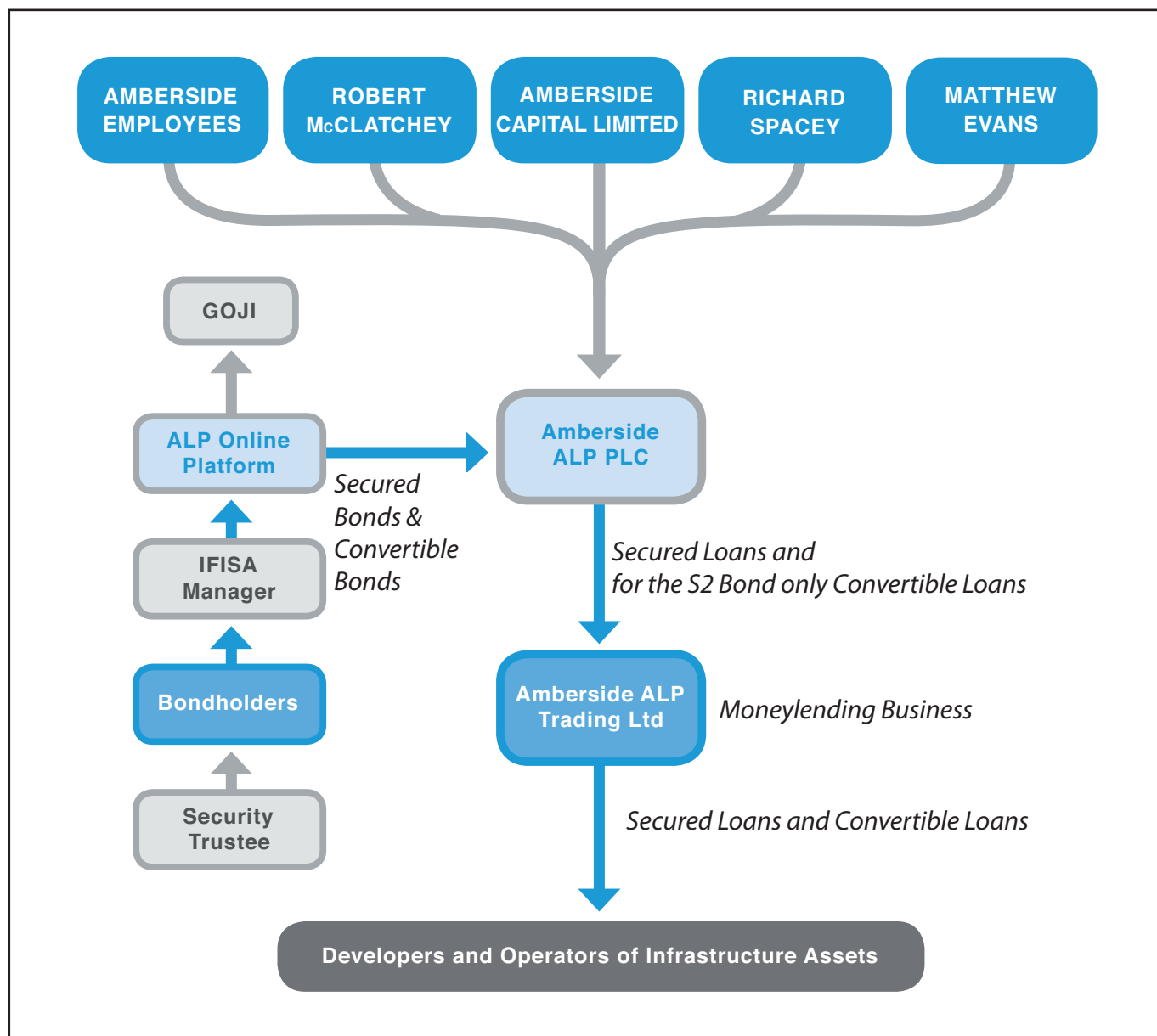
Investment in large scale modern glasshouses where heat and CO2 levels are closely controlled and natural light often augmented with UV light is needed to meet supermarket demand for high quality locally grown tomatoes and salad crops. Growing crops in these controlled environments and feeding them with nutrient rich solutions offers increased productivity and more consistent yields.

Consumers and supermarkets are demanding more locally grown produce as well as more visibility over their supply chains. In addition, increased currency fluctuation is making home grown produce more attractive compared to imported rivals.

Limited competition in this sector is driving strong risk weighted returns. With underlying revenue linked to the demand for the crops, we consider this sector relatively low risk over the longer term.

**CAPITAL STRUCTURE OF THE COMPANY**

The Company is owned 38% by Amberside, Richard Spacey 23.75%, Matthew Evans 23.75%, Robert McClatchey 5%, and Amberside employees (David Scrivens 4.5%, David Lomas 3.5%, and Daniel Scowcroft 1.5%) each of whom hold ordinary shares.



The interest and fee income revenues of ALP (less operating costs) will finance the repayment of loans from the Company which will in turn finance the payment of the fixed interest return to Bond Holders. Once the balance of the Company's income account is equal to or greater than 5% of the Aggregate Nominal Amount of Bonds outstanding plus any accrued but unpaid interest on the Bonds and appropriate provision for bad and doubtful debts owed by Borrowers, the Company is entitled to distribute any excess for the benefit of the Company's shareholders at the discretion of the Directors.

## RETURNS PROFILE

The Company is required to provide Bond Holders with the following return over the life of the Bonds:

### SERIES S2 – TRANCHE SSC2

| Investment Amount<br>(assuming bond is placed<br>on 1st December 2020) | Conversion option with<br>interest converted* | Conversion option with<br>interest paid*                   | Repayment option       |
|--|---|--|------------------------|
| £5,000   | £7,450 worth of shares                        | £6,250 worth of shares and<br>£1,200 paid on conversion    | £9,750 on redemption   |
| £20,000  | £29,800 worth of shares                       | £25,000 worth of shares and<br>£4,800 paid on conversion   | £39,000 on redemption  |
| £50,000  | £74,500 worth of shares                       | £62,500 worth of shares and<br>£12,000 paid on conversion  | £97,500 on redemption  |
| £100,000   | £149,000 worth of shares                      | £125,000 worth of shares and<br>£24,000 paid on conversion | £195,000 on redemption |

\* - If a conversion to Ordinary Shares is elected by ALP, the Investment Amount converts at a discount of 20% to the share price at the last round of fundraising, or higher if the share value is above the set cap of £1 per share. The interest element does not benefit from the discount and may be paid as cash or shares at the election of the board of SSL.

## MANAGEMENT AND ADMINISTRATION

The Directors are responsible for managing the business of the Group. Day-to-day lending operations will be managed by the Lending Team and overseen by the Credit Committee, details of whom are set out below. Lending opportunities will be sourced from within the ALP Network. The Board of the Company and ALP comprises:

### Robert McClatchley (Independent Chair)

Robert McClatchley was Managing Director of Barclays Infrastructure Funds business in the UK and Europe until 2013. With c£1.5 billion assets under management he led investment in a diverse range of assets from renewable energy projects, small health and education projects, student accommodation, transport and local authority assets. He had joined Barclays Capital in 1992 from KPMG where he had qualified as a chartered accountant in 1990 and joined the infrastructure business in 1996. Since 2013 he has taken on a number of Chairmanship and non-executive roles focusing on governance, strategy and operational management. He is currently Chairman of the UPP Group, a major developer and operator of student accommodation with UK Universities.

### David Lomas

David Lomas co-founded Amberside Capital in 2015. Prior to that he was a Director at Barclays Infrastructure Funds where he made and managed equity and subordinated debt investments for five infrastructure funds with combined commitments of c.£1.5 billion. David has energy experience from Oxford Capital where he was involved in the UK's first Capacity Market Auction and led investments and exit processes for renewable energy projects and portfolios. David began his career at ANZ Investment Bank lending to and advising on a range of infrastructure projects in developing countries.

### David Scrivens

David Scrivens co-founded Amberside Capital in 2015. David is a chartered accountant who specialised in corporate finance within the infrastructure market early in his career. David was a founder director and 50% shareholder of Clubfinance Ltd, a direct-to-consumer retail brokerage which he successfully exited through a trade sale to Wealth Club Ltd in January 2018. David is also a founder director and shareholder in several companies, including an ICAEW regulated accountancy practice, a financial modelling business and an energy consultancy and developer. David brings the experience of having founded and exited his own companies giving invaluable hands on experience of the full company lifecycle.

### Matthew Evans

Matthew Evans co-founded CH-1 Investment Partners in 2016. Prior to that he was a founding partner of Vestra Wealth LLP in 2008 where he ran the illiquid division, Vestra Ventures, alongside Richard Spacey, where they advised on and managed equity and debt investments for high net worth clients for over 8 years, investing in areas including UK renewables and infrastructure projects. Prior to that Matthew was at PwC where he managed the Financial Planning division in London.

**Richard Spacey**

Richard Spacey co-founded CH-1 Investment Partners in 2016. Prior to that he ran Vestra Ventures alongside Matthew Evans where they advised on and managed equity and debt investments for high net worth clients for over 8 years, investing in areas including UK renewables and infrastructure projects. Richard is a Director of a number of UK renewable businesses including over 90MW of UK solar assets and has experience in investing in a wide range of UK start-up businesses. Richard started his career at Lloyds Bank where he spent 17 years, the last 6 years of which were in offshore banking advising ex-patriates in Australia, the Caribbean and Latin America.

**The Lending Team**

The Lending Team will consist of Amberside and CH1 and associated employees. Certain services shall be made available and undertaken by Amberside and CH1 which will be governed by a management services agreement which the Company will enter into with each provider. No loan proposed by the Lending Team will be made without the approval of the Credit Committee.

**The Credit Committee**

The Credit Committee for each loan will consist of Robert McClatchey in his capacity as the Independent Chair and three of Matthew Evans, David Lomas, David Scrivens, and Richard Spacey. If a Director is conflicted for a particular transaction, they will not form part of the Credit Committee for that transaction. The decisions of the Credit Committee must be unanimous. In particular, no loans will be made to any persons connected with Amberside or CH1 without the consent of the Independent Chair who shall confirm that they consider that such loans are made on bona fide commercial terms. Should more than one of the Directors be conflicted, the Credit Committee will consist of the Independent Chair and the remaining Directors.

**Role of Independent Chair**

The Independent Chair will chair both the Credit Committee and the board meetings of ALP and the Company. They will have an equal vote with all other non-conflicted Directors on the Credit Committee and the Board of Directors.

In addition, the Independent Chair will also be responsible to manage any conflicts during the life of loans made by ALP to third parties. For example, in circumstances where a loan is underperforming and the other Directors are conflicted (for example due to an equity holding in the Borrower), the Independent Chair will decide upon and lead the implementation of the appropriate remediation measures.



## **LENDING PROCESS**

### **Initial Assessment**

An initial assessment will be undertaken by the Lending Team. Typically, this assessment will consider:

- Quality of management team;
- Construction risk;
- Commissioning / technology risk;
- Operational risk;
- Market risk;
- Refinancing risk;
- Security; and
- Gearing level and cover ratios.

If the Lending Team are satisfied with the results of the initial assessment, they shall then present the opportunity for review by the Credit Committee and seek approval to proceed.

### **Detailed Due Diligence**

Once initial credit approval has been obtained, detailed due diligence and documentation will commence.

This may include:

- Legal review – Legal advisers will review project contracts and report on key risks and the security position;
- Financial review – Building on the initial assessment conducted prior to credit committee approval, detailed financial modelling will be undertaken to allow the interrogation of the assumptions made in forecasting long term cash flows;
- Technical review - Sector experts will review the project and forecast assumptions provided by the Borrower and benchmark against their expectations; and
- Documentation – ALP will endeavour to use a standard credit agreement for all Borrowers to apply a consistent approach and mitigate the risk of drafting errors.

The Credit Committee will be kept apprised throughout the detailed due diligence process. Once detailed due diligence is complete, a further report will be presented to the Credit Committee for final approval.

### **Loan Monitoring**

Once final credit committee approval has been received, the funding documents can then be signed and funds made available to the Borrower.

Where funding is being provided for the construction of a facility, the loan will typically be drawn down based on milestones in the construction programme, rather than the full loan amount being drawn down immediately. This approach aims to help shield ALP from construction risks whilst allowing the Borrower to avoid unnecessary interest costs.

ALP will conduct regular site visits during construction and once operational to review the progress of the Borrower and confirm that the forecasts provided during the due diligence phase are being realised.

The Borrower will have reporting obligations set out in the credit agreement, which will include leading indicators of performance. If key indicators such as debt coverage ratios fall below required levels, ALP will have rights under the credit agreement to apply penalties, such as halting dividend payments from the Borrower to its shareholders. In more severe cases of underperformance ALP will have rights to take control of the Borrower's assets.

ALP will liaise with the Borrower 10 to 20 Business Days prior to the expected repayment dates for the loan to help ensure timely payments are made.

### **Refinancing**

Where the Borrower intends to refinance a loan, ALP will work closely with the Borrower to ensure the refinancing is complete prior to the scheduled repayment of the loan.

## FEES AND CHARGES

### Initial Fee

The Borrower will pay ALP an arrangement fee of 0% - 2.5% of the value of the loan. The Borrower would also be expected to pay for third party due diligence costs.

### Ongoing Costs

Each Borrower will pay monitoring fees of up to £4,000 per month during construction and up to £25,000 per year post-construction.

### Fees and Charges to the Directors and Shareholders

The Company will pay fees of £12,500 per year to each of the Directors and the Independent Chair. Management fees of an amount to be approved by the Independent Chair but not exceeding £100,000 per year will also be paid by ALP to Amberside and CH1 for services undertaken on behalf of ALP. These management fees are intended to cover the employment costs and overheads of those making and managing the loans on behalf of ALP, as well as third party costs. Neither Amberside or CH1 intend to profit from these fees and have waived all fees up to the date of this document.

## THE BONDS, THE PARENT CHARGE AND THE SECURITY TRUSTEE

### The Bonds

The Bonds have been created under the Bond Instrument, which is governed by and shall be construed in accordance with English law. The original aggregate nominal amount of the Bonds is limited to £100 million. The Bonds are secured debt instruments and are to be issued by the Company under a programme (the "Programme") through which the Company shall issue Bonds within 12 months from the date of this Document in accordance with the terms set out herein and/or any document which is published supplemental hereto. Additional series of Bonds may be issued under the Programme the terms of which will be published by way of Final Terms of Issue on the Website in accordance with the format for Final Terms set out on page 10. All Diversified Bonds whenever issued under the Programme will rank equally with each other as regards payments of amount due on the Diversified Bonds to their holders. Special Bonds (including S2 Bonds) will not rank *pari passu*, that is equally, with the Diversified Bonds or with any other Series of Special Bonds as the holders of Special Bonds will be repaid only from the money and/or other assets which ALP receives in connection with the loans which are funded the capital raised by their series of Special Bonds.

Diversified Bonds are secured on all assets of the Company save that they have no right to seek repayment from the security over ringfenced assets securing Linked Loans funded by Special Bonds, save where Linked Loans have also been funded by capital raised from the issue of Diversified Bonds. Special Bonds will rank equally with the Diversified Bonds in the proportion of their investment in the specific loan to which they relate.

Each Series of Bonds will be issued:

- (a) on Final Terms of Issue specifying the commercial details of such Series, including (but not limited to), the Interest Rate, the Interest Payment Dates and the minimum nominal amount;
- (b) on the terms of the Bond Instrument, save as specified in the Final Terms of Issue for that Series; and
- (c) on the basis that each Bond in the same Series will be identical with each of the other Bonds of the same Series other than in respect of any variation of the Tranche Terms applicable to the Bonds in that Series.

Each Series may be issued in tranches (each a "Tranche") on the same or on different issue dates. A Tranche of Bonds may vary from other Bonds of a different Tranche in the same Series in the following respects:

- (a) the Issue Price;
- (b) the underlying security;
- (c) the Redemption Date for that Tranche;
- (d) the Interest Payment Rate; and
- (e) the Interest Payment Date (if different to the Redemption Date).

The Company currently has in issue the following Series of Bonds:

#### *Diversified Bonds*

- Series A Bonds; Series B Bonds; Series C Bonds; Series Z Bonds;
- Series A2 Bonds; Series B2 Bonds; Series C2 Bonds; and

#### *Special Bonds*

- Series S1 Bonds.

The Final Terms of Issue for the Series of 2020 Issue Bonds, are set out on page 31 of this document, and the Company may at any time during the Programme issue further series of 2020 Issue Bonds and close or limit the maximum amount which may be subscribed in respect of a Series of Bonds previously offered.

The Initial Series of 2020 Issue Bonds and any further series of 2020 Issue Bonds shall comprise one or more tranches (each a "Tranche") which shall be issued on the same terms as that of the relevant Series and shall be the same in all material respects as Bonds issued in other Tranches of the same Series save that the Redemption Date and Interest Rate of the Bond shall be different.

### **Bond Instrument**

Bonds will be created and issued under the authority of the terms of a Bond Instrument executed by the Company on 14th March 2018 as amended by a General Meeting on 26th September 2018 and the Terms of Issue. The Company may issue a new series of Bonds at any time and contemporaneously with the issuance of another series of Bonds.

This authority for and the processes by which the Company will issue a series of Bonds is referred to herein as the Programme. The Company will issue Bonds under this Programme within 12 months from the date of this Information Memorandum. The aggregate nominal amount of all Bonds, which can be created and issued under this Bond Instrument, is limited to £100 million. The maximum amount offered pursuant to this document is £7,000,000.

All Bonds issued under the Programme will have the following characteristics in addition to the terms specified in their Final Terms of Issue.

### **Secured by a Charge**

Bonds are secured by the Parent Charge which grants security interest over the assets of the Company, which includes security granted by ALP for each loan which is made in order to be remitted to a third-party lender. The significance of the Parent Charge is explained in more detail below.

### **Unlisted**

Bonds are not listed on a regulated market or other equivalent markets and no application will be made for the Bonds to be so listed.

### **Transferable**

The Bonds are all transferable. The Company does not at the moment provide facilities to match buyers and sellers of its Bonds and in consequence Bond Holders may find it difficult to realise their investment in Bonds in advance of their Redemption Date. No application has been or as at the date of this document is intended to be made by the Directors to any Recognised Investment Exchange for the listing of, or for permission to deal in, the Bonds. There will therefore be no ready market in which the Bonds may be sold which may, therefore, make them difficult to sell. Where the Company is able to facilitate a transfer, a transfer fee payable to 1% of the original full face value of the Bonds, which is being transferred, will be applied on the date of the transfer. This will be deducted from the proceeds of the transaction.

### **Transmission**

Any person becoming entitled to Bonds as a result of the death or bankruptcy of a Bond Holder or of any other event giving rise to the transmission of Bonds by operation of law may, upon producing such evidence as reasonably required by the Directors, be registered in the Register as the holder of such Bonds.

In the case of death of a Bond Holder, the only persons recognised by the Company as having any title to the Bonds are the executors or administrators of that sole deceased registered Bond Holder or such other person or persons as the Directors may reasonably determine and they will be entitled to request repayment of the Bonds at the original full face value. The Company aims to satisfy withdrawals of this nature within three months of the request.

### **Register of the Bond Holders**

The Company will at all times keep at its registered office, or at such other place as the Company may have appointed for the purpose, the Register, showing:

- (a) the nominal amount of the Bonds held by the Bond Holder;
- (b) the serial number of each Bond issued;
- (c) the date of issue and all subsequent transmissions of ownership; and
- (d) the name and address of the Bond Holder.

A Bond Holder may at all reasonable times during office hours inspect that Bond Holder's details entered in the Register and take copies of such details from the Register. The Register may be closed by the Company for such periods and at such times as it thinks fit but not more than thirty (30) days in any calendar year. Any change of a Bond Holder's details, including but not limited to name, email address or address, must be notified to the Company and the Register will be updated accordingly.

### **Interest bearing**

The Interest Rates that the Series S2 will bear are set out in the Final Terms of Issue on page 33. The Interest Rates that a Further Series of 2020 Issue Bonds will bear will be set out in the Final Terms of Issue for that Further Series of 2020 Issue Bonds.

The Interest Rates are variable depending on what tranche of a Series an Investor applies for. In submitting an Application for a

particular Tranche of a Series an Investor will be agreeing to subscribe for Bonds at the Interest Rate applicable to that Tranche of that particular Series. Interest Rates will be fixed and will not be varied.

Interest accrual on all Bonds will begin from the date of issue of a Bondholder Certificate. No interest will be paid on the S2 Bonds except on conversion to shares on redemption. Where Interest or a redemption premium is payable on redemption of the Bond the Interest shall be paid shortly after the Redemption Date, giving time for the appropriate bank transfers. Interest shall be paid in respect of any Further Series of 2020 Bonds on the date or dates set out in the applicable Final Terms of Issue.

Neither the principal amount of the Bonds nor any accrued Interest thereon shall be capable of conversion into shares or other securities in the Company.

The Company will be responsible for calculating the Interest. Where the Interest is payable semi-annually it shall be calculated on a simple and not a compound basis at the Interest Rate attached to each Tranche in each Series. Where the Interest is payable on redemption it shall be calculated on a compounded basis with Half Yearly rests at the Interest Rate attached to each Tranche in each Series on the principal amount outstanding under the Bonds from their Commencement Date until their Date of Redemption. Interest is calculated daily and will be paid pro rata for each Bondholder if monies are invested for less than six months. The Company shall be entitled to apply what it reasonably regarded to be relevant market conventions in calculating Interest.

Each Bondholder will receive an annual statement each April, which shall set out the Interest that has been paid and, in relation to any Further Series of 2020 Issue Bonds which are not held in an ISA account, the tax that has been deducted.

If the Company is unable to make a payment of Interest on an Interest Payment Date in accordance with the payment instructions provided by an Investor, that Investor will have a period of 6 years from the relevant Interest Payment Date to make a claim for the Interest due.

#### **Redemption and taxation of interest**

The Company will redeem S2 Bonds on the Redemption Date, only where proceeds from the Convertible Loan have been received and the redemption will be limited by the amount of those proceeds, whether in cash or shares. The S2 Bond is administered by the Company and is not available on the platform managed by Goji.

Depending on the legislation in force at the time of redemption, the Company may deduct tax at source and in which case only amounts net of any tax deducted will be paid to Bondholders.

All Bonds redeemed by the Company will be cancelled and will not be available for reissue.

#### **Early Redemption of Bonds by the Company**

The Company will be entitled to redeem any or all of the principal amount of the Bonds together with Interest accrued thereon at any time.

#### **Early redemption of the Bonds on an event of default by the Company**

Each Bond Holder acting via the Security Trustee may exercise all rights, remedies, powers or discretions in their capacity as Bond Holders on an Event of Default of the Company.

Each of the following events shall be an Event of Default:

- (a) the Company failing on the due date to make any payments of principal or interest to any Bond Holders of Bonds in that Series (save where remedied within five to ten Business Days respectively and excluding redemptions of no more than 25% of the Aggregate Nominal Amount of B Bonds for a period of no more than six months B Bonds);
- (b) a petition is presented or any proceedings are commenced or an order is made or a resolution is passed or a notice issued convening a meeting for the purposes of passing any resolution, or any other step is taken for the winding up, insolvency, administration, bankruptcy or reorganisation of any member of the Group;
- (c) the Company stops payments to its creditors generally or is unable or admits its inability to pay its debts within the meaning of Section 123 Insolvency Act 1986; or
- (d) a creditor takes possession of all or any part of the business or assets of the Company or any execution or other legal process is enforced against all or any part of the business or assets of such company and is not discharged or stated within 14 days.

The Company will use reasonable endeavours to give notice to the Bond Holders of the happening of any Event of Default within ten (10) Business Days upon becoming aware of the same.

On the happening of an event of default all outstanding Bonds shall, with no upfront costs having to be paid by Bond Holders, become immediately repayable at the original full face value together with all accrued Interest up to and including the date of redemption (although the Bond Holders may pass a Bond Holder Resolution, that is a resolution passed at a meeting of the Bond Holders by Bond Holders holding a majority in value of the outstanding Bonds at such time, directing that the Bonds should continue and in which case the Bonds would not become immediately repayable together with Interest). If any Bond Holder shall waive in writing its right of repayment of principal and all accrued Interest thereon due to it, following an event of default, the Bonds held by such Bond Holder shall remain outstanding. Holders of Series S1 bonds or further 2020 Issue Bonds with specific securities will only be entitled to their share of the cashflows from the specific security unless all other Bond Series have been repaid in full.

### **Bond Holder Meetings and Resolutions**

The Company shall be entitled by notice in writing (which for this purpose includes e-mail) to convene a meeting of Bond Holders to consider any matter it proposes (including a Bond Holder Resolution). It shall also convene a meeting of Bond Holders if requested to do so in writing either by (i) Bond Holders holding not less than twenty-five per cent of the Aggregate Nominal Amount, to consider a Bond Holder Resolution, or (ii) where an Event of Default has occurred which has not been waived by a Bond Holder Resolution, by any Bond Holder, to consider a Bond Holder Resolution.

In accordance with the terms of the Bond Instrument, Bond Holder Resolutions are passed by a majority of the Aggregate Nominal Amount of Bonds.

The Company shall adopt such procedure as appears reasonable to it in relation to the convening of any meeting of Bond Holders, which may include acceptance of votes by Bond Holders submitted in writing or by electronic means (including e-mail) and a meeting shall include any procedure reasonably considered by the Company to be sufficient to ascertain the views of Bond Holders.

In addition to a waiver of any event of default, a Bond Holder Resolution can approve the following:

- (a) sanction of any proposals for any modification, variation, abrogation or compromise of, or arrangement in respect of, the rights of the Bond holders against the Company, whether such rights arise under the Bond Instrument or otherwise;
- (b) consent to any modification, amendment or abrogation of any of the provisions contained in the Bond Instrument or any which is proposed by the Company and authorise the Company to execute an instrument supplemental to the Bond Instrument embodying any such modification, amendment or abrogation.

### **Charged Accounts**

Four accounts have been set up by the Company, a capital account, an income account, a Sterling Suffolk account and a general current account. ALP does not have a bank account as the Company manages all money on behalf of ALP.

The general current account has a proportion of money that can be taken from the income account, and the proceeds of Subordinated Loans and can be used for whatever expenses of the Company the Directors deem appropriate.

The capital account holds the proceeds Bond offers. From this capital account loans will be made to Borrowers. The capital account will be nominated to receive back the principal of any loan repaid by Borrowers on demand made by the Company or ALP. The balance of this account may only be used to:

- a) make loans to Borrowers;
- b) costs incurred by ALP which relate to timing differences between amounts due to be paid by ALP and reimbursed by a Borrower; or
- b) to repay the principal of Bonds due for redemption to Bond Holders.

The income account will receive interest payments which ALP receives from Borrowers and pays up to the Company. From this income account the Company will be entitled to withdraw 30% of the Interest Margin, being the difference between the interest payments received and the interest payments paid to bond holders into the general current account to cover its running costs. The remaining balance of the interest account will be used to pay the coupon on the Bonds as and when they are due. Once the balance of the account is equal to or greater than 5% of the Aggregate Nominal Amount plus of Bonds outstanding plus any accrued but unpaid interest on the Bonds and appropriate provision for bad and doubtful debts owed by Borrowers the the Company is entitled to withdraw any excess.

The Sterling Suffolk account is a deposit account that holds amounts held on account ringfenced for the benefit of the S1 bond holders only. This account holds the physical cash that is separately identified as, in the opinion of the Directors, fairly attributable to the holders of the S1 bonds. Additional accounts would be opened if further S series bonds were issued.

## ALP ISA

Investments in the S2 Bonds cannot be held within an ISA Account.

## TAXATION

The following statements are intended as a general guide only to certain United Kingdom tax considerations and do not purport to be a complete analysis of all potential United Kingdom tax consequences of acquiring, holding or redeeming Bonds. They are based on current United Kingdom legislation as at the date of this Information Memorandum. They apply only to Bond Holders who are resident, ordinarily resident and domiciled for tax purposes in (and only in) the United Kingdom, and who hold their Bonds as an investment. The precise tax treatment of a Bond Holder will depend on the Bond holder's individual circumstances and law and practice in force at the relevant time and may therefore be subject to change in the future and investors should make sure they understand any changes that are made.

HMRC requires the Company to withhold basic rate tax on all payments of Interest it makes to an Investor in connection with an investment in Bonds.

Upon investing, the Company will arrange for basic rate tax to be deducted from Interest payments and paid to HMRC on an Investor's behalf. Each year an Investor will be provided with an electronic statement showing the gross Interest payment, how much tax the Company has deducted and the net Interest payment that has been paid into the Client Account. If an Investor is an individual subject only to basic rate tax, there should not be any further liability to pay any income tax on payments of Interest. If an Investor is not normally subject to UK tax, the Investor may be entitled to re-claim from HMRC any basic rate tax withheld. If an Investor is a higher rate or an additional rate taxpayer then there will be additional tax to pay, which may require the submission a self-assessment tax return, upon which the Investor should take his or her own tax advice.

Liability to UK Capital Gains Tax should only arise if the S2 Bonds are converted to shares in SSL and those shares are subsequently disposed of or become part of an event which gives rise to a Capital Gain.

No Stamp Duty or Stamp Duty Reserve Tax will be payable on the issue of Bonds.

A holding of Bonds should form part of a Bond Holder's estate for inheritance tax purposes.

Corporate investors resident in the UK for corporation tax purposes may be entitled to receive payments of Interest gross. Such corporate investors will have to pay tax on the Interest received at the applicable corporation tax rate according to their profits and status.

If a Bond Holder is a non-UK corporate, the Company is obliged to deduct Basic Rate Tax. It may be possible for that Bond Holder to benefit from reduced withholding tax on Interest.

Charities resident in the UK for UK tax purposes will also receive Interest gross.

The ultimate liability to tax in respect of the Bonds will depend upon the individual circumstances of each Bond Holder at the relevant time and may be subject to change. Prospective Investors are advised to consult their own professional advisers concerning the tax consequences of the acquisition, ownership or redemption of Bonds and any Interest and other benefits derived thereon.

## ADDITIONAL INFORMATION ON THE COMPANY AND ALP

### 1. Incorporation and Administration.

- 1.1. The legal and commercial name of the Company is Amberside ALP plc.
- 1.2. The Company was incorporated and registered in England and Wales as a public company with limited liability on 31 October 2017 with registered number 11041038. The Company was issued with a trading certificate under section 761 of CA 2006 by the Registrar of Companies on 7 December 2017.
- 1.3. The registered office of the Company is at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP and its telephone number is 020 3950 1777.
- 1.4. The principal legislation under which the Company operates is the Companies Act 2006 and regulations made thereunder.
- 1.5. The Company has obtained all necessary consents, approvals and authorisations in England and Wales in connection with the issue and performance of the Bonds.



## 2. Share and loan capital

2.1. The Company has in issue 263,169 Ordinary Shares with a nominal value of £0.50 to the shareholders. In addition the Company has been lent £110,000 in Subordinated Loans which rank behind the Bonds in the event of the Company becoming insolvent.

2.2. The issued share capital of the Company as at 31 January 2020 is:

| Shareholder               | Number of Ordinary Shares Held | %          | Nominal Value | Paid up £       |
|---------------------------|--------------------------------|------------|---------------|-----------------|
| Amberside Capital Limited | 100,000                        | 38.0       | £0.50         | £50,000         |
| Douglas Richard Spacey    | 62,500                         | 23.7       | £0.50         | £31,250         |
| Matthew Benedict Evans    | 62,500                         | 23.7       | £0.50         | £31,250         |
| David James Scrivens      | 12,000                         | 4.6        | £0.50         | £6,000          |
| David James Lomas         | 9,000                          | 3.4        | £0.50         | £4,500          |
| Daniel Philip Scowcroft   | 4,000                          | 1.5        | £0.50         | £2,000          |
| Robert McClatchey         | 13,169                         | 5.0        | £0.50         | £6,584          |
| <b>TOTAL</b>              | <b>263,169</b>                 | <b>100</b> |               | <b>£131,584</b> |

2.3. The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

2.4. The table below summarises Subordinated Loans made to the company that rank behind the Bonds in the case of insolvency. These loans do not pay interest.

| Subordinated Loan Provider* | Subordinated Loans as at 31st October 2019 | Subordinated Loans as at 31 January 2020 |
|-----------------------------|--|--|
| Amberside Capital Ltd       | £40,000                                    | £45,000                                  |
| Matthew Evans               | £22,500                                    | £27,500                                  |
| Richard Spacey              | £22,500                                    | £27,500                                  |
| David Scrivens              | £2,400                                     | £4,800                                   |
| David Lomas                 | £1,800                                     | £3,600                                   |
| Daniel Scowcroft            | £800                                       | £1,600                                   |

\*This table excludes loans made by connected parties to ALP that rank pari passu with existing investors, these are included in paragraph 10 on page 31.

## 3. Memorandum and Articles of Association and Principal Activities

3.1. The objects and purpose of the Company are unrestricted.

3.2. The Company has been organised to carry on the business of being a general finance company.

3.3. The Company has been trading as a general finance company since March 2018 and has issued one loan to Sterling Suffolk Limited.

#### 4. Current and Past Directorships

4.1. The board of both the Company and ALP comprises five executive directors, including Robert McClatchey who is independent of Amberside and CH1. The Board has substantial experience of project finance and investment and has overall responsibility for the Company's and the Lender's affairs, including its Lending Policy.

4.2. The Directors are currently or have been within the last 5 years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

|  | Current  | Last Five Years  |
|--|--|--|
| Robert McClatchey<br>(Independent Chair) | Artellite Limited (04877908)<br>Barrel Industries Limited (09219039)<br>Degreart Asia Ltd (06216879)<br>Liver Research And Development Limited (07944232)<br>The King's School, Worcester (04776324)<br>The London Distillery Company Ltd (07681347)<br>UPP Group Holdings Limited (05016028)<br>UPP Projects Limited (05272122)<br>UPP Residential Services Limited (05337048)<br>16 Lisgar Terrace Management Company Limited (02573287)<br>16 Lisgar Terrace Management Company Limited (02573287)  | Rada In Business Limited (03999577)<br>Uniplaces Limited (08674633)  |
| David Lomas                              | Amberside Alp Trading Ltd (11146970)<br>Amberside Alp Plc (11041038)<br>Amberside Capital Ltd (09479851)<br>Amberside Metro Ltd (12077999)<br>Amberside Nominees Ltd (11657045)<br>Amberside Valuations Ltd (11735297)<br>Festival Partners Ltd (08732175)<br>Property Market Solutions Limited (07604993)<br>Flightstep Residents Company Limited (02187875)  |  |
| David Scrivens                           | Amberside Alp Trading Ltd (11146970)<br>Amberside Financial Ltd (11050339)<br>Amberside Property Ltd (11050999)<br>Amberside Alp Plc (11041038)<br>Smarter Energy Solutions Limited (11001374)<br>Amberside Technology Ltd (10976513)<br>Amberside Power Ltd (10903993)<br>Amberside Services Ltd (10903947)<br>Amberside Metro Ltd (12077999)<br>Amberside Nominees Ltd (11657045)<br>Sterling Suffolk Limited (08994132)<br>Amberside Energy Ltd (09944800)<br>Amberside Capital Ltd (09479851)<br>Amberside Accounting Ltd (08821125)<br>Amberside Valuations Ltd (11735297)<br>Amberside Advisors Ltd (06078852)<br>Voltcut Ltd (11764406)<br>High Impact Investor Ltd (12943951)<br>Sterling Suffolk Funding LLP (OC420507) | Decoy Farm Hydroponics Limited (10610641)<br>Clubfinance Ltd. (04522114)<br>Turkish Solar Funding LLP (OC418632) |

|               | Current  | Last Five Years   |
|---------------|--|---|
| Matthew Evans | Amberside Alp Trading Ltd (11146970)<br>Amberside Alp Plc (11041038)<br>Sterling Suffolk Limited (08994132)<br>Ethical Power Funding Llp (Oc416615)<br>Hazel Renewable Energy Vct2 Plc (07378395)<br>Netley Funding Llp (Oc415050)<br>Longhedge Renewables Limited (08666213)<br>Module Lending Llp (Oc412997)<br>Innova Energy Limited (10283362)<br>Ch 1 Investment Partners Llp (Oc412678)<br>Retention Funding Llp (Oc412348)<br>Vat Lending Llp (Oc412312)<br>Arc X-Media Limited (09633403)<br>Ep Solar Construction Llp (Oc402475)<br>Lindridge Sp Funding Llp (Oc402476)<br>Oxcliffe Sp Funding Llp (Oc402481)<br>Lake District Biogas Limited (Sc491828)<br>Bowerhouse Funding Llp (Oc398687)<br>Aee Renewables Uk 16 Limited (07453123)<br>Osprey Solar Limited (08215492)<br>Denprof Limited (07076615)<br>J L Strategic Solutions Limited (06838201)<br>John Lamb Strategies Limited (06451878)<br>JI Strategies Limited (03076822)<br>Sterling Suffolk Funding LLP (OC420507)<br>JGH Solar Limited (09423117)<br>Huthwaite Funding LLP (OC422913)<br>Lucas House Funding LLP (OC421471)<br>Project Retention Funding LLP (OC421177)<br>Hive Energy Funding LLP (OC420758)<br>Sterling Suffolk Funding LLP (OC420507)<br>Twin Oaks Funding LLP (OC418958)<br>Turkish Solar Funding LLP (OC418632)<br>Retention Funding WW2 LLP (OC418387)<br>Retention Funding WW LLP (OC418218)<br>Cornwall Street Funding LLP (OC415890)<br>Common Farm Funding LLP (OC415891)<br>Wraysbury Funding LLP (OC415334)<br>Wally Corner Funding LLP (OC41335) | Jhg Solar Limited<br>(09423117)<br>Aee Renewables Uk 37<br>Limited (08273172)<br>Osprey Solar Limited<br>(08215492)<br>Lgt Vestra Us Limited<br>(06455240)<br>Lgt Vestra Llp<br>(Oc329392)<br>Turkish Solar Funding<br>LLP (OC418632) |

|                | Current   | Last Five Years   |
|----------------|---|---|
| Richard Spacey | Hive Energy Funding Llp (Oc420758)<br>Amberside Alp Trading Ltd (11146970)<br>Sterling Suffolk Funding Llp (Oc420507)<br>Amberside Alp Plc (11041038)<br>Twin Oaks Funding Llp (Oc418958)<br>Turkish Solar Funding Llp (Oc418632)<br>Retention Funding Ww2 Llp (Oc418387)<br>Retention Funding Ww Llp (Oc418218)<br>Ethical Power Funding Llp (Oc416615)<br>Common Farm Funding Llp (Oc415891)<br>Cornwall Street Funding Llp (Oc415890)<br>Wraysbury Funding Llp (Oc415334)<br>Wally Corner Funding Llp (Oc415335)<br>Dentinal Tubules Limited (06862496)<br>Netley Funding Llp (Oc415050)<br>Module Lending Llp (Oc412997)<br>Ash Finco Ltd (10290768)<br>Innova Energy Limited (10283362)<br>Ch 1 Investment Partners Llp (Oc412678)<br>Retention Funding Llp (Oc412348)<br>Vat Lending Llp (Oc412312)<br>Ep Solar Construction Llp (Oc402475)<br>Armstrong Solar Holdings Limited (08532213)<br>Tavern Restaurants Ltd (09377027)<br>Keystone Power Limited (08339381)<br>Aee Renewables Uk 16 Limited (07453123)<br>Osprey Solar Limited (08215492)<br>Llangollen Supermarket Income Llp (Oc389627)<br>M Buckley Leasing Limited (08142569)<br>M. B. Leasing Limited (08142564)<br>Mollie Buckley Leasing Limited (08142467)<br>Poullacour Plc (08062997)<br>M P Wakefield Leasing Limited (07814147)<br>Sterling Suffolk Funding LLP (OC420507)<br>Fenton Land Funding LLP (OC423732) Spanish<br>Funding 2 LLP (OC423743)<br>Hive Energy Funding LLP (OC420758) | Lgt Vestra Llp (Oc329392)<br>Aee Renewables Uk 37 Limited<br>(08273172)<br>Aee Renewables Uk 37 Limited<br>(08273172)<br>Harrier Solar Limited (07936061)<br>Harrier Solar Limited (07936061)<br>Gourlay Leasing Limited (08366041)<br>Gourlay Leasing Limited (08366041)<br>Turkish Solar Funding LLP (OC418632) |

## 5. Directors' interests and disclosures

- 5.1. Richard Spacey and Matthew Evans, both directors of the Company and ALP, hold shares in the Company as indicated in the table on page 27 and are members of CH1 Investment Solutions.
- 5.2. David Lomas (directly) and David Scrivens (directly and through his holdings in Amberside Advisers Ltd), both directors of the Company and ALP, hold shares in Amberside Capital Limited which holds shares in the Company and they both directly hold shares in the company, as indicated in the table on page 27.
- 5.3. Daniel Scowcroft, an employee of Amberside Capital Ltd, holds shares in the Company as indicated in the table on page 27.
- 5.4. Robert McClatchley, a director of the Company and ALP, holds shares in the Company as indicated in the table on page 27.
- 5.5. David Scrivens and Matthew Evans are directors of Sterling Suffolk Limited and Amberside Capital Limited and CH1 are both shareholders (as described on page 27). As described on page 17 the first loan made by the Lending Team was into Sterling Suffolk Limited which has constructed and operates a 5.6 hectare greenhouse to grow premium quality tomatoes. David Scrivens and Matthew Evans cannot vote on lending decisions for Sterling Suffolk Limited loans. Both David Scrivens and Matthew Evans were appointed due to ALP, CH1 and Amberside Capital's lending and money raising.
- 5.6. Amberside and CH1 will provide services to the Company and ALP on terms to be approved by Robert McClatchley.
- 5.7. Other than as noted above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the period since its incorporation and remains in any respect outstanding or unperformed.
- 5.8. No loan or guarantee has been granted or provided by the Company to or for the benefit of any of the Directors.
- 5.9. The Company has taken out directors' and officers' liability insurance for the benefit of its directors but they will not be covered in respect of any fraudulent or dishonest activities.
- 5.10. The Directors are currently or have been within the last 5 years, a member of the administrative, management or supervisory

bodies or partners of the companies and partnerships as set out in the table above.

- 5.11. No Director has any convictions in relation to fraudulent offences during the previous 5 years.
- 5.13. There has been no official public incrimination and/or sanction of any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous 5 years.

## 6. The Company and ALP

- 6.1. The Company is owned as set out in in the table on page 27. ALP is 100% owned by the Company.
- 6.2. In accordance with the Company's articles of association, the business decisions of the Company are undertaken by the Directors.
- 6.3. The Company's shareholders will be entitled to all residual profits of the Company after the Company has met all expenses in relation to its business and has made such provisions against losses in relation to bad loans made by its Subsidiary.

## 7. Corporate Governance

- 7.1. The Company is not a company with a primary equity listing and accordingly is not required to comply with the Corporate Governance Code.

## 8. Management and Administration

- 8.1. The Company is not required to be, and is therefore not, regulated by the Financial Conduct Authority or any other regulatory body.
- 8.2. The Company has no employees (other than the Directors).
- 8.3. The Company has appointed Hillier Hopkins LLP as auditors, which is a member firm of the Institute of Chartered Accountants in England & Wales.
- 8.4. Save as mentioned above, as at the date of this document, there are believed to be no governmental, economic, monetary, political or fiscal policies and factors, which have or could materially affect the Company's operations.
- 8.5. The company pays director fees to the independant chair, Robert McClatchley of £12,500 per annum. The other directors have waived their fees until further notice.

## 9. Borrowing Powers

The Board may exercise all powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue Bonds and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. There are no restrictions on the ability of the Company to borrow.

## 10. Material Contracts and Connected Party Arrangements

- 10.1. It is anticipated that the Company will receive various administrative services from Amberside and CH1 the terms as to payment for which will be approved by the Independent Chair.
- 10.2. The Company has entered into an administrative and company secretarial services agreement with City Partnership (UK) Limited ("City") pursuant to which City provide administrative and company secretarial support to the Company and ALP. City will be entitled to a fee based on time costs incurred for administration and company secretarial services.
- 10.3. On 14th March 2018 the Company entered into the Bond Instrument which was subsequently amended with the authority of Bondholders on 26th September 2018.
- 10.4. On 14th March 2018 the Company entered into the Parent Charge by which the assets of the Company were charged to secure payments due under the Bonds to Bondholders.
- 10.5. On 14th March 2018 the Company entered into the Security Trust Deed pursuant to which the benefit of the Parent Charge is held in trust by the Security Trustee for the benefit of Bond Holders. The Security Trust Deed was subsequently amended with the authority of bondholders on 26th September 2018.
- 10.6. On 14th March 2018 ALP entered into the Subsidiary Security by which the assets of ALP were charged to secure repayment of loans made by the Company to ALP of the principal amount raised by the Company's issuance of Bonds.
- 10.7. On 5th March 2018 ALP entered into a facility agreement with SSL under which ALP agreed to lend up to £17.5m to SSL for the primary purpose of funding the construction of the greenhouse referred to on page 17. Interest is charged at 12.5% per annum and is payable half-yearly but is rolled up to 30 June 2020. The facility is due to be repaid in full on 12 December 2021 but may be prepaid before then by SSL subject to an early repayment fee equal to 180 interest on the amount prepaid. This facility is secured by a first ranking charge over all assets of SSL. ALP also has the benefit of a collateral warranty from the principal contractor involved in building the greenhouse. The facility agreement requires SSL to demonstrate a forward debt service cover ratio of 1.5x and a project life cover ratio of 1.1:1.

It also contains covenants and events of default which are typical for a project financing of this nature, the breach of which allows the ALP to demand immediate repayment of the facility and to enforce its security.

- 10.8 On 5th March 2018 SSL granted a first ranking fixed and floating charge and on 2 July 2018 SSL a legal charge over leasehold property to ALP to secure the loan facility referred to in paragraph 10.7.
- 10.9 On 5th March 2018 ALP granted a debenture to a third party bridging facility provider to secure a first bridging loan of £3m so that ALP might part-finance its commitment under the loan facility referred to in paragraph 10.7. This debenture ranks behind the Subsidiary Security and also the legal charge referred to in paragraph 10.10 below. The Company will employ capital raised by the issue of Bonds in providing ALP with the funds required by ALP to diversify its loan portfolio in priority to refinancing this first bridging loan.
- 10.10 On 28 September 2018 granted a legal charge to a different third party bridging facility provider to secure a second bridging loan of £4m so that ALP might part-finance its commitment under the loan facility referred to in paragraph 10.7. This legal charge ranks pari passu with the Subsidiary Security. The Company will employ capital raised by the issue of Bonds in providing ALP with the funds required to refinance this second bridging loan from capital raised by the issue of Bonds in priority to ALP diversifying its loan portfolio.

## 11. Financial Information

- 11.1. At the date of this Information Memorandum the Company does not have audited financial statements finalised for the year ended 31 October 2019. The Company intends to publish these financial statements in respect of the period ending 31 October 2019 on or before the 30 April 2020. The financial year of the Company ends on 31 October each year.
- 11.2. Reports and accounts published by the Company will, when published, be available for inspection during normal office hours at its business address set out above and within the Group's website at [www.ambersidealp.com](http://www.ambersidealp.com).
- 11.3. Page 8 provides a summary of the audited results to 31 October 2019 and the unaudited results to 31 October 2020.

## 12. General

- 12.1. There has been no significant change in the financial or trading position of the Company since incorporation except as mentioned in this document.
- 12.2. The following constitute the known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year:
  - 12.2.1. There are events that could damage the returns and financial security of the Company including global or domestic events that cause an economic downturn; and
  - 12.2.2. The referendum result for Brexit has focused attention on the potential impact on the UK economy, and whilst the Company operates predominantly in the UK we do not envisage any immediate Brexit related issues. The Company will continue to monitor all of its business lines in order to mitigate the possibility of bad debt, and its impact on the Company's returns and capital;
- 12.3. The Company consents to the use of this document in connection with any issue of Bonds in the UK during the period commencing from the date of this document and until the close of the Offer on or before 31st January 2021 ("Offer Period") by any financial intermediary. In the event of an offer being made by a financial intermediary, information on the terms and conditions of the Offer must be given to Investors by the financial intermediaries at the time that the offer is introduced to Investors. Any financial intermediary using the Information Memorandum must state on its website that it is using the Information Memorandum in accordance with the consent set out in this paragraph.
- 12.4. All third-party information in this document has been identified as such by reference to its source and in each instance, has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 13. Overseas Investors

- 13.1. No person receiving a copy of this document or accompanying application form in any territory other than the UK may treat it as constituting an offer or invitation to him to subscribe for Bonds issued by the Company.
- 13.2. No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom where such action is required to be taken. All applicants under the Offer will be required to warrant that they have observed all the laws of their relevant territory in connection with the Offer.

### Documents available for inspection

- 13.3. Copies of this document and the Bond Instrument will be available for inspection during normal business hours on any weekday (public holidays excepted) at the registered office of the Company whilst the Offer remains open.



## AMBERSIDE ALP PLC

### SERIES S2 BONDS - Sterling Suffolk Convertible bonds

#### Tranche SSC1 – Convertible Bond

| Series Number                            | SSC1   |
|--|--|
| Series Name                              | S2 Bonds   |
| Linked Loans                             | The capital raised by the issue of S2 Bonds will be deployed wholly in funding an investment by way of convertible loan (the “Convertible Loan”) to Sterling Suffolk Limited (company number: 08994132) (“SSL”) as matched funding under the UK government’s Future Fund scheme. The Convertible Loan is unsecured and may be converted into shares of SSL.  |
| Half-Yearly Interest rate                | Not applicable   |
| Effective Annual Interest Rate           | 8% per annum (subject to conversion of the Convertible Loan to shares and to be settled in cash or shares in SSL)  |
| Accumulated return                       | Interest is rolled up and paid on conversion of the Convertible Loan to SSL into shares (subject to the board of SSL electing to satisfy such payment in cash; if satisfied in shares, such interest on the S2 Bonds will accordingly be satisfied by the issue of shares in SSL).<br>If the convertible loan is redeemed on the Maturity Date (being 3 years from the date of the Convertible Loan), no interest will be paid but bondholders will be entitled to receive 95% of the Redemption Premium received by the Company from SSL under the Convertible Loan). |
| Offer closes                             | 31 January 2021  |
| Term                                     | From the Commencement Date until the Redemption Date   |
| Commencement Date                        | The date on which a Bond certificate is issued   |
| Redemption Date                          | 3 years from certificate issue (or, such earlier time as the Convertible Loan is either redeemed or converted into shares in SSL). The redemption of principal and/or interest in the Series S2 Bonds may be settled in cash or shares in SSL.<br>The redemption of interest and principal in the Series S2 bonds will be satisfied promptly by the Company upon receipt of such monies and/or shares from SSL following the Redemption Date.  |
| Innovative Finance ISA status            | Not applicable   |
| Issue price                              | £1   |
| Minimum Subscription                     | £100   |
| Transferability                          | Transferable   |
| Interest Payment Date                    | Interest is paid only if conversion to Ordinary Shares is chosen.  |
| First Interest Period                    | Not applicable   |
| Roll Over Date                           | Not applicable   |
| Half-Years                               | Not applicable   |
| Final Interest Period                    | Not applicable   |
| Other Interest Period(s) during the Term | Not applicable   |
| General                                  | The Series S2 Bonds will be secured on the cashflows and shares received by the Company in respect of Linked Loans advanced to Sterling Suffolk Limited and will not be secured on any other assets of the Company or of its wholly owned subsidiary Amberside ALP Trading Ltd   |

## TERMS AND CONDITIONS FOR THE OFFER OF EACH SERIES OF BONDS

You as an investor are applying to subscribe for secured, transferable Bonds (“Bonds”) issued by Amberside ALP PLC (company number: 11041038) (the “Company”).

You are making your application (“Application”), based on the Information Memorandum dated 26 October 2020 issued by the Company (the “Information Memorandum”) which sets out important information about investing in Bonds.

The Information Memorandum can be found on the Website [www.ambersidealp.com](http://www.ambersidealp.com) or during normal business hours on any weekday (public holidays excepted) at the registered office of the Company whilst the Offer remains open.

### ISA Applications

If you wish to invest on the basis that your Bonds will be held within an ISA you or your Financial Adviser must apply on line at [www.ambersidealp.com](http://www.ambersidealp.com).

If you are an advised investor, your Financial Adviser must initiate the application process and you will then receive a notification inviting you to confirm the terms on which your ISA application can be processed.

### Other Applications

If you do not wish to hold your Bonds in an ISA then you can invest by means of non-digital applications forms. Non-digital application forms are available on request from the Company who may be contacted as follows:

By email to: [help@ambersidealp.com](mailto:help@ambersidealp.com)

By post to: Amberside ALP, 9 Amberside House, Wood Lane, Hemel Hempstead, HP2 4TP

By telephone on: 0203 9501 777

If you wish to invest through your Financial Adviser (whether advisory or ‘execution only’ you and your Financial Adviser should both complete the **Advised Direct Investors Application Form**.

If you wish to invest directly (without a Financial Adviser) please complete the **Non-Advised Direct Investors Application Form**.

Your Application is subject to the following terms and conditions. Capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the Information Memorandum.

1. You acknowledge and confirm that you are not relying on any information given or any representations, warranties, agreements or undertakings (express or implied, written or oral) or statements made at any time by the Company in relation to the Company or any group entity other than as contained in the Information Memorandum (including these Terms and Conditions) and the Bond Instrument and that, accordingly, none of the Company, Amberside/CH1/Goji or any directors, officers, agents, employees or advisers of such persons or any such entity or any person acting on behalf of any of them shall have any responsibility for any such information, representations, warranties, agreements or undertakings (express or implied, written or oral).
2. You are not relying on the Company, Amberside/CH1/Goji to advise you as to the merits of investing in Bonds or to ensure that Bonds are a suitable investment for you.
3. You have considered and understood the Information Memorandum (including these Terms and Conditions) and the Bond Instrument including (but not limited to) the risk factors on pages 11 to 14 of the Information Memorandum. Without limiting the preceding sentence, you understand and accept that: Bonds do not give you any right or option to convert them to shares or other securities; there may be tax consequences for you in investing in Bonds (and these may include deduction of withholding tax). General information as to tax for UK individual investors is set out at on page 24 and 25 of this document. You should consider your own personal tax position and take professional advice as appropriate; and the Company may redeem any Bonds issued to you in whole or part by notice to you in accordance with the Bond Instrument and by repayment of all outstanding principal and accrued Interest.
4. You are either an individual who is 18 years old or more at the date of making your Application and who is not resident in the USA or you are the authorised representative(s) of a non-natural person, including a limited company, a limited liability partnership, trust or foundation that is not registered in the USA (“Business Investor”);
5. You fall into at least one of the following categories (i) “certified high net worth individual”, (not applicable to Business Investors) (ii) a “self-certified sophisticated investor”, (iii) a “certified sophisticated investor”, or (iv) an “investment professional”, each within the meaning of the Financial Services and Marketing Act 2000 (Financial Promotions) Order 2005 and your declaration(s) as such are truthful and accurate and made in good faith by you. An individual or individuals authorised to take investment decisions on behalf of a Business Investor may complete the declarations in respect of the Business Investor they represent. For the full definition of

each investor type please refer to the FAQs which can also be found on the Website);

6. Where you and/or any third-party adviser or other professional person has certified, or declared that an investment in Bonds is suitable or appropriate for you, such certifications and declarations are true and accurate to the best of your knowledge and belief;
7. Your making of the Application, being issued with Bonds and/or receiving any payments under the Bonds, does not contravene any law or requirement of any official or government body based outside the UK to which you are subject. Without limiting any other terms and conditions, you acknowledge and confirm that you are not a US Person, are not receiving Bonds in the United States and are not acquiring Bonds for the account of a US Person;
8. You are aware that it is open to you to seek advice from someone who specialises in advising on investments;
9. Unless the Company expressly agrees otherwise, any third-party adviser or intermediary is not entitled to be paid any commission in relation to your Application. If the Company does agree otherwise, it will set out details of the commission which it has been agreed will be paid in advance of you making an investment, either in writing or on the Website, and such commission will be paid by the Company;
10. Charges may be payable by you to a Financial Adviser who has advised you in relation to your decision to subscribe for any Bonds. By making your Application you authorise the Company to deduct such charges from any payment you make to subscribe for any Bonds and to use the amount so deducted to pay such charges to the relevant Financial Adviser. Details of such charges will be confirmed with you in advance of you making an investment;
11. The Company is able to facilitate, via the Platform, adviser charges of up to 0.5% per annum of amounts subscribed in respect of charges that an Investor has agreed to pay his or her Financial Adviser. To facilitate such charges, the Investor should select, in the desired Bond Series, a Tranche which includes this additional cost (Advised Option);
12. You acknowledge that the Company may, in its absolute discretion, reject in whole or in part or scale down your Application;
13. You are not engaged in money laundering. No money paid in subscription for Bonds shall represent the proceeds of any criminal activity;
14. Unless you have disclosed to us that you are applying on another person's behalf (for example, as an intermediary who has disclosed its client's identity) you must make your Application on your own behalf and for no other person. You should note that under the Bond Instrument, Bonds may be held only by a single holder and may not be held jointly with any other person; and
15. The Company, its directors, employees, agents and advisers will rely upon the truth and accuracy of the confirmations, acknowledgements and representations contained in your Application.

## **MONEY LAUNDERING**

It is also a term of your Application that, to ensure compliance with the legislation relating to money laundering and financial crime, the Company, City Partnership (UK) Limited or Goji may, in their absolute discretion, require information and/or evidence or further verification of your identity and the Company may decide not to issue Bonds until it and/or City Partnership (UK) Limited or Goji are absolutely satisfied as to your identity. If within a reasonable time after a request for information or evidence as to your identity, satisfactory evidence has not been supplied, the Company may, at its absolute discretion, terminate your Application in which event no Bonds will be issued to you.

## **THIRD PARTY RIGHTS**

The Company and its directors, officers shareholders and employees or any person acting on behalf of any of them may rely upon a right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these terms and conditions that refers to an acknowledgement, confirmation, authority or right in their favour. Goji and any person it nominates may enforce the rights of Bond holders under these terms and conditions (including the right to receive payments due to Bond holders) and the Company shall not be required to enquire further as to the authority of such person to do so. No other person shall have a right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these terms and conditions. Notwithstanding any term of these terms and conditions, the consent of any person who is not a party is not required to rescind or vary these terms and conditions.

## **JURISDICTION**

The making of Applications, acceptances of Applications and any resulting contracts in relation to Bonds will be governed by and construed in accordance with English law and you and the Company submit to the exclusive jurisdiction of the relevant courts of the United Kingdom in relation to any disputes, as to the making or acceptance of Applications and in relation to any resulting contracts.

## **CERTIFICATES**

The Certificates will be in the form or substantially in the form set out in the Schedule to the Bond Instrument. The Company will recognise the Bond Holder indicated in the Register as the absolute owner of the Bonds. The Company is not bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bonds may be subject.

If any of the Bonds are due to be redeemed under any of the provisions of the Bonds Deed, the Bond Holder shall, if requested by the Company, provide the Company with its up to date account details and, upon such delivery, the Company shall pay the relevant redemption amount to the Bond holder and the relevant Certificate shall be cancelled.

## **DEFINITIONS**

The following definitions apply throughout the Information Memorandum, unless the context requires otherwise:

“2006 Act” the Companies Act 2006

“2020 Bond Issuance Programme” means the Series of 2020 Issue Bonds and any Further Series of 2020 Issue Bonds.

“Aggregate Nominal Amount” in respect of Bonds in issue at any one time, the aggregate principal amount of the Bonds outstanding at that time

“ALP” Amberside ALP Trading Ltd (company number 11041038) the wholly owned subsidiary of the Company

“ALP Innovative Finance ISA” or “ALP ISA” means the innovative finance ISA account in which an investor will hold a Bond issued pursuant to the Programme which is designed to be held in an ISA Account

“ALP Network” Amberside Capital; CH1 and their respective Associates;

“Amberside Capital Limited” means Amberside Capital Limited (a private limited company, incorporated in England with the registered number 09479851);

“Application Forms” the Hard Copy Application Form and/or the Electronic Application Form (as the context requires)

“Articles” the articles of association of the Company (as amended or replaced from time to time)

“Associate” means any person or persons who, in the opinion of the Independent Chair, acting in his absolute discretion: (i) is acting with Amberside Capital or CH1; or (ii) over whose affairs Amberside Capital or CH1, enjoys a power of direction, alone or with others with whom Amberside Capital or CH1 is acting; or (iii) who alone or with others with whom that person is acting, enjoys a power of direction over the affairs of Amberside Capital or CH1 and, in all cases, whether any action or power of direction is exercisable directly or indirectly and including their respective successors and assigns

“Board” the board of directors of the Company

“Bonds” or “Amberside Bonds” the Bonds constituted by the Bond Instrument and issued pursuant to the Programme described in this Information Memorandum and which may be held in an ISA Account through the Platform

“Bond Holders” holders of the Bonds

“Bond Holder’s Nominated Account” means the bank account specified by the Bond Holder into which the Company will make Interest Payments and repay the principal of the Bond on the Redemption Date at the request of the Bond Holder

“Bond Holders’ Resolution” a resolution passed by Bond Holders in accordance with the terms of the Bond Instrument

“Bond Instrument” the secured, non-convertible, transferable debt instrument issued by the Company on 14th March 2018 as amended by a General Meeting on 26th September 2018 by which the Bonds are constituted

“Borrowers” means the companies to whom the Lender makes loans

“Business Day” any days on which banks are generally open in Aberdeen and London for the transaction of business, other than a Saturday or Sunday or a public holiday

“Certificate(s)” the certificates which are issued to Bond Holder(s) once they have subscribed for and been issued with Bonds under the Offer

“Certificate Date” the date in which the Certificates are issued to Bond Holders

“CH1” CH1 Investment Partners LLP (a limited liability partnership with the registered number OC412678);

“Client Account” means the account to which Bond Holders shall deposit their cash in exchange for Bonds which is managed by Sapia Partners LLP

“Commencement Date” means the date on which a Bond certificate is issued by the Company

“Company” means Amberside ALP plc (company number 11041038)

“Convertible Loan” means the convertible loan to be issued under the Convertible Loan Agreement

“Convertible Loan Agreement” means the convertible loan agreement at Annex 5, made between ALP, SSL and the Future Fund.

“Credit Committee” means the individuals whose names are set out on page 23 of this Information Memorandum

“Directors” the directors of the Company, whose names are set out on page 23 of this Information Memorandum and “Director” shall mean any one of them

“Diversified Bonds” all Bonds issued by the Company other than Special Bonds

“Document” or “this document” means this Information Memorandum issued by the Company

“EU” the European Union

“FCA” the Financial Conduct Authority

“Final Terms of Issue” the terms set out in a final terms of issue document for each Series, substantially in the form set out on page 8 of this document which complete the Terms and Conditions. The Final Terms of Issue in respect of the Bonds offered pursuant to this document are set out on pages 35 to 54.

“Financial Adviser” an authorised intermediary offering investment advice to his client

“FSMA” the Financial Services and Markets Act 2000 as amended

“Further Series of 2020 Issue Bonds” any Further Series of 2020 Issue Bonds subsequent to the Series of 2020 Issue Bonds that the Directors may at their discretion decide to issue under the 2020 Bond Issuance Programme.

“Future Fund” means the Future Fund launched by the UK Government in partnership with the British Business Bank, as defined in the Convertible Loan Agreement.

“Goji” means Goji Financial Services Limited (company number 10234133 and FCA firm reference number 805323), which is authorised and regulated by the Financial Conduct Authority and is also authorised by HMRC as a manager of ISAs under the ISA Regulations 1992, as amended, reference number Z2007.

“Group” means the Company and ALP as described and set out in this Information Memorandum

“Group Charge” means the security granted by the Company to the Security Trustee on behalf of the Bond Holders which grants security interests in respect of its assets including its rights under the Subsidiary Security.

“Hard Copy Application Form” the Application Form which may be downloaded from the Website and completed in hard copy form for use by Potential Applicants relating to applications for Bonds when they wish to pay by cheque or bankers draft

“HMRC” HM Revenue & Customs

“ISA Account” means an innovative finance account within the meaning of regulation 4(1ZA) of the ISA Regulations in force from 6th April 2017

“Independent Chair” means those Directors of the Company and ALP who are independent of Amberside Capital, CH1 and their Associates;

“Interest” interest payable on the Bonds in accordance with the Bond Instrument

“Interest Margin” as defined on page 23

- “Interest Rate” the rate of Interest payable in respect of Bonds in accordance with the Bond “Instrument”, a summary of which appears at Annex 1 to this document.
- “Investor” a subscriber for Bonds under the Offer
- “ISA Regulations” The Individual Savings Account Regulation 1998, as amended from time to time
- “Issue” the issue of the Bonds to the successful Potential Applicants
- “Issue Price” £1.00 per Bond
- “Lending Team” as set out on page 23
- “Linked Loans” a loan or loans made by ALP which is or are to be funded by the capital raised by a Series of S Bonds as described by their Final Terms of Issue, and so that, references to a Linked Loan being attributed to a Series of S Bonds or to a Series of S Bonds being attributed to a particular Linked Loan is a reference respectively to the loan or loans described in the Final Terms of Issue for that Series or, as the case may be, to the Series of S Bonds in whose Final Terms of Issue that Linked Loan is so described.
- “Money Laundering Regulations” the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time
- “Offer” the invitation by the Company to Potential Applicants to apply to subscribe for Bonds on the terms and conditions set out in this Document and in the Application Form
- “Parent Charge” means the charge over the assets of the Company in favour of the Security Trustee who shall hold the security on behalf of Bondholders
- “Potential Applicants” means applicants for Bonds who have registered addresses in, or who are resident in, or citizens of the UK or another jurisdiction approved by the Directors
- “Programme” the programme through which Bonds are issued by the Company under this Document
- “Property” the projects to be acquired and/or developed by the Borrowers
- “RAO” Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended from time to time)
- “Recognised Investment Exchange” an investment exchange recognised by the FCA under Part XVIII of FSMA, such that a recognition order is in force in respect of it.
- “Redemption Date” the repayment date for a particular Series of Bonds as set out in the relevant Final Terms of Issue
- “Register” the register of Bond Holders from time to time which is maintained by the company secretary
- “Securities Act” the United States Securities Act of 1933 (as amended from time to time)
- “Security Trustee” The City Partnership (UK) Limited (company number SC269164)
- “Series” a series of Bonds issued by the Company pursuant to the 2020 Bond Issuance Programme.
- “Series of 2020 Issue Bonds” means the Series S1 Bonds constituted pursuant to the Bond Instrument the details of which are set out in this document.
- “Series S1 Bonds” the bonds constituted by the Bond Instrument and issued pursuant to this Document and, in particular, the Final Terms of Issue on page 31.
- “Special Bonds” or “S Bonds” those Bonds which are issued from time to time pursuant to the terms of the Bond Instrument the capital raised by which is to be wholly deployed in funding the Linked Loans described in their Final Terms of Issue.
- “SSL” means Sterling Suffolk Limited (company number 08994132)
- “Statutes” the 2006 Act and every other statute (and any subordinate legislation, order or regulations made under any of them) concerning companies and affecting the Company, in each case, as they are for the time being in force
- “Subordinated Loan” money lent to the company by an Associate on terms that are less favourable than the Bonds.
- “Subsidiary Security” the charge granted by ALP in favour of the Company.

“Term” the period from the Commencement Date until the Redemption Date of a Bond

“Terms and Conditions” the terms and conditions relating to the Offer, set out on 32 to 34

“UK” or “United Kingdom” the United Kingdom of Great Britain and Northern Ireland

“United States” or “US” the United States of America, its territories and possessions, any state of the United States and the District of Columbia

“Website” means the web address [www.ambersidealp.com](http://www.ambersidealp.com). Online Applications are not available for the S2 Bonds

In the Information Memorandum, all references to times and dates are a reference to those observed in London, UK. In this Information Memorandum, the symbols “£” and “p” refer to pounds and pence sterling respectively and € refers to Euros.

| Directory                          |   |
|------------------------------------|---|
| The Directors                      | Robert McClatchley (Independent Chairman)<br>David Lomas<br>David Scrivens<br>Richard Spacey<br>Matthew Evans |
| Company Secretary                  | The City Partnership (UK) Limited<br>110 George Street<br>Edinburgh EH2 4LH                                   |
| Registered Office                  | 9 Amberside House<br>Wood Lane<br>Hemel Hempstead<br>HP2 4TP  |
| Registered Number                  | 11041038 (England and Wales)  |
| ISA Arranger                       | Goji Financial Services Limited<br>133 Whitechapel High Street<br>London E1 7QA                               |
| ISA Manager                        | Goji Financial Services Limited<br>133 Whitechapel High Street<br>London E1 7QA                               |
| Security Trustee & Receiving Agent | The City Partnership (UK) Limited<br>110 George Street<br>Edinburgh EH2 4LH                                   |
| Solicitors                         | RW Bleas LLP<br>29 Lincolns Inn Fields<br>London WC2A 3EG   |



## ANNEX 1

### SUMMARY OF THE BOND INSTRUMENT

The Bonds will be created under the authority and terms of a Bond Instrument executed by the Company on 14th March 2018 as amended by a General Meeting of Bondholders on 26th September 2018 which is available for viewing during normal working hours at the Company's registered office.

By applying to subscribe for Bonds, Bond Holders accept the terms of the Bond Instrument.

#### 1. Diversified Bonds and Special Bonds

- 1.1 Bonds are created under the Bond Instrument and issued under the programme described in the Information Memorandum and/or any document which is published supplemental hereto.
- 1.2 The Bonds constitute debt obligations of the Company and the obligations of the Company to pay all monies due under the Bonds are secured on the assets of the Company. This security is held by the Security Trustee for the benefit of all Bondholders pursuant to the terms of the Security Trust Deed.
- 1.3 Special Bonds are those Bonds which are issued from time to time pursuant to the terms of the Bond Instrument the capital raised by which is to be wholly deployed in funding the Linked Loans described in their Final Terms of Issue.
- 1.4 Linked Loans are a loan or loans made by ALP which is or are to be funded by the capital raised by a Series of S Bonds as described by their Final Terms of Issue, and so that, references to a Linked Loan being attributed to a Series of S bonds or to a Series of S Bonds being attributed to a particular Linked Loan is a reference respectively to the loan or loans described in the Final Terms of Issue for that Series or, as the case may be, to the Series of S Bonds in whose Final Terms of Issue that Linked Loan is so described.
- 1.5 Diversified Bonds are all other Bonds issued by the Company.
- 1.6 Capital raised by the Company from the issue of Diversified Bonds is lent to the Company's wholly owned subsidiary, ALP. The obligation of ALP to repay amounts due to the Company is secured on the assets of ALP. Those assets include the benefit of the loans made by ALP to third party Borrowers and the third party security arrangements agreed with those Borrowers.
- 1.7 Under the terms of the Bond Instrument all Diversified Bonds rank *pari passu* without any preference among themselves, that is to say, equally with each other as regards payments of amount due on the Bonds to their holders. The Bond Instrument was amended on 26th September 2018 to allow for the creation of Special Bonds ("S Bonds").
- 1.8 As regards Special Bonds, the following additional provisions apply.
- 1.9 The holders of a Series of S Bonds will be repaid only from the money and/or other assets which ALP receives from or in connection with the Linked Loans attributed to that Series of S Bonds.
- 1.10 The holders of a Series of S Bonds do not have any recourse to the money or assets received by ALP in connection with other assets of ALP which are not held or received in connection with Linked Loans attributed to that Series of S Bonds.
- 1.11 Where Linked Loans are also funded by capital raised from Diversified Bonds or any other S Bonds attributed to the same Linked Loans, the holders of Diversified Bonds and of all Series of S Bonds attributed to those Linked Loans shall rank on a *pari passu* basis alongside each other in proportion to the capital raised and invested in those Linked Loans from Diversified Bonds and those Series of S Bonds.
- 1.12 Otherwise the holders of Diversified Bonds have no right to seek repayment or otherwise benefit from the money or assets ALP receives from or in connection with Linked Loans attributed a Series of S Bonds.
- 1.13 Accordingly, amounts due to the holders of a Series of S Bonds will not be reduced in order to reflect the losses (if any) attributable to loans made by ALP which not Linked Loans in respect of that Series of S Bonds.
- 1.14 For these purposes, the Bond Instrument provides that the Company must: (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the holders of each Series of S Bonds and Diversified Bonds can, at all times, be separately identified and, in particular, that a separate income and expenditure account (or if applicable, profit and loss account) balance sheet and cash flow account and such other separate accounts as may, in the opinion of the Directors, be desirable, shall be created and maintained in the books of the Company for the assets attributable to the holders of S Bonds and Diversified Bonds; (ii) apportion the reserves of the Company in proportion to the capital raised by S Bonds and Diversified Bonds and allocate to such reserves such proportion of the expenses and liabilities of the Company incurred or accrued as the Directors a fairly consider to be allocable to the S Bonds and Diversified Bonds; and (iii) manage the assets of the Company so that the foregoing obligations can be complied with by the Company.

#### 2. Issue

- 2.1 The Bonds are denominated in GBP sterling and the aggregate nominal amount of the Bonds is limited to £100,000,000.
- 2.2 Bonds will be issued in a Series and each Series will be issued on Final Terms of Issue specifying the Redemption Date, the interest rate, the minimum and maximum nominal amount and other commercial terms.
- 2.3 Each Series may be issued in Tranches which differ from other Tranches in the same Series in relation to the interest rate, the Redemption Date and other commercial terms.
- 2.4 Any amount of unissued Bonds can be purchased, subject to a minimum nominal amount per Application of £1000.
- 2.5 The Bonds shall be in registered form and shall not be issued in the names of more than one Bond Holder.
- 2.6 The Company may from time to time constitute and issue bonds pursuant to other deeds which are executed by the Company at any time or times in the future and the issue of such other bonds shall not require the consent of Bond Holders so to do.

### 3. Interest and Redemption

- 3.1 The Company will pay interest on the Bonds (after deducting any required tax) at the rates specified in the Final Terms and will redeem the Bonds on the Redemption Date or earlier if required by the Bond Instrument or at the option of the Directors.
- 3.2 Where Bonds are issued on terms that they may be redeemed at the option of the Bond Holder the Company shall redeem such Bonds at par in Sterling, together with accrued but unpaid interest (including deferred interest and/or default interest), subject to such notice period and on such other terms as may be specified in the Bond Instrument or Final Terms. Any such redemption shall be pari passu as between Bond Holders exercising the option to redeem in any month. If Bond Holders of any Series seek to exercise this option in respect of in excess of 25% of outstanding Bonds in any rolling six-month period the Company may defer such redemption (in relation to Bonds comprising the excess) for a period of up to six months. In that following six months the Bonds, the redemption of which has been deferred, shall be redeemed in priority to Bonds, the redemption of which has not previously been deferred.
- 3.3 Save as provided in paragraph 3.4 below, all interest is paid on a six-monthly basis. Interest payment dates will be specified in the applicable Final Terms. Interest is calculated on the basis of actual days elapsed.
- 3.4 Where Bonds are issued on Final Terms which provide for interest to be rolled up, interest will be compounded on the 30 June and 31 December and paid on redemption of the Bond.
- 3.5 The Company shall pay each interest payment (after deduction of tax at the applicable rate) to those Bond Holders on the register at the close of business on the day before an Interest Payment Date and a Bond Holder is deemed to be the holder on that Interest Payment Date of a Bond held by him on that preceding day notwithstanding any intermediate transfer or transmission of the Bond.
- 3.6 At any time after the date of issue of the Bonds the Company shall be entitled on giving not less than 20 days' prior notice in writing to Bond Holders, to redeem at any time at par in Sterling the whole or any part of the Bonds for the time being outstanding together with accrued but unpaid interest (including deferred interest and/or default interest) and on the expiry of such notice the Bonds in respect of which it has been given shall be so redeemed. Any such redemption shall be made pari passu among the Bond Holders.
- 3.7 If the Company fails to make a payment of principal and/or interest on the date such payment is due, the overdue sum shall accrue interest (before as well as after judgment) at the rate of 2% per annum above the rate otherwise payable from the date on which such payment should have been made until the date of actual payment, compounded and payable by the Company on the last Business Day of each calendar month.

### 4. Security

- 4.1 The Bonds are secured by the Parent Charge and rank pari passu amongst themselves.
- 4.2 The Company executed and delivered the Parent Charge which is held by the Security Trustee on the terms of the Security Trust Deed.
- 4.3 If there is an inconsistency between the Bond Instrument and the Security Trust Deed, the latter prevails.
- 4.4 The Company must procure that any future subsidiary executes a charge in the form of the Subsidiary Security as soon as reasonably practical following its acquisition or incorporation.
- 4.5 The Company shall not release or agree to any variation of the Subsidiary Security without the consent of the Security Trustee.

### 5. Events of Default

- 5.1 The Security Trustee may (and shall if directed by a majority of Bond Holders) declare any the Bonds to be due and repayable immediately and the Security Trustee may enforce the Parent Charge if:
  - (a) the Company shall fail on the due date to make any payments of principal of the Bonds to any Bond Holder under the Bond Instrument and shall not remedy such breach within five Business Days unless payment is prohibited by the terms of an inter-creditor deed(s) provided however that if the Company exercises its option to defer the redemption of any Bonds that deferral of the Bonds in question shall not constitute a default under this condition but if the Company shall fail to redeem Bonds once so deferred by the end of the successive period of six months next following the deferral then on the occurrence of such failure the Company shall be in default under the terms of this condition;
  - (b) the Company shall fail on the due date to make any payment of interest on the Bonds due to any Bond Holder and shall not remedy such breach within ten Business Days unless payment is prohibited by the terms of an inter-creditor deed provided however that if the Company exercises its option pursuant to defer the redemption of any Bonds in the circumstances described in that Condition that deferral of the Bonds in question (and the failure to pay the accrued but unpaid interest (including deferred interest and/or default interest) that would have been payable had such redemption not been deferred) shall not constitute a default under this Condition but if the Company shall fail to redeem Bonds once so deferred by the end of the successive period of six months next following the deferral then on the occurrence of such failure the Company shall be in default under the terms of this Condition;
  - (c) any Group Company shall fail to perform or observe any other covenant, condition or provision contained in the Bond Documents and on its part to be performed and observed and such failure is not remedied within fifteen Business Days;
  - (d) a petition is presented or any proceedings are commenced or an order is made or a resolution is passed or a notice is issued convening a meeting for the purpose of passing any resolution, or any other step is taken:
    - (i) for the winding up, insolvency, administration, bankruptcy or reorganisation of any Group Company; or
    - (ii) for the appointment of a liquidator, administrator, administrative receiver, receiver or trustee of any Group Company

- or any of their respective assets,  
save for the purpose of a solvent reorganisation or reconstruction or amalgamation, the terms of which were previously approved by a majority of Bond Holders;
- (e) any Group Company stops payments to its creditors generally or is unable or admits its inability to pay its debts within the meaning of Section 123 Insolvency Act 1986;
  - (f) a creditor takes possession of all or any part of the business or assets of any Group Company or any execution or other legal process is enforced against all or any part of the business or assets of any Group Company and is not discharged or stayed within fourteen days;
  - (g) any process or event with an effect analogous to any of those referred to in (d) to (f) (inclusive) happens to any Group Company in a jurisdiction outside England and Wales;
  - (h) if for any reason the Parent Charge, or the Subsidiary Security, or any other security for the liabilities and obligations of the Company to the Bond Holders is not or ceases to be a valid and effective security in accordance with its terms;
  - (i) any other present or future indebtedness of any Group Company in respect of monies borrowed or raised becomes due and payable prior to its stated maturity by reason of a default (howsoever described) or any such indebtedness is not paid when due or within any applicable grace period;
  - (j) at any time it is unlawful for any Group Company to perform any of its obligations under any of the Bond Documents; or the Subsidiary Security; or
  - (k) any Group Company ceases or threatens to cease to carry on all or a substantial part of its business.

## 6. Register, Transfer and Transmission

- 6.1 The Company shall maintain a Register showing the amount, date of issue and serial number of each Bond, all transfers and changes of ownership and the dates thereof, and the names and addresses of Bond Holders. Bond Holders shall notify any change of name or address which shall be entered in the Register. Bond Holders may inspect and take copies of the Register.
- 6.2 Bonds are transferable, by instrument in writing in the usual form signed by or on behalf of the transferor, in multiples of £1,000 provided that such instrument is executed and delivered as a deed and commits the transferee to perform the terms of the Security Trust Deed as if he were a Bond Holder. No transfer shall be registered in the ten Business Days preceding an interest payment date and the Company may refuse to register a transfer to more than four transferees, to a minor, to a bankrupt or to a person of mental ill-health, or if the Company is of the opinion that registration would be contrary to law.
- 6.3 Every transfer instrument shall be left at the location of the Register together with the Certificate and such evidence as the registrar may require to prove the transferor's title to, or right to transfer, the Bond. Unless the registrar refuses to register the transfer, he will register the transfer within fourteen days of receipt of the transfer instrument and despatch a new Certificate for the Bond transferred and the original Bond shall be cancelled. If the registrar refuses to register a transfer he shall notify the transferee and (except in the case of suspected fraud) return the transfer instrument to the person depositing it.
- 6.4 On the death of a Bond Holder (other than a joint holder) his personal representatives and, in the case of the death of a joint holder, the survivor(s) of such joint holder shall be the only persons recognised as having title to any Bond. Any person becoming entitled to a Bond on the death or bankruptcy of a Bond Holder may, on producing such evidence of his title as the Company may require, be registered as the holder of such Bond. Following the death of a Bond Holder the Company shall endeavour, if so requested by the Bond Holder's personal representatives, to redeem such Bond Holder's Bonds within three months of the request but the Company shall be under no obligation to effect such redemption.
- 6.5 No fee shall be charged for registration of a transfer.
- 6.6 If a Certificate is damaged, stolen or lost the Certificate shall be replaced subject to such evidence of damage, loss or theft (and, in the case of loss or theft, such indemnity) as the Company shall require and subject to payment of such costs as may be incurred by the Company. On transfer or repayment of part only of a Bond the Bond Holder shall be entitled to a Certificate for the balance without charge.

## 7. Meetings and Resolutions of Bond Holders

- 7.1 The Company may, and if requested by Bond Holders holding one-tenth of the principal amount of the Bonds outstanding shall, call a meeting of Bond Holders. The Company shall adopt such procedures as appear reasonable to it in relation to the convening of meetings of Bond Holders. Bond Holders shall be given fourteen days (or twenty-one days in the case of a Special Resolution) notice of such meeting.
- 7.2 A Bond Holder whose address is outside the United Kingdom shall not be entitled to receive notice of a meeting unless he has given notice to the registrar of an address within the United Kingdom (or an e-mail address) for the receipt of notices. A Bond Holder not receiving notice will not invalidate a resolution.
- 7.3 A meeting of Bond Holders may consist of a telephone conference or any other procedure reasonably considered sufficient by the Company to obtain the views of Bond Holders.
- 7.4 Bond Holders holding 1/20th (or a majority in the case of a Special Resolution) of the principal amount of Bonds outstanding shall constitute a quorum. If no quorum is present, a meeting called by Bond Holders shall be dissolved and any other meeting shall be adjourned. At an adjourned meeting Bond Holders present in person or by proxy shall constitute a quorum.
- 7.5 On a show of hands all Bond Holders present in person or by proxy shall have one vote. On a poll each Bond Holder shall have one vote for each £1 principal amount of Bonds of which he is the holder.
- 7.6 A meeting of Bond Holders shall have power by Special Resolution;
  - (a) to sanction any arrangement or compromise between any Group Company and the Bond Holders, or any abrogation

- of the rights of Bond Holders against any Group Company or its property
- (b) to sanction any reconstruction or amalgamation of any Group Company;
- (c) to sanction a sale or conversion of the Bonds into shares or other securities of the Company or any other company or into cash;
- (d) to assent to changes to the Bond Instrument or the conditions of the Bonds;
- (e) to sanction a release of the Company from any sum owing on, or other obligation under, the Bonds;
- (f) to declare the Bonds due and payable;
- (g) to give any approval required to be given by Special Resolution, and to appoint a committee to represent Bond Holders.

## 8. Miscellaneous

- 8.1 The Company covenants with the Bond Holders that so long as any of the Bonds remain outstanding the Company will at all times:
  - (a) carry on and conduct and procure any subsidiaries to carry on and conduct its and their respective businesses and affairs in a proper and efficient manner;
  - (b) comply with and procure that any subsidiaries comply with its and their respective obligations pursuant to the 2006 Act relating to the publication of accounts and provide the Bond Holders annually with accounts in respect of the Company and group accounts in respect of the Company and its subsidiary undertakings at the same time as they are dispatched to shareholders of the Company;
- 8.2 The Bonds are not renounceable.
- 8.3 Neither the principal amount of the Bonds nor any accrued interest thereon is capable of conversion into shares or other securities in the Company.
- 8.4 If any date referred to in the Bond Instrument would otherwise fall on a day that is not a Business Day, then such date shall be brought forward to the immediately preceding Business Day.
- 8.5 As the Bond Instrument is made by way of deed, it is subject to a limitation period of twelve years.
- 8.6 The Bond Instrument and the Bonds are enforceable under the Contracts (Rights of Third Parties) Act 1999 by the Company, the Security Trustee and any Bond Holder, but not by any other person.
- 8.7 The Bond Instrument and the Bonds and any dispute or claim arising out of or in connection with any of them is governed by, and construed in accordance with, the law of England and Wales and subject to the exclusive jurisdiction of the English courts.

## ANNEX 2

### SUMMARY OF THE PARENT CHARGE

This section contains a summary of the material terms of the Parent Charge which is available for viewing during normal working hours at the Company's registered office. The Bond Holders are bound by and are deemed to have notice of the terms of the Parent Charge.

Bonds are secured by the Parent Charge over the assets of the Company. The Parent Charge has been given by the Company to the Security Trustee as trustee for the Bond Holders to secure the payment to Bond Holders of all amounts due under the Bonds.

#### 1. Charged Assets

- 1.1 The Parent Charge contains fixed charges over some assets of the Company and floating charges on all other assets of the Company (together the Charged Assets).
- 1.2 The Company has charged by way of first legal mortgage all land now owned by it, and any rights accruing to, derived from, or otherwise connected with it (including insurances and proceeds of disposal of insurances).
- 1.3 The Company has charged, by way of first fixed charge, all of the rights which it now has and all of the rights which it obtains at any time in the future in, inter alia:
  - (a) Land, other than that charged by way of first legal mortgage;
  - (b) Equipment; that is all plant, machinery, vehicles and other equipment used in the business, except equipment of a type which is disposed of in the ordinary course of trading, and all warranties and other rights relating to them;
  - (c) Investments; that is; any shares or loan capital held in a subsidiary (including Amberside ALP Trading Limited); any investment acquired after the date of the Parent Charge which is designated as an investment by the Company and the Security Trustee; and any other such security;
  - (d) Intellectual property;
  - (e) All debts (including the Bond issue proceeds loaned by the Company to Amberside ALP Trading Limited);
  - (f) Collateral; that is all security created in favour of the Company to secure obligations owed to the Company together with the benefit of any guarantee of such obligations (including the security taken for the loans to Amberside ALP Trading Limited);
 and in any rights accruing to, derived from or otherwise connected with them (including insurances and proceeds of disposal of insurances).
- 1.4 The Security Trustee may convert all or part of the floating charges into a fixed charge by giving notice to that effect to the

Company or and specifying the identity of the assets concerned. This may only be done:

- (a) if the Security Trustee reasonably considers that its security over the assets concerned is in jeopardy and that it is necessary to do so to protect or preserve its security; or
  - (b) if any time at which: any amount owing under any of the Bond Documents is payable but has not been paid;
  - (c) if an event of default specified in the Bond Instrument has occurred and is continuing; or
  - (d) if any step is being taken by any person to put the Company into administration
- (each of (a) to (d) being an "Enforcement Time").

## 2. Restrictions

- 2.1 The Parent Charge contains restrictions which commit the Company to ensuring that unless the Security Trustee agrees to the contrary:
- (a) no security will exist over, or in relation to, any Charged Asset other than the Parent Security itself and liens arising in the ordinary course of trading by operation of law;
  - (b) there will be no disposal of any fixed charge asset except with the consent of the Security Trustee; and
  - (c) there will be no disposal of any floating charge asset otherwise than for market value in the ordinary course of trading of the Company.

## 3. Enforcement

- 3.1 The Security Trustee may enforce the Parent Charge at any time which is an Enforcement Time or if the Company requests it to do so.
- 3.2 Subject to the terms of the Insolvency Legislation, the Security Trustee may enforce the Parent Charge by:
- (a) appointing an administrator of the Company;
  - (b) appointing an administrative receiver of the Company;
  - (c) appointing a specific receiver of assets of the Company
  - (d) by going into possession of, receiving the benefit of, or selling assets of the Company;
  - (e) by giving notice to the Company or any other person in relation to any assets of the Company,
  - (f) by exercising a right of set-off; or
  - (g) in any other way it may decide.

The appointment of a receiver may be made subject to such limitations as are specified by the Security Trustee in the appointment.

- 3.3 An administrator or an administrative receiver of the Company will have:
- (a) the powers given to him by the Insolvency Legislation;
  - (b) the powers given to a mortgagee or a receiver by the Law of Property Act 1925, but without the restrictions contained in Section 103 of that Act; and
  - (c) the power to do, or omit to do, on behalf of the Company, anything which the Company itself could have done, or omitted to do, if its assets were not the subject of security and it were not in insolvency proceedings.

A specific receiver will have the same powers as an administrative receiver in respect of the assets over which he is appointed. The Security Trustee will, if it enforces the Parent Charge itself, have the same powers as an administrative receiver in respect of the assets which are the subject of the enforcement.

## 4. Application of proceeds of enforcement

- 4.1 All money received by the Security Trustee or a receiver in the exercise of its rights under the Parent Charge (whether during, or before, its enforcement) will, subject to the rights of any persons having priority, be applied in the following order of priority:
- (a) first, in satisfaction of all costs, charges, expenses (including legal expenses and any costs of currency conversion and liabilities properly incurred by the Security Trustee, or any receiver appointed under the Parent Charge or their officers and of the remuneration of such receiver (and all interest on such sums as provided in the Bond Documents);
  - (b) second, in payment of all reasonable costs and expenses properly incurred by or on behalf of any Bond Holder in connection with such enforcement;
  - (c) third, in payment or towards discharge of the remaining indebtedness under the Bond Documents and or the Parent Charge and all other obligations to Bond Holders on a pro rata pari passu basis without priority amongst themselves to the Bond Holders; and
  - (d) fourth in payment of any surplus to such persons as may be entitled to it.



## ANNEX 3

### SUMMARY OF THE SUBSIDIARY SECURITY

This section contains a summary of the material terms of the Subsidiary Security which is available for viewing during normal working hours at the Company's registered office. The Bond Holders are bound by and are deemed to have notice of the terms of the Subsidiary Security.

The proceeds of the issuance of the Bonds will be lent by the Company to Amberside ALP Trading Limited and the repayment of that loan to the Company by Amberside ALP Trading Limited will be secured by the Subsidiary Security over the assets of Amberside ALP Trading Limited.

#### 1. Charged Assets

- 1.1 The Subsidiary Security contains fixed charges over some assets of Amberside ALP Trading Limited and floating charges on all other assets of Amberside ALP Trading Limited (together the Charged Assets).
- 1.2 Amberside ALP Trading Limited has charged by way of first legal mortgage all land now owned by it, and any rights accruing to, derived from, or otherwise connected with it (including insurances and proceeds of disposal of insurances).
- 1.3 Amberside ALP Trading Limited has charged, by way of first fixed charge, all of the rights which it now has and all of the rights which it obtains at any time in the future in, inter alia:
  - (a) Land, other than that charged by way of first legal mortgage;
  - (b) Equipment: that is all plant, machinery, vehicles and other equipment used in the business except equipment of a type which is disposed of in the ordinary course of trading, and all other warranties and other rights relating to them;
  - (c) Investments; that is; any shares or loan capital held in a subsidiary, ; any investment acquired after the date of the Subsidiary Security which is designated as an investment by Amberside ALP Trading Limited and the Company;
  - (d) Intellectual property;
  - (e) All debts (including money owed to Amberside ALP Trading Limited by SPVs); and
  - (f) Collateral; that is all security created in favour of Amberside ALP Trading Limited to secure obligations owed to it (including security created by SPVs) together with the benefit of any guarantees of such obligations;

and in any rights accruing to, derived from or otherwise connected with them (including insurances and proceeds of disposal of insurances).

- 1.4 The Company may convert all or part of this floating charge into a fixed charge by giving notice to that effect to Amberside ALP Trading Limited or and specifying the identity of the assets concerned. This may only be done:
  - (a) if the Company reasonably considers that its security over the assets concerned is in jeopardy and that it is necessary to do so to protect or preserve its security; or
  - (b) if any time at any amount owing to the Company by Amberside ALP Trading Limited is payable but has not been paid;
  - (c) if an event of default specified in the Bond Instrument has occurred and is continuing; or
  - (d) if any step is being taken by any person to put Amberside ALP Trading Limited into administration (an "Enforcement Time").

#### 2. Restrictions

- 2.1 The Subsidiary Security contains restrictions which commit Amberside ALP Trading Limited to ensuring that unless the Company agrees to the contrary:
  - (a) no Security will exist over, or in relation to, any Charged Asset other than the Subsidiary Security itself and liens arising in the ordinary course of trading by operation of law;
  - (b) there will be no disposal of any fixed charge asset or of any floating charge asset otherwise than for market value in the ordinary course of trading of Amberside ALP Trading Limited .

#### 3. Enforcement

- 3.1 The Company may enforce the Subsidiary Security at any time which is an Enforcement Time or if the Amberside ALP Trading Limited requests it to do so.
- 3.2 Subject to the terms of the Insolvency Legislation, the Company may enforce the Subsidiary Security by:
  - (a) appointing an administrator of the of Amberside ALP Trading Limited ;
  - (b) appointing an administrative receiver of Amberside ALP Trading Limited ;
  - (c) appointing a specific receiver of assets of Amberside ALP Trading Limited ;
  - (d) by going into possession of, receiving the benefit of, or selling assets of Amberside ALP Trading Limited ;
  - (e) by giving notice to Amberside ALP Trading Limited or any other person in relation to any assets of Amberside ALP Trading Limited,
  - (f) by exercising a right of set-off; or

(g) in any other way it may decide.

The appointment of a receiver may be made subject to such limitations as are specified by the Company in the appointment.

- 3.3 An administrator or an administrative receiver of Amberside ALP Trading Limited will have:
- (a) the powers given to him by the Insolvency Legislation;
  - (b) the powers given to a mortgagee or a receiver by the Law of Property Act 1925, but without the restrictions contained in Section 103 of that Act; and
  - (c) the power to do, or omit to do, on behalf of Amberside ALP Trading Limited, anything which Amberside ALP Trading Limited itself could have done, or omitted to do, if its assets were not the subject of security and it were not in insolvency proceedings.

A specific receiver will have the same powers as an administrative receiver in respect of the assets over which he is appointed. The Company will, if it enforces the Subsidiary Security itself, have the same powers as an administrative receiver in respect of the assets which are the subject of the enforcement.

#### 4. Application of proceeds of enforcement

- 4.1 All money received by the Company or a Receiver in the exercise of its Rights under the Subsidiary Security (whether during, or before, its enforcement) will, subject to the rights of any persons having priority, be applied in the following order of priority:
- (a) first, in satisfaction of all costs, charges, expenses (including legal expenses and any costs of currency conversion and liabilities properly incurred by the Company, or any receiver appointed under the Subsidiary Security or their officers and of the remuneration of such receiver (and all interest on such sums);
  - (b) second, in payment or towards discharge of the indebtedness owed by Amberside ALP Trading Limited to the Company; and
  - (c) third in payment of any surplus to such persons as may be entitled to it.

## ANNEX 4

### SUMMARY OF THE SECURITY TRUST DEED

This section contains a summary of the material terms of the Security Trust Deed which is available for viewing during normal working hours at the Company's registered office. The Bond Holders are bound by and are deemed to have notice of the terms of the Security Trust Deed.

#### 1. Appointment of Security Trustee

- 1.1 The Company will enter into the Security Trust Deed with the Security Trustee. The Security Trust Deed sets out the terms on which the Security Trustee will hold the Parent Charge and any other security created by the Company to secure the obligations to Bond Holders (the "Security Documents").
- 1.2 Each Bond Holder appoints the Security Trustee to act as its agent and trustee in connection with the Bond Documents and authorises the Security Trustee to exercise the powers given to the Security Trustee in connection with the Bond Documents. The Security Trustee is not the agent or trustee of the Company.
- 1.3 Each Bond Holder approves the Parent Charge and authorises the Security Trustee to execute and enforce the Security Documents subject to the terms of the Bond Documents.
- 1.4 Each Bond Holder authorises the Security Trustee to enter into additional security documents over property secured by the Security Documents.
- 1.5 The Security Trustee is authorised to enter into inter-creditor arrangements with other secured creditors of the Company where the security created in favour of other such secured creditors ranks on a pari passu basis with or behind the security created by the Security Documents.
- 1.6 The Security Trustee does not have power to enter into inter-creditor deeds with other creditors of or providers of funding to the Company which ranks security granted by the Company to such other creditors or providers of funding in priority to the Security Documents without the sanction of a special resolution.
- 1.7 The Company shall procure that each Group Company shall not enter into an inter-creditor deed with other creditors of or providers of funding to a Group Company (excluding the Company) which ranks security granted to such other creditor or provider of funding ahead of, or pari passu with, the security created by the Subsidiary Security without the approval of the Independent Chair.
- 1.8 Each Bond Holder authorises the Security Trustee to exercise the powers specifically conferred on the Security Trustee under the Security Trust Deed together with such powers as are reasonably incidental thereto.
- 1.9 Save as provided below, the Security Trustee may agree with the Company any amendment or variation of the Security Documents and may also waive breaches of the provisions of the Security Documents. The Security Trustee shall notify the Bond Holders of any such action. Except as authorised by a Special Resolution the Security Trustee shall not agree to any amendment or other action which would have the effect of:
  - (a) extending the due date or reducing the amount of any payment under the Security Documents; or
  - (b) releasing the Company from the Security Documents; or
- 1.10 The trusts constituted by the Security Trust Deed shall terminate on confirmation by a majority of Bond Holders that there is no longer any sum secured by the Security Documents and the Security Trustee may then release the Company's assets from the Security Documents



## 2. General Duties of the Security Trustee

- 2.1 The Security Trustee's duties are solely mechanical and administrative in nature. It has only those duties expressly set out in the Security Trust Deed and the Bond Documents. Except as specifically required, the Security Trustee is not obliged to check the completeness or accuracy of any document. The Security Trustee may rely on any representation or document believed by it to be genuine and on any statement made by a person regarding matters which may reasonably be assumed to be within such person's knowledge or ability to verify.
- 2.2 The Security Trustee may request instructions from Bond Holders and may refrain from acting until it has received instructions. The Security Trustee may refrain from acting on the instructions of Bond Holders until it has received security or indemnification to its satisfaction and is not obliged to expend its own funds or incur any liability if it is not satisfied as to indemnification. Subject to receiving such indemnity or security, the Security Trustee shall act on the written directions of a majority of Bond Holders or on a Special Resolution. Where the Security Trustee has a discretion to act or refrain from acting it may do so at its discretion and shall notify Bond Holders accordingly. In the absence of instructions, the Security Trustee may act in the manner it considers to be in the interests of Bond Holders (other than acting on behalf of Bond Holders in any legal proceedings).
- 2.3 The Security Trustee has the same powers in relation to the trust property as a natural person and is not obliged to account for any sum received for its own account. If the Security Trustee holds any Bonds its rights in relation to such Bonds are the same as those of any other Bond Holder.
- 2.4 The Security Trustee may assume (unless it has received notice to the contrary as Security Trustee) that:
  - (a) no breach or default has occurred under the Bond Documents;
  - (b) any Special Resolution has been validly passed;
  - (c) any directions from a majority of Bond Holders remain valid;
  - (d) all applicable conditions for taking action have been satisfied; and any right power or discretion vested in any person has not been exercised; and
  - (e) any right, power or discretion vested in any person has not been exercised.
- 2.5 The Security Trustee is not responsible for:
  - (a) the accuracy of any information;
  - (b) the validity effectiveness or enforceability of any document;
  - (c) the failure to get any licence, consent, or other authority in relation to the trust property; nor
  - (d) any failure to perfect the Security Documents.unless caused by the Security Trustee's gross negligence or wilful default.
- 2.6 The Security Trustee may accept without enquiry the Company's title to any asset and is not obliged to hold any share certificates or title deeds but may allow the Company to retain these.
- 2.7 The Security Trustee may engage and pay for professional advisers or experts and may act through such persons or other agents or personnel and shall not be liable for any damages, costs, losses or liabilities as a result.
- 2.8 If the Security Trustee receives money in a foreign currency it may convert such money at its spot rate of exchange and if it receives it receives a distribution other than in cash it may realise such distribution as it sees fit.
- 2.9 Bond Holders shall keep the Security Trustee informed of their relevant contact details and the Security Trustee shall have no liability for any loss arising from a failure to do so. All communications under the Security Trust Deed shall be made in English and by e-mail or letter.
- 2.10 The Bond Holders and the Security Trustee may, but are not obliged to, disclose to each other information concerning the Group.
- 2.11 The Security Trustee is not obliged to make any enquiry as to the observance by the Company of the Security Documents. The Security Trustee is not liable to Bond Holders for any act or omission, other than in the case of its own gross negligence or wilful misconduct, nor for any shortfall on realisation of the trust property.

## 3. Enforcement and Application of Proceeds

- 3.1 No Bond Holder has any power, independent of the Security Trustee, to enforce, or otherwise relation to, the Security Documents. Subject to being indemnified or secure to its satisfaction, the Security Trustee shall take such action (including enforcement and appointment of an administrator) in relation to the Security Documents as it is specifically and reasonably instructed by a majority of Bond Holders.
- 3.2 Save as required by law the Security Trustee has no responsibility for any failure to enforce the Security Documents or to maximise the proceeds thereof.
- 3.3 Subject to payment of any claims having priority (by law or under inter-creditor deeds) over the claims of the Security Trustee, all amounts received or recovered by the Security Trustee under the Security Documents (Recoveries) shall be applied in the following order of priority:
  - (a) First, in payment of all costs, charges and expenses properly incurred by the Security Trustee and any administrator or receiver appointed under the Security Documents, or their attorneys, advisers and agents;
  - (b) Second in payment of all reasonable costs incurred by or on behalf of any Bond Holder in connection with such enforcement;
  - (c) Third in or towards the discharge of the remaining indebtedness under the Bond Documents or the Security Trust Deed on a pro rata pari passu basis without priority amongst themselves to the Bond Holders; and
  - (d) Fourth, any surplus to such persons who may be entitled thereto.
- 3.4 The Security Trustee shall be entitled, at its discretion, to hold by way of reserve any amount of the Recoveries for later application in accordance with the priorities set out in paragraph 3.3 above, or against expenses, taxes or withholdings which

are or may become due and may deduct from payments due to a Bond Holder any sums which it is required to withhold or deduct by law.

- 3.5 If a Bond Holder owes money to the Security Trustee, the Security Trustee may, after giving notice, deduct such sum from payments it would otherwise be obliged to make under the Bond Documents.

#### **4. Fees, Expenses and Indemnities**

- 4.1 The Company pays to the Security Trustee an annual retainer fee for its services of £2,400 plus VAT, payable quarterly in arrears.
- 4.2 If the Security Trustee is required to take action following
- (a) a default; or
  - (b) an instruction by Bond Holders,
- which action the Security Trustee reasonably considers to be of an exceptional nature, or if agreed with the Company, the Company shall pay the Security Trustee such additional remuneration as may be agreed by the Company.
- 4.3 The Company shall pay all stamp, documentary, registration or other taxes or duties imposed in connection with the Bond Documents.
- 4.4 The Security Trustee and its agents and other appointees are entitled to be indemnified out of the trust property in respect of all liabilities, damages, costs, claims, charges, or expenses suffered by them in relation to the trust property, the Security Documents or otherwise in the execution or purported execution of the trusts, rights, powers, authorities, discretions and duties under the Security Trust Deed, save to the extent caused by their own gross negligence or wilful misconduct.
- 4.5 To the extent not reimbursed out of the assets charged by the Security Documents or by the Company, each Bond Holder shall reimburse the Security Trustee, for all costs, charges and expenses it incurs in connection with the negotiation, preparation and execution of the Bond Documents and in connection with the enforcement or preservation of its rights under those documents, any proceedings involving the Security Trustee as a consequence of holding the trust property or enforcing these rights or (insofar as reasonably and proportionately incurred) fees in respect of the Security Trustee's time in carrying out its duties. The liability of the Bond Holders shall be divided between them pro rata to their holding of Bonds from time to time.
- 4.6 Each Bond Holder shall also (on the same pro rata basis) indemnify the Security Trustee against all liabilities, damages, costs, claims charges and expenses incurred by the Security Trustee in connection with the Security Trust Deed or the Bond Documents or any action or omission of the Security Trustee save as arising from its own gross negligence or wilful default.
- 4.7 The Company will indemnify the Security Trustee against all losses, costs claims, damages, and expenses, owing by, but not recovered from any Bond Holder or arising from a failure by a Bond Holder to perform its obligations under the Security Trust Deed.

#### **5. Courts and Law**

All proceedings arising out of the Security Trust Deed may be brought in the courts of England and the laws of England and Wales apply.

#### **6. Transfers**

Bond Holders may not transfer (any interest in) their Bonds unless the transfer document is executed and delivered as a deed by the Bond Holder and under the transfer document, the transferee agrees to be bound by the Security Trust Deed as a Bond Holder.

#### **7. Change of Security Trustee and Discharge**

The Security Trustee may resign and may, by a Special Resolution, be required to resign. The Bond Holders may appoint a successor Security Trustee by Special Resolution. The successor Security Trustee shall have the same rights and obligations as if it had been an original party to the Bond Documents. The Security Trustee may appoint an additional security trustee and shall give notice of that appointment to the Company and the Bond Holders. The reasonable remuneration costs and expenses of an additional security trustee shall be treated as if incurred by the Security Trustee.

Once all amounts due under the Bond Documents have been paid all obligations of the Security Trustee to Bond Holders shall cease.

## ANNEX 5

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**CONVERTIBLE LOAN AGREEMENT**
**DATED**21/12/2020 | 13:27:27 GMT**2020**
**BY AND BETWEEN:**

- (1) **Sterling Suffolk Limited** (company number 08994132) whose registered office is at Blakenham Nursery Lorraine Way, Ipswich, Bramford, IP8 4JS, GB (the “**Company**”);
- (2) **UK FF NOMINEES LIMITED** (company number 12591650) whose registered office is at 10th Floor, 5 Churchill Place, London E14 5HU (the “**Future Fund**”); and
- (3) **THE PERSONS** whose names and addresses are set out in the table at paragraph 1 of the agreed terms below (together the “**Other Lenders**” and each an “**Other Lender**”).

**INTRODUCTION:**

The Lenders have agreed to make available to the Company unsecured convertible loans on the terms set out in this convertible loan agreement, including the terms and conditions set out in schedule 1.

**AGREED TERMS:**

The terms of this Agreement are as follows. Words and expressions used in this Agreement and not defined below shall have the same meaning as is given to them in schedule 2 to this Agreement.

1. Each Lender set out below shall pay the respective Loan set out against its name in the table below to the Company's Solicitors' Bank Account and the Company hereby accepts such Loans and shall owe and promise to pay to each such Lender or its successors or assignees the principal amount of each such Loan, together with any Redemption Premium and/or any accrued but unpaid Interest as the case may be, in accordance with the terms of this Agreement:

| <b>Lender</b>             | <b>Address and email address</b>  | <b>Total Amount of Loan (£)</b> |
|---------------------------|---|---------------------------------|
| The Future Fund           | 10th Floor, 5 Churchill Place,<br>London E14 5HU<br><br>futurefundsupport@british-business-bank.co.uk           | £650,000.00                     |
| Amberside Alp Trading Ltd | Amberside House Wood Lane,<br>Hemel Hempstead,<br>Hertfordshire, HP2 4TP, GB<br><br>david.scrivens@amberside.uk | £650,000.00                     |
| <b>Total</b>              |   | <b>£1,300,000.00</b>            |

2. Unconditional release of its Loan to the Company's Solicitors' Bank Account shall be a good and valid discharge of the obligation of a Lender to pay such amount (as set out in paragraph 1 above) to the Company and such Lender shall not be concerned to see the application of the monies so paid.

3. No Lender is obliged to make its Loan unless the other Loans are made simultaneously.
4. During the period commencing on the date of this Agreement and ending 90 days after the date of this Agreement (the “**Headroom Period**”), the Company may (at the discretion of the Board) receive up to an aggregate of the Headroom Amount in additional unsecured convertible loans of the Company from additional lenders, as reasonably determined by the Board on the same terms as set out in this Agreement, subject to the execution by the Company and each such additional lender of a Subscription Deed within the Headroom Period, upon which each such additional lender will become an Other Lender for the purposes of this Agreement. The Company shall notify the Lenders within 5 Business Days of the expiry of the Headroom Period of the aggregate amount of such additional unsecured convertible loans received by the Company, the identity of the additional lenders and the amounts of their respective Loans.
5. The “**Company’s Solicitors’ Bank Account**” shall mean the client account of R W Blears llp (the “**Company’s Solicitors**”) with the following details:

|                       |                                     |
|-----------------------|-------------------------------------|
| <b>Account Name</b>   | <b>RW Blears LLP Client Account</b> |
| <b>Bank</b>           | <b>Adam &amp; Company</b>           |
| <b>Account Number</b> | <b>57298503</b>                     |
| <b>Sort Code</b>      | <b>83-91-36</b>                     |
| <b>Reference</b>      | <b>Charlotte Surridge</b>           |

6. “**Discount**” shall mean        per cent. *(if no number is included, or a number lower than 20 per cent. is included, then the Discount shall be 20 per cent.)*
7. “**Interest Rate**” shall mean        per cent per annum, simple interest *(if no number is included, or a number lower than 8 per cent. is included, then the Interest Rate shall be 8 per cent.)*.
8. “**Maturity Date**” means the date falling 36 months after the date of this Agreement.
9. “**Valuation Cap**” shall mean £        *(if no number is included, then no Valuation Cap shall apply)*.
10. “**Headroom Amount**” shall mean £2,700,000.00 *(if no number is included, then the Headroom Amount shall be zero)*.

**SIGNATURE BLOCKS:**

This Agreement has been executed on the date shown on the first page.

Signed: Richard Anthony Lewis  DocuSigned by:  
*Richard Anthony Lewis*  
5E1E2285AC404C8...

For and on behalf of: **Sterling Suffolk Limited**

Emma Golder, signing for and on behalf of the operating agent

Signed: \_\_\_\_\_  DocuSigned by:  
*Emma Golder*  
0A7EE260998746B...

For and on behalf of: **UK FF NOMINEES LIMITED**

Signed: David James Scrivens  DocuSigned by:  
*David James Scrivens*  
B4C813B7F4B84D9...

For and on behalf of: **Amberside Alp Trading Ltd**

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## SCHEDULE 1

### TERMS AND CONDITIONS

1. **CONDITION.** The Loans shall be subject only to the passing of all directors' and shareholders' resolutions of the Company to provide the requisite authority to receive the Loans and satisfy any related conversion under the terms of this Agreement (including the waiver of any pre-emption rights howsoever expressed) and receipt by the Company of any written approval or waiver under any existing agreement that the Company is a party to, including pursuant to any existing debt financing arrangements required by the Company to avoid such receipt and conversion being a breach of such agreement.
2. **SECURITY.** The obligations of the Company under this Agreement: (a) shall be unsecured; (b) shall rank pari passu within this Agreement and with all other unsecured indebtedness or obligations of the Company; and (c) shall be subordinated to any existing secured debt of the Company.
3. **USE OF PROCEEDS.** The Loans shall not be used by the Company to: (a) repay any borrowings from a shareholder or a shareholder related party (other than the repayment of any borrowings pursuant to any bank or venture debt facilities); (b) pay any dividends or other distributions; (c) for a period of twelve months from the date of this Agreement, make any bonus or other discretionary payment to any employee, consultant or director of the Company other than as contracted prior to the date hereof and as paid by the Company in the ordinary course of business; or (d) pay any advisory or placement fees or bonuses to any corporate finance entity or investment bank or similar service provider on monies advanced by the Future Fund. As at the date hereof, the Company intends to use the proceeds of the Loans solely for the purposes of operating expenditure and/or capital expenditure in respect of its own business and not for the purposes of lending, investing in, or otherwise providing finance to companies or persons that are not part of the Group. The Company undertakes that it shall not (and it shall procure that no Group Company shall) use or permit the use of the proceeds of the Loans (whether directly or indirectly) to make loans to other businesses alongside the Future Fund as part of the Future Fund Scheme.
4. **INTEREST.**
  - a. Subject to Section 4(c), interest will only be payable in respect of each Loan at the Interest Rate: (i) on an Event of Default; or (ii) on a Conversion Event ("**Interest**").
  - b. Interest, if payable, will accrue from day to day at the Interest Rate and will be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of this Agreement to the Redemption Date in the case of an Event of Default or the Conversion Date (as the case may be).
  - c. The payment of any Interest shall be satisfied by the Company: (i) in respect of an Event of Default, by way of a payment of such Interest in cash to each Lender; and (ii) in respect of a Conversion Event, at the discretion of the Board, by way of: (A) a payment of such Interest in cash by the Company, in whole or in part, to any relevant Lender on the relevant Conversion Date; and/or (B) to the extent any such Interest has not been paid in cash under part (A) above, conversion of such Interest into shares in the capital of the Company pursuant to Section 5.
  - d. The Company shall make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law.
5. **CONVERSION.**

- a. To the extent it remains outstanding and subject to Sections 6 and 7, each Loan and any accrued but unpaid Interest (to the extent such Interest is not otherwise paid in cash pursuant to Section 4) will convert into shares in the capital of the Company on the earliest of the following (each a “**Conversion Date**”):
- (i) Qualified Financing: automatically, on a Qualified Financing, into the most senior class of shares with identical rights and preferences as attached to, and with the same obligations as, the securities issued to the investor(s) in the Qualified Financing (including any warrants, options, bonus shares or other economic rights made available to investor(s) in such Qualified Financing) at the Conversion Price;
  - (ii) Non-Qualified Financing: at the election of the Lender Majority (such election to be received by the Company in writing no later than 10 Business Days’ prior to the Non-Qualified Financing), on a Non-Qualified Financing (provided that it shall be at the election of the Relevant Majority on a Non-Qualified Financing in which the Company raises newly committed capital equal to or less than 25% of the aggregate of the principal amount of the Loans then outstanding), into the most senior class of shares with identical rights and preferences as attached to, and with the same obligations as, the securities issued to the investor(s) in the Non-Qualified Financing (including any warrants, options, bonus shares or other economic rights made available to investor(s) in such Non-Qualified Financing) at the Conversion Price;
  - (iii) Exit: automatically, in the event that (A) a Lender would receive a greater amount as cash consideration on an Exit for the sale of the shares that are issued to it on conversion of its Loan than it would otherwise receive had it been repaid its Loan with a Redemption Premium pursuant to Section 6(c); or (B) the Lenders would receive any non-cash consideration for the sale of such shares (other than where the Lender Majority (in respect of all Loans other than the Future Fund’s Loan) or the Future Fund (in respect of its Loan) has elected, where the Lenders would receive any non-cash consideration, to receive repayment of the Loan and the Redemption Premium in accordance with Sections 6(d) and 6(e)), immediately prior to an Exit, into the most senior class of shares as will be in issue at the date of completion of such Exit at the Conversion Price; or
  - (iv) Maturity: automatically, on the Maturity Date, into the most senior class of shares as are in issue at the Maturity Date at the Conversion Price.
- b. If and when a Conversion Event is proposed, other than in respect of conversion on the Maturity Date, the Company shall give each Lender not less than 20 Business Days prior written notice of the proposed Conversion Event specifying (to the best of its knowledge) the terms and prospective date of the Conversion Event, provided that if such notice has been given and it subsequently becomes clear to the Company that such Conversion Event will not after all take effect, the Company shall give each Lender written notice to that effect and any election of the Lender Majority or Future Fund (as relevant) in respect of a Non-Qualified Financing or Exit shall be deemed to have been revoked, without prejudice to the Company giving each Lender further written notice in the event of any subsequent proposed Conversion Event pursuant to this Section 5(b).
- c. If and when prior written notice of a proposed Conversion Event has been given pursuant to Section 5(b) above, the Future Fund shall be entitled to request a meeting with the Company in which the Future Fund and the Company shall discuss in good faith the suite of shareholder governance rights that may be afforded to the Future Fund as a shareholder in the Company, commensurate with the proportion of the share capital that the Future Fund shall hold from the Conversion Event and an



appropriate mechanism for the expeditious exercise of those rights by the Future Fund. For the avoidance of doubt, the Company shall be under no obligation to agree to provide any specific shareholder rights in those good faith discussions.

- d. Where an Exit occurs within six months of a Non-Qualified Financing pursuant to which the Lenders have elected to convert the Loans into the most senior class of shares in the Company, each Lender shall be entitled to the consideration (in cash or otherwise) on such Exit which would be the greater of: (i) the amount to be received for the sale of the shares that are issued to it on conversion of its Loan pursuant to Section 5(a)(ii) above; and (ii) the amount that it would otherwise have received had its Loan been repaid with a Redemption Premium on the relevant Conversion Date pursuant to Section 5(a)(ii).
  - e. On the Conversion Date arising from a Non-Qualified Financing the Company shall be deemed to have warranted to the Future Fund that the Company is not in breach of any of the provisions contained in Section 8(e) and that it is not aware of any breach of any such provision by the Other Lenders.
  - f. Shares arising on conversion of the Loans and/or any accrued but unpaid Interest pursuant to Section 5(a) or otherwise pursuant to this Agreement shall be issued and allotted by the Company on the Conversion Date and the certificates for such shares shall be despatched to the persons entitled to them at their own risk. Each share arising on conversion shall be issued for a subscription amount equal to the Conversion Price, which amount shall be satisfied by the release and discharge of the same amount of the Loans and/or accrued but unpaid interest or other amounts payable pursuant to this Agreement. Such shares issued shall be credited as fully paid and rank pari passu with the most senior class of shares as 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 shares that arise on conversion of such Loan will be calculated by reference to the relevant Conversion Price, rather than the price paid by the investor(s) on any Qualified Financing or Non-Qualified Financing. The entitlement of each relevant Lender to a fraction of a share shall be rounded to the nearest whole number of shares which result from the conversion.
6. **REPAYMENT.** Each Loan shall be repaid by the Company as follows (each a “**Redemption Date**”):
- a. in respect of all Loans other than the Future Fund’s Loan, at the election of a Lender Majority (such irrevocable election to be received by the Company and the Future Fund in writing no later than 30 Business Days prior to the Maturity Date) and instead of conversion of such Loans under Section 5(a)(iv), on the Maturity Date together with the Redemption Premium;
  - b. in respect of the Future Fund’s Loan, at the election of the Future Fund (such election to be received by the Company in writing no later than 10 Business Days prior to the Maturity Date) and instead of conversion of such Loan under Section 5(a)(iv), on the Maturity Date together with the Redemption Premium;
  - c. automatically, in the event that a Lender would receive a greater amount under this Section 6(c) in respect of its Loan than it would otherwise receive as cash consideration on an Exit in respect of the shares that would have been issued to it on conversion of its Loan, on an Exit together with the Redemption Premium;
  - d. in the event that the Lenders would receive any non-cash consideration on an Exit in respect of the shares that would have been issued to them on conversion of the Loans, instead of conversion under Section 5(a)(iii), in respect of all Loans other than

the Future Fund's Loan, at the election of a Lender Majority (such irrevocable election to be received by the Company and the Future Fund in writing no later than 15 Business Days prior to such Exit), on an Exit together with the Redemption Premium;

- e. in the event that the Lenders would receive any non-cash consideration on an Exit in respect of the shares that would have been issued to them on conversion of the Loans, instead of conversion under Section 5(a)(iii), in respect of the Future Fund's Loan, at the election of the Future Fund (such election to be received by the Company in writing no later than 5 Business Days' prior to the Exit) on an Exit together with the Redemption Premium; or
- f. on an Event of Default together with any accrued but unpaid Interest and the Redemption Premium.

Save as set out above, no Loan shall be redeemed or prepaid, in whole or in part, without the prior written consent of each Lender.

## 7. **EVENT OF DEFAULT.**

- a. The Loans and any accrued but unpaid Interest shall be repaid together with the Redemption Premium by the Company on demand by any Lender (in respect of their own Loan) upon occurrence of an Event of Default, provided that only the Future Fund shall be entitled to demand repayment and the Redemption Premium upon occurrence of an Event of Default as a result of a breach by the Company of the covenants contained in Sections 8(a), 8(c), 8(e), 8(g), or 8(i).
- b. The Company shall give written notice to the Lenders immediately upon the Company becoming aware of the occurrence of an Event of Default, containing reasonable details of that Event of Default, and shall provide such other information as is reasonably requested in writing by each Lender in respect of such Event of Default.

## 8. **COVENANTS.** The Company hereby covenants in favour of the Lenders and (where they are expressly stated as having obligations) the Lenders covenant in favour of the Company and each other as follows:

- a. for so long as its Loan is outstanding or it holds shares in the capital of the Company (other than where an Exit has occurred pursuant to paragraph (c) of the definition of Exit in schedule 2), the Company shall: (i) provide the Future Fund information required pursuant to, and in the format set out in, schedule 4 in respect of each quarter from the date of this Agreement within 20 Business Days of the end of such financial quarter; and (ii) to the extent requested in writing by the Future Fund, promptly provide the Future Fund with the same information that is provided to the Company's other lead and/or major investors from time to time under the terms of any shareholders' agreement in place between, amongst others, the Company and such investors, including any accounts, budgets, forecasts, reports, capitalisation tables and/or any right to reasonably request other information, in each case for the purposes of monitoring its investment in the Company, provided that the Board may unanimously decide, acting reasonably, to withhold any such information requested by the Future Fund pursuant to (ii) above for reasons of commercial sensitivity and/or legal privilege, and on such board decision, shall provide prompt written notice to the Future Fund that it is withholding such information;
- b. for so long as the Loans are outstanding, the Company shall not permit the creation of any indebtedness of the Group that is senior to the obligations of the Company under this Agreement without the prior written consent of the Relevant Majority other than in respect of any bona fide senior indebtedness on arms' length terms from any person that is not an existing shareholder (or any connected person of an existing shareholder and 'connected person' shall have the meaning attributed to it at the date

of this Agreement by sections 1122 and 1123 of the Corporation Tax Act 2010) or a Lender or pursuant to any bona fide venture debt facilities;

- c. in the event that it is determined by the Future Fund (in its absolute discretion) that it would be prejudicial to the reputation of the Future Fund and/or the UK Government to continue holding its Loan and/or any shares in the capital of the Company, the Future Fund shall have the option to require the Company to repay its Loan or purchase all of the shares in the capital of the Company held by the Future Fund, in each case for an aggregate price of £1.00 at any time (the “**Put Option**”), provided that: (i) the Put Option shall be exercisable by irrevocable notice in writing from the Future Fund to the Company (the “**Put Option Notice**”); (ii) the terms of the completion of the Put Option have been authorised by a resolution of the Company; and (iii) completion of the Put Option shall take place as soon as reasonably practicable and in any event no later than 20 Business Days following the Company’s receipt of the Put Option Notice; and (iv) each of the Lenders and the Company shall execute, and the Company shall procure so far as it lies within its power to do so the execution of, all such documents and deeds and do all such acts and things as may be reasonably required from time to time to implement the Put Option and repay the Future Fund’s Loan or transfer the legal and beneficial ownership of the relevant shares being sold to the Company under this Section 8(c), including waiving any pre-emption rights relating to such transfer;
- d. in the event that: (i) a Loan converts into shares on a Qualified Financing or Non-Qualified Financing pursuant to Section 5(a)(i) or (ii); and (ii) within six months of the date of such conversion, the Company proposes to complete an equity financing round (excluding: (A) any Loans made pursuant to this Agreement; (B) any subscription for shares made on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (C) any issue of shares on conversion of a Loan under this Agreement) in which shares are issued to investor(s) that rank senior to the shares issued to the Lenders on the Qualified Financing or Non-Qualified Financing (as the case may be), the Company shall provide at least 10 Business Days’ written notice of such event to the Lenders (such notice to include all information concerning the equity financing round that they might reasonably expect to receive to enable them to make an informed assessment as to whether to exercise its following rights in relation thereto) and each Lender shall then have the option to convert the shares that were issued to it on the Qualified Financing or Non-Qualified Financing under Section 5 (as the case may be), into an equal number of shares of the most senior class of shares that were issued on the equity financing round under part (ii) above, with identical rights and preferences and with the same obligations as the securities issued to the investor(s) under that equity financing round, provided that if a Lender fails to respond within the time period given in such notice, it shall be deemed to have elected to so convert such shares. The Company shall not proceed with such an equity financing round unless the Company is capable and authorised to give effect to any such conversion;
- e. for so long as the Future Fund’s Loan is outstanding or it holds shares in the capital of the Company, the Company and the Other Lenders shall at all times:
- (i) act in good faith towards the Future Fund with respect to each provision of this Agreement; and
  - (ii) do all things reasonably within their power (including, in respect of the Other Lenders, exercising or refraining from exercising (as appropriate) their voting rights (if relevant) at shareholder meetings and, through any nominated director, at board meetings and using any and all powers vested in them from time to time as shareholders) which are necessary to give effect to the spirit and intent of this Agreement, including:

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- (A) not taking any steps or actions which impair or adversely affect or derogate from, in any manner whatsoever, the enforceability in any respect of this Agreement;
  - (B) not agreeing or entering into any side agreement or arrangement with each other or any other investors participating in any convertible loan, advance subscription or similar arrangement which would adversely affect the economic interests of the Future Fund pursuant to this Agreement;
  - (C) prior to conversion or repayment of the Future Fund's Loan, not artificially inflating the price per share paid on any equity financing round following the date of this Agreement in a manner which is adverse to the Future Fund;
  - (D) procuring that the Future Fund is not treated in a manner which is disproportionate to the manner in which other Lenders and other shareholders are treated (having regard to their respective class and holdings of Loans and/or shares in the capital of the Company); and
  - (E) procuring that any covenants in this Agreement relating to the shares in the capital of the Company are given enforceable effect after termination of this Agreement, whether by way of incorporation into a shareholders' agreement relating to the Company or otherwise;
- f. upon conversion of a Loan: (i) each Lender shall be supplied with such documentation as may be reasonably required to satisfy it that the Company has authority to allot the relevant shares being issued to that Lender; (ii) each Lender shall be provided with a copy of all of the executed and dated documents in connection with the subject matter of this Agreement, including this Agreement and any executed Subscription Deeds from time to time; (iii) 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 shares that arise on conversion of such Loan will be calculated by reference to the relevant Conversion Price, rather than the price paid by the investor(s) on any Qualified Financing or Non-Qualified Financing;
- g. following conversion of the Future Fund's Loan, the Future Fund shall at any time be entitled to transfer any shares in the capital of the Company that are held by the Future Fund, without restriction as to price or otherwise and free of pre-emption rights howsoever expressed, in connection with any sale to an Institutional Investor that is acquiring the whole or part (being not fewer than 10 companies, including the Company) of the Future Fund's interest in a portfolio of investments which comprise or result from the conversion of unsecured convertible loans substantially on the same terms as this Agreement, provided always that such transaction(s) is bona fide in all respects and in such event the Company and the Lenders shall procure such modification to the Company's articles of association as shall be necessary in order to give full legal and practical effect to this Section 8(g);
- h. for so long as a Lender's Loan is outstanding (and without prejudice to the provisions of Section 8(i)), it shall at any time be entitled to transfer its Loan as if the Loan were subject to the same transfer restrictions and permitted transfer provisions as set out in the articles of association and shareholders' agreement of the Company from time to time as the most senior class of shares in the Company would be subject to;
- i. for so long as the Future Fund's Loan is outstanding or it holds shares in the capital of the Company, the Future Fund shall at any time be entitled to transfer its Loan or any shares in the capital of the Company that are held by the Future Fund, without

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- restriction as to price or otherwise and free of pre-emption rights howsoever expressed, to any Associated Government Entities;
- j. the Company shall comply with all applicable laws and regulations including all applicable laws and regulations relating to anti-bribery, anti-corruption or sanctions and shall carry out a review of the Company's operations to identify bribery and corruption risks and introduce, maintain and implement a suitable anti-bribery and corruption policy which applies to the Company;
  - k. the Company shall at all times perform and comply in all material respects with its obligations set out in this Agreement (including procuring any third party and/or regulatory approvals required in order to issue the shares on conversion to the Lenders or any particular Lender);
  - l. each of the Company and the Lenders shall procure (including through exercise of voting rights) that sufficient authorities and/or waivers are maintained at all times to permit issue and allotment of all shares that may be required to be issued and allotted upon conversion of any or all of the Loans, free from any pre-emption rights;
  - m. no application has been or is intended to be made to any listing authority, stock exchange or other market for the Loans to be listed or otherwise traded;
  - n. in the event that, prior to the repayment or conversion of the Loans, the Company issues any other unsecured loan notes or advance subscriptions to any other lender or subscriber (as the case may be) on terms relating to the subject matter of Sections 2, 4, 5, 6 and/or 7 that are more favourable than those contained herein: (i) the Company shall promptly provide written notice of the same to the Lenders; (ii) the Company shall provide such information and documents as are reasonably required by the Lenders to consider the preferential terms of such other unsecured convertible loan notes; and (iii) any such favourable terms shall be automatically deemed to apply to the outstanding Loans and this Agreement shall be amended so that each Lender also benefits from such improved terms (and the parties shall procure the same); and
  - o. each of the Company and the Lenders agree to procure, to the extent that each is able, that: (i) the Loans shall not be considered as a financing round (whether a qualified financing round or non-qualified financing round, however defined) for the purposes of any Existing Convertible Securities; (ii) this Agreement shall not trigger any most favoured nation clause or similar under any Existing Convertible Securities held by Other Lenders; (iii) the value of the Loans then outstanding shall not be included in any valuation cap in connection with determining the price per share applicable on conversion of any Existing Convertible Securities; (iv) the Conversion Price applicable to the Loans under Section 5 shall not be used as the referral price for the purposes of determining the lowest price per share applicable on conversion of any Existing Convertible Securities; and (v) any relevant documents pertaining to such Existing Convertible Securities shall be modified to the extent necessary to give effect to the provisions of this Section 8(o).
9. **WARRANTIES.** The Company hereby warrants to the Lenders that, as at the date of this Agreement:
- a. the Company satisfies in full the Eligibility Criteria;
  - b. the Company is a company duly formed, validly existing and in good standing under the laws of England and Wales, Scotland or Northern Ireland and the Company has full power and authority to enter into and perform its obligations under this Agreement;

- c. the execution and performance of this Agreement by the Company has been duly authorised by all necessary actions and no other consents, authorisations or approvals of any kind or of any governmental authority or other third party are required in connection with the execution or performance of this Agreement by the Company and this Agreement has been duly executed and delivered by the Company and is valid and binding upon the Company and enforceable in accordance with its terms;
- d. the consummation of the transactions contemplated hereunder and the performance of this Agreement by the Company do not violate the provisions of the articles of association of the Company, or any applicable law, and do not result in any breach of, or constitute a default under, any agreement, indenture or other instrument to which the Company is a party or by which it is bound;
- e. the Group has conducted its business and dealt with its assets in all material respects in accordance with applicable legal and administrative requirements and there is no action, suit, proceeding or investigation commenced, pending or, to the knowledge of the Company, threatened against the Company likely to have a material adverse effect on the business of the Company; and
- f. no Event of Default is outstanding or is likely to result from the making of the Loans.

10. **LENDER WARRANTIES.**

- a. Each Other Lender hereby warrants to the Future Fund in respect of itself only that it is either (i) an "investment professional" within the meaning given to that term in article 19 of the FPO; (ii) capable of being classified as a "professional client" within the meaning given in the Glossary to the FCA Rules; (iii) a high net worth company, unincorporated associated or high value trust falling within article 49(2) of the FPO; (iv) a "certified sophisticated investor" or a "self-certified sophisticated investor" within the meaning given in articles 50 and 50A respectively of the FPO; (v) a "certified high net worth individual" within the meaning of article 48 of the FPO; (vi) an association of high net-worth or sophisticated investors within the meaning of article 51 of the FPO; or (vii) an equivalent professional, high net worth, institutional or sophisticated investor in accordance with applicable law and regulation in such Other Lender's home jurisdiction. Each Other Lender falling within the categories of "certified sophisticated investor", "self-certified sophisticated investor" or "certified high net worth individual" warrants in respect of itself only that it has the necessary signed statements and/or certificates as required under the FPO.
- b. Each Other Lender hereby warrants to the Company and the Future Fund that it has the capacity and authority to enter into and perform its obligations under the Agreement and no other consents, authorisations or approvals of any kind are required in connection with the execution or performance of this Agreement by it.

11. **CURRENCY.** The Loans are denominated in Pounds Sterling. Where conversion of any Loan occurs by reference to a Conversion Price which is denominated in a currency other than Pounds Sterling, the principal amount of such Loan and the Interest (where relevant) shall be converted utilising the five day average closing mid-point spot rate for conversion of Pounds Sterling to that currency as published in the London edition of the Financial Times published on the Business Day prior to the Conversion Date (or such earlier date within the previous 5 Business Days as may be agreed for convenience by the Company and a Lender Majority).

12. **WAIVER.** The waiver, express or implied, by a Lender of any right it holds under this Agreement or any failure to perform or breach by the Company shall not constitute or be deemed a waiver of any other right under this Agreement. No failure to exercise or delay in exercising any right or remedy or under this Agreement shall operate as a waiver thereof nor



shall any single or partial exercise operate to preclude any other right or remedy. No specific remedy hereunder shall be construed as excluding remedies at law.

13. **AMENDMENT.** All and any of the provisions of this Agreement may be deleted, varied, supplemented, restated or otherwise changed in any way at any time with the prior written consent of the Company and the Relevant Majority, provided that any such change shall not, without the prior written consent of a Lender: (i) vary or remove the express contractual right of that Lender as set out in Section 8 and this Section 13 (as the case may be); (ii) impose any new obligation(s) on that Lender; or (iii) change the rights of that Lender or increase an existing obligation of that Lender in a manner which, in the reasonable opinion of the Company, is disproportionate to the manner in which it treats the other Lenders (having regard to their respective rights under this Agreement and the Loans).
  14. **CONFIDENTIALITY AND NO ANNOUNCEMENTS.** No party shall distribute or disclose or make any public announcement or issue a press release or respond to any enquiry from the press or other media concerning or relating to the amounts of the Loans and the addresses and email addresses of the Lenders as set out in paragraph 1 and the terms of paragraphs 5, 6, 7, 9 and 10 of this Agreement except:
    - a. with the prior written consent of the Company and the Relevant Majority;
    - b. to the extent required to do so by law or by any regulatory or government authority of competent jurisdiction to which that party is subject, including any listing authority or stock exchange on which any shares of the disclosing party are listed or traded; or
    - c. to the extent required to do so by a court of competent jurisdiction,

provided that, in each case the recipient is subject to an obligation to keep the disclosure confidential on the same basis as is required of the disclosing party under this Agreement and such disclosing party shall procure the same, so far as it lies within its power to do so.
- Notwithstanding the above, nothing in this Agreement shall prevent the Future Fund from disclosing any information whether or not relating to the Company and its affairs to Associated Government Entities or which the Future Fund, in its absolute discretion, considers that it is required to disclose in order to comply with any statutory or parliamentary requirements, whether or not existing at the date of this Agreement.
15. **COSTS.** Each party shall bear its own costs and disbursements incurred in connection with the provision, execution and enforcement of this Agreement and of matters incidental to this Agreement.
  16. **ASSIGNMENT.** No party may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other parties, provided that a Lender may assign the whole or part of any of its rights in this Agreement to any person who has received a transfer of its Loan or of any shares arising from conversion of the Loan from such Lender in accordance with this Agreement or the Company's articles of association respectively and has executed a deed of adherence to this Agreement adhering to the terms of this Agreement as a Lender in a form provided by the Company.
  17. **RIGHTS OF THIRD PARTIES.** This Agreement does not confer any rights on any person or party (other than the parties to this Agreement that have executed this Agreement or any Subscription Deed) pursuant to the Contracts (Rights of Third Parties) Act 1999.
  18. **COUNTERPARTS; NO ORIGINALS.** This Agreement may be executed in any number of counterparts (whether signed in physical, electronic or other means), each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement. The exchange of a fully executed version of this Agreement (in counterparts or

otherwise) by electronic transmission in PDF format or other agreed format shall be sufficient to bind the parties to the terms and conditions of this Agreement and no exchange of originals is necessary

19. **NOTICES.**

a. Any communication and/or information to be given in connection with this Agreement shall be in writing in English and shall be delivered by email to each relevant party at the email address shown in this Agreement or such other email address as the recipient may notify to the other parties for such purpose.

b. A communication sent in accordance with this Section shall be deemed to have been received 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.

20. **ENTIRE AGREEMENT.** This Agreement and the documents referred to in it constitutes the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and supersedes and extinguishes any prior drafts, agreements, undertakings, understandings, promises, representations or conditions whether oral or written, express or implied between the parties relating to such subject matter (other than any representations or statements given in the Application by the Company and an Other Lender in respect of itself only, which shall not be extinguished pursuant to this Section 20 and on which the Future Fund has relied on in entering into this Agreement).

21. **EQUITABLE REMEDIES.** Without prejudice to any other rights or remedies that the parties may have, the parties acknowledge and agree that damages alone may not be an adequate remedy for any breach by them of this Agreement and that the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of this Agreement by any party may be more appropriate remedies.

22. **GOVERNING LAW AND JURISDICTION.** This Agreement (and any dispute or claim relating to it or its subject matter (including noncontractual claims)) is governed by and is to be construed in accordance with English law. The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any claim, dispute or issue (including non-contractual claims) which may arise out of or in connection with this Agreement.

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## SCHEDULE 2

### DEFINITIONS

In this Agreement, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

**“Agreement”** means this convertible loan agreement, including its schedules, and any Subscription Deed entered into following the date of this agreement;

**“Application”** means the application required in respect of the Future Fund Scheme containing the requisite details of the Company and the Other Lenders and the headline terms requested in respect of the Loans (as set out in paragraphs 1 and 6 to 10), as submitted by the Lead Lender;

**“Associated Government Entities”** means:

- a. any UK Government departments, including their executive agencies, other subsidiary bodies and other parts of UK Government;
- b. companies wholly or partly owned by UK Government departments and their subsidiaries;
- c. non-departmental public bodies, other public bodies, public corporations and their subsidiary bodies sponsored by UK Government departments; and/or
- d. any successors to any of the entities set out in (a), (b) and (c) above or any new bodies which fall within the same criteria;

**“Base Date”** means the 20 April 2020;

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

**“Business Day”** means a day on which the English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);

**“Conversion Date”** has the meaning given in Section 5;

**“Conversion Event”** means all or any of the events listed in Section 5(a)(i) to (iv) inclusive;

**“Conversion Price”** means:

- a. in respect of a Qualified Financing pursuant to Section 5(a)(i), a price per share equal to the lowest price per share paid by investor(s) for such senior class of shares on the Qualified Financing after reducing such price per share by the Discount;
- b. in respect of a Non-Qualified Financing pursuant to Section 5(a)(ii), a price per share equal to the lowest price per share paid by investor(s) for such senior class of shares on such Non-Qualified Financing after reducing such price per share by the Discount;
- c. in respect of an Exit pursuant to Section 5(a)(iii), a price per share equal to the lowest price per share paid by investor(s) for such class of shares in the then most recent bona fide equity financing in which the Company either: (i) raises newly committed capital after the Base Date and prior to the Maturity Date equal to an amount which is greater than 25% of the aggregate of the principal amount of the Loans then outstanding, after reducing such price per share by the Discount; or (ii) raised committed capital prior to the Base Date, from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (A) any Loans made pursuant to this Agreement; (B) any shares issued on the exercise of any

option granted to an employee, officer or consultant of the Company by way of incentive; and (C) any issue of shares on conversion of a Loan under this Agreement);

- d. in respect of the Maturity Date pursuant to Section 5(a)(iv), a price per share equal to the lowest price per share paid by investor(s) for such class of shares in the then most recent bona fide equity financing in which the Company either: (i) raises newly committed capital after the Base Date and prior to the Maturity Date equal to an amount which is greater than 25% of the aggregate of the principal amount of the Loans then outstanding, after reducing such price per share by the Discount; or (ii) raised committed capital prior to the Base Date, from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (A) any Loans made pursuant to this Agreement; (B) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (C) any issue of shares on conversion of a Loan under this Agreement),

provided that, (A) only the principal amount converting shall be reduced by the Discount and not any Interest; and (B) where a Valuation Cap has been agreed and included in this Agreement, in each of (a) - (d) (inclusive) above, if the price per share which results from dividing the Valuation Cap by the number of shares comprised in the Fully Diluted Share Capital is lower than the price per share that would otherwise apply under part (a), (b), (c) or (d) (as the case may be), the Conversion Price shall be equal to such lower price;

“Discount” has the meaning given to it in paragraph 6;

“Eligibility Criteria” means the eligibility criteria set out on the Portal for 'the company' (as such term is defined thereon) as at the date of final submission of the Application to the Portal by the Lead Lender;

“Event of Default” means any of the following events:

- a. any Group Company stops payment of its debts generally or ceases to carry on all or a substantial part of its business;
- b. any Group Company is deemed to be unable to pay its debts as they fall due or compounds or proposes or enters into any reorganisation or special arrangement with its creditors generally;
- c. a moratorium is declared in respect of any indebtedness of any Group Company;
- d. any petition is advertised by any person for the winding-up of any Group Company or an order is made or a resolution is passed with respect to the liquidation, winding-up, administration or dissolution of a Group Company which is not discharged within 10 Business Days of presentation;
- e. an encumbrancer takes possession or a liquidator, receiver, administrative receiver, administrator or court-appointed receiver or other similar officer is appointed over the whole or the major part of the assets or undertaking of any Group Company or if distress, execution or other legal process is levied or enforced upon or against the whole or the major part of the assets of any Group Company and is not discharged, paid out, withdrawn or removed within 10 Business Days; or
- f. any Group Company fails, in any material respect, to comply with any of the covenants, conditions or provisions contained in this Agreement or breaches, in any material respect, any provisions of this Agreement and which breach, if capable of

cure, is not cured within 20 Business Days in the reasonable opinion of the Lender Majority;

**“Existing Convertible Securities”** means any securities convertible into, or carrying the right to subscribe for, shares in the Company that are outstanding as at the date of this Agreement (including any existing convertible loan notes, advance subscriptions, simple agreements for future equity, promissory notes or similar);

**“Exit”** means either:

- a. the arms' length sale of (or the grant of a right to acquire or to dispose 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 (or grantee of that right) and any persons Acting in Concert (as defined in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time)) together acquiring an interest in such shares giving control of the Company (within the meaning of section 1124 of the Corporation Tax Act 2010), except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same or substantially the same as the shareholders and their shareholdings in the Company immediately prior to such sale and the rights and obligations of the Company under this Agreement have been novated to such new holding company on completion of such sale;
- b. a sale of all or substantially all of the Group's undertakings and assets (including the grant of an exclusive licence of intellectual property not entered into in the ordinary course of business); or
- c. the admission of all or any of the Company's shares or securities representing those shares on the Official List of the United Kingdom Listing Authority, the AIM Market operated by the London Stock Exchange Plc, the New York Stock Exchange, the NASDAQ Stock Market of the NASDAQ OMX Group Inc. or any other recognised investment exchange (as defined in section 285 of FSMA);

**“FCA”** means the Financial Conduct Authority;

**“FCA Rules”** means the FCA's handbook of rules and guidance;

**“Financial Year”** means each accounting reference period of the Company determined from time to time in accordance with Chapter 3 of Part 15 of the Companies Act 2006;

**“FPO”** means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

**“FSMA”** means the Financial Services and Markets Act 2000;

**“Fully Diluted Share Capital”** means the aggregate at the time of: (i) the issued share capital of the Company; (ii) in respect of Section 5(a)(i) and (ii) only, all shares capable of being issued by the Company upon the exercise of any additional options authorised pursuant to the terms of such Qualified Financing or Non-Qualified Financing; and (iii) all shares capable of being issued by the Company pursuant to any outstanding rights to subscribe for, or convert any security into, shares as if all those outstanding rights had been exercised in full (including all outstanding warrants, convertible loan notes, advance subscriptions and all other convertible or exercisable securities then outstanding) but excluding: (A) the shares to be issued under this Agreement; and (B) in respect of Section 5(a)(iii) only, all shares capable of being issued by the Company in respect of unallocated and/or unvested options;

**“Future Fund Scheme”** means the UK Government scheme to issue convertible loans to companies which are facing financing difficulties due to the 2020 Covid-19 pandemic;

**“Group Companies”** means from time to time the Company and each and any of its subsidiaries, **“Group Company”** means any one of them and **“Group”** means, together, the Company and its subsidiaries;

**“Headroom Amount”** has the meaning given to it in paragraph 10;

**“Institutional Investor”** means any fund, partnership, body corporate, trust or other person or entity whose principal business is to make investments or a person whose business is to make, manage or advise upon investments for any of the foregoing, other than an Institutional Investor who the Board determines in its reasonable discretion is a competitor with the business of the Company;

**“Interest”** has the meaning given to it in Section 4(a);

**“Interest Rate”** has the meaning given to it in paragraph 7;

**“Lead Lender”** means the Other Lender which submitted the Application in respect of the Future Fund Scheme;

**“Lender Majority”** means the holder(s) of in excess of 50% of the total Loans that remain outstanding from time to time under this Agreement, excluding those held by the Future Fund;

**“Lenders”** means the Future Fund and the Other Lenders and any lenders that have agreed to make available to the Company an unsecured convertible loan pursuant to a Subscription Deed;

**“Loans”** means the unsecured convertible loans to be provided by the Lenders pursuant to the terms of this Agreement and **“Loan”** means any one such convertible loan provided by a particular Lender;

**“Maturity Date”** has the meaning given to it in paragraph 8;

**“Non-Qualified Financing”** means any bona fide equity financing round, other than a Qualified Financing, occurring after the date of this Agreement in which the Company raises newly committed capital prior to the Maturity Date from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (i) any Loans made pursuant to this Agreement; (ii) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (iii) any issue of shares on conversion of a Loan under this Agreement);

**“Portal”** means the Future Fund Scheme's web portal at [www.uk-futurefund.co.uk](http://www.uk-futurefund.co.uk);

**“Qualified Financing”** means any bona fide equity financing round occurring after the date of this Agreement in which the Company raises an amount equal to at least the aggregate amount of the Loans received by the Company at the time of such financing round, in newly committed capital prior to the Maturity Date from one or a series of related transactions involving the issue by the Company of shares to investor(s) (excluding (i) any Loans made pursuant to this Agreement; (ii) any shares issued on the exercise of any option granted to an employee, officer or consultant of the Company by way of incentive; and (iii) any issue of shares on conversion of a Loan under this Agreement);

**“Redemption Date”** has the meaning given to it in Section 6;

**“Redemption Premium”** means, in respect of a Loan, a premium equal to 100% of the principal amount of such Loan;

**“Relevant Majority”** means the Lender Majority and the Future Fund for so long as it holds any Loan and/or shares in the capital of the Company;

**“Subscription Deed”** means a subscription deed substantially in the form set out in schedule 3 to this Agreement;

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**“Tax Deduction”** means a deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; and

**“Valuation Cap”** has the meaning given to it in paragraph 9.

In this Agreement, unless otherwise specified:

- a. references to redemption includes repayment and vice versa and the words "redemption" and "redeemed" shall be construed accordingly;
- b. a “group undertaking” or an “undertaking” is to be construed in accordance with section 1161 of the Companies Act 2006, a “subsidiary undertaking” is to be construed in accordance with section 1162 of that act and a “subsidiary” or “holding company” is to be construed in accordance with section 1159 of that act;
- c. references to paragraphs and schedules are references to paragraphs of and schedules to this Agreement;
- d. references to Sections are to sections of schedule 1 to this Agreement ;
- e. the schedules form part of and are incorporated into this Agreement;
- f. headings are included for ease of reference only and shall not affect the interpretation of this Agreement;
- g. “includes” and “including” shall mean including without limitation;
- h. a “person” includes any person, individual, company, firm, corporation, government, state or agency of a state or any undertaking (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
- i. “writing” means typed text or legible manuscript text;
- j. reference to a legal or regulatory provision or standard is to be construed as a reference to that legal or regulatory provision or standard as the same may have been amended or re-enacted before the date of this Agreement;
- k. the singular shall include the plural and vice versa and references to any gender shall include references to the other genders; and
- l. reference to the time of day is reference to the time in London, England.



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### SCHEDULE 3

#### SUBSCRIPTION DEED

DATED

2020

#### BY AND BETWEEN:

**Sterling Suffolk Limited** (company number 08994132) whose registered office is at Blakenham Nursery Lorraine Way, Ipswich, Bramford, IP8 4JS, GB (the "**Company**");

(company number ) whose registered office is at  
(the "**Additional Lender**").

#### INTRODUCTION

- (1) The Additional Lender has agreed to make available to the Company an unsecured convertible loan in the aggregate amount of £ (the "**Additional Loan**") pursuant to the terms of this subscription deed (this "**Deed**") and the convertible loan agreement dated 2020 between (1) the Company, (2) the Future Fund (as defined therein) and (3) the Other Lenders (as defined therein) (the "**Agreement**").
- (2) This deed (the "**Deed**") is entered into in compliance with the terms of Section 1 of the Agreement.

#### AGREED TERMS

1. Words and expressions used in this Deed shall have the same meaning as is given to them in the Agreement unless defined herein or the context otherwise expressly requires.
2. The Additional Lender shall, no later than five Business Days after the date of this Deed, pay the Additional Loan to the Company's Solicitors Bank Account and the Company shall accept such Additional Loan and shall owe and promise to pay to the Additional Lender or its successors the principal amount of the Additional Loan, together with any Redemption Premium and/or any accrued but unpaid Interest, as the case may be, in accordance with the terms of the Agreement.
3. Unconditional release of the Additional Loan to the Company's Solicitors shall be a good and valid discharge of the obligation of the Additional Lender to pay such amount to the Company and the Additional Lender shall not be concerned to see the application of the monies so paid.
4. The Additional Lender hereby agrees to:
  - a. assume the benefit of the rights under the Agreement in respect of the Additional Loan;
  - b. assume the burden of the obligations under the Agreement to be performed after the date hereof in respect of the Additional Loan; and
  - c. be bound by the Agreement in all respects,

in each case as if it was a party to the Agreement as one of the "Lenders" and shall perform all the obligations expressed to be imposed on such a party to the Agreement, to be performed or on or after the date hereof, provided that the Additional Lender shall take the benefit of the warranties set out in Section 9 but without any repetition thereof such that those

warranties are true and accurate as at the date of the Agreement and not as at the date of this Deed.

- 5. This Deed is made for the benefit of:
  - a. the parties to the Agreement; and
  - b. any other person(s) who may after the date of the Agreement (and whether or not prior to or after the date hereof) assume any rights or obligations under the Agreement and be permitted to do so by the terms thereof,

and this Deed shall be irrevocable without the consent of the Company acting on their behalf in each case only for so long as they hold any unsecured convertible loan and/or shares in the capital of the Company.

- 6. This Deed shall be governed by and construed in accordance with the laws of England and Wales.

This Deed has been executed and delivered as a deed on the date shown on the first page.

**EXECUTED AS A DEED** on behalf of )  
**THE COMPANY** )  
 acting by a director )

in the presence of: \_\_\_\_\_

Signature of witness \_\_\_\_\_

Name of witness \_\_\_\_\_

Address of witness \_\_\_\_\_

Occupation of witness \_\_\_\_\_

**EXECUTED AS A DEED** on behalf of )  
**THE ADDITIONAL LENDER** )  
 acting by )

in the presence of: \_\_\_\_\_

Signature of witness \_\_\_\_\_

Name of witness \_\_\_\_\_

Address of witness \_\_\_\_\_

Occupation of witness \_\_\_\_\_

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## SCHEDULE 4

### QUARTERLY REPORTING INFORMATION

The reporting information on the Group required to be provided by the Company to the Future Fund via the Portal pursuant to Section 8(a) of schedule 1 is as set out below:

1. within the first 90 days following the date of this Agreement, calculated in accordance with the Company's normal accounting policies;
  - a. revenue for the last two Financial Years;
  - b. earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”) for the last two Financial Years; and
  - c. net cash flow for the last two Financial Years,

provided that where any such information is not available in respect of the last two Financial Years as the Company was incorporated within the current Financial Year or the last Financial Year, the Company shall provide the same information for the period since incorporation of the Company;

2. on a quarterly basis following the date of this Agreement (including in respect of the first quarter following the date of this Agreement):
  - a. calculated in accordance with the Company's normal accounting policies and the most recent management accounts of the Group:
    - (i) revenue for the relevant quarter and current Financial Year;
    - (ii) current monthly recurring revenue for the relevant quarter and current Financial Year, if applicable to the Company;
    - (iii) EBITDA for the relevant quarter and current Financial Year;
    - (iv) net cash flow for the relevant quarter and current Financial Year;
    - (v) current monthly cash burn rate; and
    - (vi) current cash balance;
  - b. post-money valuation of the Company in the most recent funding round;
  - c. performance of the Group against the current budget of the Group:
    - (i) revenue (achieved vs budget); and
    - (ii) net cash flow (achieved vs budget);
  - d. the Company's management team's reasonable assessment of the likely timing, amount and form of the Group's next financing activity and its estimated valuation of the Company (on a pre-money basis) at such financing;
  - e. the Company's management team's reasonable and supportable estimated forecast for the Group's revenue and net cash flow for the current Financial Year and the next two Financial Years;

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- f. where a Conversion Event has occurred, provided that the monthly net cash flow of the Group is negative:
- (i) current performance of the Group against non-financial key performance indicators;
  - (ii) key intellectual property and knowhow developed, if applicable to the Group; and
  - (iii) "Technology Readiness Level" milestones achieved (TRL 1-9), if applicable to the Group.



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