

THIS CIRCULAR IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, accountant, or other independent adviser authorised under the Financial Services and Markets Act 2000 ("FSMA"). If you have sold or otherwise transferred all of your Bonds, please pass this document together with all accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass them to the person who now owns the Bonds.

The Company and the Directors, whose names appear on page 3 below, accept responsibility for the information in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Circular does not constitute an offer by the Company and relates only to recommended proposals to approve the issue of a further series of Bonds in accordance with the Bond Instrument and Security Trust Deed both executed by the Company on 14 March 2018 and a variation of certain policies set out in the Information Memoranda issued by the Company on 14 March 2018 and in September 2018. This Circular does not constitute a financial promotion and therefore has not been approved by an authorised person. It is published pursuant to the exemption contained in Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Circular to the Bondholders of

AMBERSIDE ALP PLC

(Incorporated in England and Wales with registered number 11041038)

Notice of Issuance of a further Series of Bonds and Recommended Proposal:

***THAT** the Company be authorised to make advances to Sterling Suffolk Limited out of the balances standing to the credit of the 'interest accounts' described in (a) the Diversified Bond Information Memorandum and (b) the information memorandum issued by the Company on 3 September 2018 in relation to the Series S1 Bonds.*

You will find set out on pages 11 to 12 of this document, **Notice of a Meeting of Bondholders** of the Company to be held at the offices of the Company at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP on 20 November 2020 from 12 noon to approve the Special Resolution to effect the Proposal contained herein. Whether or not you plan to attend the Meeting, please complete and submit enclosed proxy form. Proxy form must be sent to **Amberside ALP plc, Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP** and in order for them to be valid must be **received no later than 12 noon on 18 November 2020**.

Your attention is drawn to the letter from the chairman of the Company set out in Part 1 of this document which contains a recommendation to vote in favour of the Special Resolution to be proposed at the Meeting.

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PART 1
LETTER FROM THE CHAIRMAN

AMBERSIDE ALP PLC

(Registered in England and Wales with registered number: 11041038)

Directors:

Robert McClatchey (Chairman)
David Lomas
David Scrivens
Matthew Evans
Douglas Spacey

Registered Office

Amberside House, Wood Lane,
Hemel Hempstead,
Hertfordshire HP2 4TP

26 October 2020

Dear Bondholder

The proposed issue of a further series of Bonds – 'S2 Bonds' – and convening of a meeting of Bondholders to approve advance to Sterling Suffolk Limited from the Company's interest account

Introduction

The Company and its wholly owned subsidiary, Amberside ALP Trading Ltd ("**ALP Trading**") (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 moneys 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 to 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 it is intended will be invested in SSL through a convertible loan agreement in the Future Fund standard form; and
2. applying monies currently standing to the credit of the interest accounts set up in respect of the Diversified Bonds and the Series S1 Bonds.

Case for existing investors

The economics for SSL are greatly improved by constructing and completing Phase 2 of the glasshouse, which effectively increases the growing area by 50% for a cost of approximately 30% of the original build. In addition the operational costs per square meter are reduced as fixed overheads are spread over a wider area and will not grow proportionally. For Diversified and Series S1 Bondholders, we believe this translates to greater security for their investment due to the increased value of the assets on which their debt is ultimately secured with the additional proposed Series S2 bonds and Future Fund loan being an unsecured debt that may convert to equity, and therefore effectively ranking at a junior position to secured lenders in SSL (which includes the Diversified Bonds and the Series S1 Bonds).

Target raise

It is the Board's view that the best way to reduce risk and increase value for all investors is 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'). Whether the reserve accounts are actually used in reality will depend on the popularity of the Series S2 bonds with investors. Shareholders of SSL will be encouraged to participate in the Series S2 bonds.

Whilst the Company has sufficient reserves to reach the minimum additional investment of £550k as set out below, the Board's preference is to raise additional capital through the issue of Series S2 so as to retain or replenish the amounts currently standing to the credit of the capital and interest reserve accounts to meet existing bond liabilities.

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;
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 template form of Convertible Loan Agreement used by the Future Funds is appended to this Circular.

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 Trading 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 in Part 2 of this document.

Proposal Regarding Interest Accounts

The Diversified Bonds Information Memorandum describes a charged bank account structure under which ALP Trading would receive moneys subscribed for bonds which it would then lend down to ALP Trading so that it might make loans to third party borrowers. Additionally, an interest charged account would be established to receive interest payments from borrowers. ALP Trading would be entitled to withdraw 30% of interest payments to cover its running costs and the remaining balance would be used only to pay the coupon on the bonds issued. Once the balance on the account is equal or greater than 5% of the aggregate nominal amount of the bonds plus any accrued but unpaid interest, then ALP Trading would be entitled to withdraw any excess ("interest account"). A similar arrangement was described in the Information Memorandum issued in September 2018, with a slight variance to the interest account in that ALP Trading would only be entitled to withdraw 25% of interest payments to contribute to its running costs.

Currently, £178,263.61 is standing to the credit of the Diversified Bond interest account and £129,509.26 is standing to the credit of the Series S1 Bond interest account. The Board is seeking Bondholder consent to allow ALP Trading to make advances to Sterling Suffolk from the balances standing to the credit of the interest accounts associated with the Diversified Bonds and the Series S1 Bonds.

As a note, the Company also has £242,312.85 in a ring-fenced capital account, which is currently intended to be used as part of the proposed additional lending to SSL.

Meeting

In order to effect the above proposal, the Company requires Bondholders' approval of the use of the monies standing to the credit of the interest accounts associated with the Diversified Bonds and the Series S1 Bonds as described above. To this end, a Notice convening the Meeting is set out at the end of this document. The Meeting will be held at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP on 20 November 2020 from 12 noon.

Proxy forms (and pre-addressed envelopes for the return of the proxy forms) are also enclosed with this Circular.

Action to be taken

Before taking any action, you are recommended to read the further information set out in this document.

Bondholders will find enclosed with this document the form of proxy for use at the Meeting. Whether or not you propose to attend the Meeting, you are requested to complete and return the form of proxy attached so as to be received not less than 48 hours before the time appointed for holding of the Meeting. Completion and return of a form of proxy will not prevent you from attending and voting in person at a Meeting, should you wish to do so.

Recommendations

The Board is of the opinion that the Special Resolution to be proposed at the Meeting is in the best interests of the Bondholders as a whole and unanimously recommends you to vote in favour of all the Special Resolution.

I look forward to welcoming you at the Meeting and to your support for the Special Resolution to be proposed.

Yours faithfully

Robert McClatchey

Chairman

PART 2

Proposed Final Terms for S2 BONDS 3-year fixed term bonds, Interest Payments Rolled Up

Series Number	S2
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.
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	<p>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).</p> <p>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).</p>
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	<p>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.</p> <p>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.</p>
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 in SSL takes place.

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

PART 3 DEFINITIONS

In this Circular and in the notice attached the following expressions have the following meanings:

Definitions

The following definitions apply throughout this Circular, unless the context requires otherwise:

"ALP Trading"	Amberside ALP Trading Ltd (company number 11146970) the wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company;
"Bond Instrument"	the secured, non-convertible, transferable debt instrument issued by the Company on 14 th March 2018 by which the Bonds are constituted as amended on 26 September 2018 and as further from time to time;
"Bonds"	means the fixed rate secured Bonds of the Company constituted by the Bond Instrument or as the case may be the principal amount of the Bonds for the time being issued and outstanding and a reference to a Bond is a reference to any one of such Bonds;
"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;
"Diversified Bond Information Memorandum"	the information memorandum published by the Company on 14 March 2018;

"Final Terms of Issue"	any supplemental document issued by the Company in respect of a Series of Bonds specifying the commercial details of such Series, including (but not limited to) the interest rate, the maximum nominal amount, the minimum nominal amount, the commencement date, the closing date, the repayment date, and interest payment dates;
"Linked Loan(s)"	a loan or loans made by ALP Trading 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;
"Security Trust Deed"	the Security Trust Deed between the City Partnership Trustee Limited (1) and the Company (2) executed on 14 th March 2018 and as amended on 26 September 2018;
"Series A Bonds"	the Bonds constituted by the Bond Instrument and issued pursuant to the Diversified Bond Information Memorandum;
"Series B Bonds"	the Bonds constituted by the Bond Instrument and issued pursuant to the Diversified Bond Information Memorandum;
"Series C Bonds"	the Bonds constituted by the Bond Instrument and issued pursuant to the Diversified Bond Information Memorandum;
"Series Z Bonds"	the Bonds constituted by the Bond Instrument and issued pursuant to the Diversified Bond Information Memorandum; and
"S Bonds"	means 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.

AMBERSIDE ALP PLC

(Registered in England and Wales with registered number 11041038)

NOTICE OF MEETING OF BONDHOLDERS

Notice is hereby given that a meeting of **THE BONDHOLDERS of AMBERSIDE ALP PLC** (the "**Company**") will be held at the offices of the Company at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP on 20 November 2020 from 12 noon for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as a Special Resolution, that is to say as a resolution of the Bondholders present in person or by proxy by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is demanded then by a majority consisting of not less than three-fourths of the votes given on such poll where, on a poll, each Bondholder will have one vote for every £1 principal amount of the Bonds then outstanding of which he is the holder.

All capitalised terms used in this notice of meeting shall bear the meanings given to them in the circular to Bondholders dated 26 October 2020 (the "**Circular**").

SPECIAL RESOLUTION

***THAT** the Company be authorised to make advances to Sterling Suffolk Limited out of the balances standing to the credit of the 'interest accounts' described in (a) the Diversified Bond Information Memorandum and (b) the information memorandum issued by the Company in September 2018 in relation to the Series S1 Bonds in accordance with the proposals set out in the Circular to Bondholders which accompanies this Notice.*

By Order of the Board
The City Partnership (UK) Limited
Company Secretary

Amberside House,
Wood Lane, Hemel
Hempstead,
Hertfordshire HP2 4TP

26 October 2020

Notes to the Notice of the Meeting

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), bondholders must be registered in the Register of Bondholders of the Company on the date of the Notice of Meeting. Changes to the Register of Bondholders of the Company after that date shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A Bondholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a Bondholder, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the bondholder will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.
4. A form of proxy is enclosed with Bondholders' copies of this document. To be valid, it should be lodged with Amberside ALP PLC at Amberside House, Wood Lane, Hemel Hempstead, Hertfordshire HP2 4TP by 12 noon on 18 November 2020 to be so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 48 hours before the time appointed for taking the poll. Prepaid self-addressed envelopes are included with the Notice of Meeting.
5. As an alternative to returning the hard-copy form of proxy by post, you can appoint a proxy by sending the form by email to alp@ambersidealp.com. For the proxy appointment to be valid, your form must be received in such time as it can be transmitted to the Company's registrar so as to be received no later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting.
6. Appointment of a proxy will not preclude a Bondholder from subsequently attending and voting at the meeting should the Bondholder subsequently decide to do so. A Bondholder can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to the Company in writing. Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies.
7. Series A Bonds, Series B Bonds, Series C, Series Z and Series S1 Bonds carry equal voting rights and a Bondholder present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every £1 of principal amount of the Bonds then outstanding of which he/she is the holder.
8. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual Bondholder of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercise.
14. By attending the meeting, bondholders and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Bonds made at the meeting.

DIRECTORY

The Directors	Robert McClatchey (Independent Chairman) David Lomas David Scrivens Richard Spacey Matthew Evans
Company Secretary	The City Partnership (UK) Limited 110 George Street Edinburgh EH2 4LH
Registered Office	Amberside House Wood Lane Hemel Hempstead HP2 4TP
Registered Number	11041038
ISA Arranger	Goji Financial Services Limited 133 Whitechapel High St, London E1 7QA
ISA Manager	Sapia Partners 134 Buckingham Palace Road London SW1W 9SA
Security Trustee & Receiving Agent	The City Partnership (UK) Limited 110 George Street Edinburgh EH2 4LH
Solicitors	RW Blears LLP 15 Old Square Lincoln's Inn London WC2A 3UE

APPENDIX

Convertible Loan Agreement

CONVERTIBLE LOAN AGREEMENT

DATED

2020

BY AND BETWEEN:

- (1) **[COMPANY NAME]** (company number **[number]**) whose registered office is at **[address]** (the "Company");¹
- (2) **UK FF NOMINEES LIMITED** (company number 12591650) whose registered office is at Level 37, 25 Canada Square, London E14 5LQ (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:

Lender	Address and email address	Total Amount of Loan (£)
The Future Fund	Level 37, 25 Canada Square, London E14 5LQ futurefundsupport@british-business-bank.co.uk	[•]
[•]	[•]	[•]
[•]	[•]	[•]
Total		

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

¹ **NOTE:** Company details to be inserted.

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 [insert name of Company's Solicitors] (the “**Company's Solicitors**”) with the following details:

Account Name	[●]
Bank	[●]
Account Number	[●]
Sort Code	[●]
Reference	<<Company Name>>

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 [] (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.²

Signed: _____
For and on behalf of: [COMPANY NAME]

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

² **NOTE:** Company and other lender names to be inserted into the respective signature blocks.

Signed: _____
For and on behalf of: **[OTHER LENDER NAME]**

Signed: _____
For and on behalf of: **[OTHER LENDER NAME]**

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.
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

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- 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, 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:
 - (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;

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- (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 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;
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- 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.
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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

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- 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 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).

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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 non-contractual 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.

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;

“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;

“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:

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- 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.

SCHEDULE 3

SUBSCRIPTION DEED

2020

BY AND BETWEEN:

[COMPANY NAME] (company number **[number]**) whose registered office is at **[address]** (the “Company”);

[ADDITIONAL LENDER NAME] (company number **[number]**) whose registered office is at **[address]**
(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 £[number] (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

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;
 - f. where a Conversion Event has occurred, provided that the monthly net cash flow of the Group is negative:

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- (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.