**SIDE LETTER TEMPLATE**

Barcelona City Council

Pl. Sant Jaume, 1

08002 Barcelona

[*city*, *day* *month* *year*]

**Re: [...] – side letter**

Dear Sir/Madam,

This side letter (the “**Letter**”) aims to set out in writing the agreements that the parties have reached with regard to the investment of public resources made by Barcelona City Council in **[*company name of the VCE*]**, registered in the administrative register of the National Securities Market Commission under number [...] or [*include details of the competent authority in the case of foreign VCEs*](the “**|VCE**”). The VCE is managed by **[*include details of the Management Company]*,** a company incorporated for an indefinite period with registered office at [*registered office*], by virtue of a public deed executed on [*date of execution*], before the civil-law notary of [...], [...], issued with Tax ID code (NIF) [...], entered in the Mercantile Register of [...] and registered in the administrative register of the National Securities Market Commission under number [...] or [*include details of the competent authority in the case of foreign managers*] (la “**Management Company**”).

This investment is formalised by virtue of the resolution adopted on [...] by the Government Commission in the framework of the public call for the participation of Barcelona City Council in VCE for the promotion of the city's *Deep Tech* ecosystem, approved by the Government Commission during the session of [...] as a *Barcelona Deep Tech Fund* project with the aim of complementing the support policies for start-ups in the *deep tech* sector of the city and its metropolitan area through the injection of capital in venture capital vehicles focused on investing in recently created, rapid growth projects in this sector (the "**Terms and Conditions**").

Notwithstanding the provisions of [*the Operating Agreement or Management Regulations or other relevant contract in this regard*] of the VCE, as well as the subscription agreement, in view of Barcelona City Council's investment commitment in the VCE, it is expressly stated that all the terms and conditions of Barcelona City Council's investment in the VCE are detailed in this Letter and in the Terms and Conditions.

The following are some additional aspects agreed between Barcelona City Council and the VCE

1. **Right to representation and participation**

Barcelona City Council and the Management Company expressly agree that Barcelona City Council will be represented and will participate in [*include, if appropriate, the body in which Barcelona City Council will have a presence*].

1. **Investment Commitment**

The amount committed by the City Council is [...].

1. **Breach**

In the event of a breach by the VCE of the terms and conditions and/or of this Letter, in addition to any consequence provided for in the prevailing regulations, Barcelona City Council may apply the penalties provided for in this section, in any of the following cases:

1. if after the life of the fund the Management Company has not fulfilled the x2 investment commitment to Target Companies in Barcelona,
2. if the investment commitments turn out to be lower than those presented as firm,
3. if the management companies do not send the reports they are obliged to send,
4. non-compliance with the custody mechanism after 31 December 2026,
5. any other breach of the conditions agreed with Barcelona City Council.

In the event of any breach of the conditions set out in sections i) to v) above, Barcelona City Council may withdraw all the investment commitments not disbursed (or, in the event that the custody mechanism provided for in the Terms and Conditions is applied, it may request the return of the total amount in custody), or reduce the investment commitments, with the consequent release from the obligation to disburse. Furthermore, Barcelona City Council will be entitled to:

* 1. Receive compensation consisting of 100% of the amount of the fees received by the Management Company in relation to the investment commitment of Barcelona City Council, and/or
  2. Not meet the disbursement obligations until they have fully complied with the corresponding obligation. Furthermore, Barcelona City Council will not apply any interest as a penalty for delay in this case nor will it consider the party to be in default, and/or
  3. Require the Management Company, which is obliged to make its best efforts, to facilitate Barcelona City Council's withdrawal from the VCE at market price.

The above penalties will be applied without prejudice to the right of Barcelona City Council to bring any actions that may assist it in claiming the appropriate compensation for losses and damages.

The Management Company guarantees that it will not propose any amendment to [*the Operating Agreement or Management Regulations or any other type of relevant contract in this regard*] that, directly or indirectly, could result in a breach of the provisions or requirements established in this Letter and in the Terms and Conditions.

The content of this Letter will be fully valid and binding between the VCE, the Management Company and Barcelona City Council. Likewise, in the event of any discrepancy that may arise between the content of this Letter and [*the Operating Agreement or Management Regulations or any other type of relevant contract in this regard*], the content of this Letter shall prevail.

In witness whereof, the parties sign this letter in duplicate at the place and on the date indicated above:

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| **VCE**  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **[…]** | **The Management Company**  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **[…]** |

**Barcelona City Council**

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