

ANNEX 2 SIDE LETTER TEMPLATE

Barcelona City Council
Pl. Sant Jaume, 1
08002 Barcelona

[city, day month year]

Re: [] – side letter**

To whom it may concern,

This side letter (the “**Letter**”) aims to set out in writing the agreements that the parties have reached with regard to the Barcelona City Council’s investment of public resources through the BARCELONA INVESTMENT FUND programme in [**company name of the VCE**], entered in the administrative register of the National Securities Market Commission under number [**] or [*include details of the relevant authority in the case of foreign VCEs*] (the “**VCE**”). The VCE is managed by [*include details of the Management Company*], a company with perpetual existence and registered office at [*registered office*], incorporated by virtue of a public deed executed on [*date of execution*], before the civil-law notary of [**], [**], issued with Tax ID code (CIF) [**], entered in the Companies Register of [**] and entered in the administrative register of the National Securities Market Commission under number [**] or [*include details of the relevant authority in the case of foreign management companies*] (the “**Management Company**”).

This investment is formalised by virtue of the decision adopted on [**] by Barcelona City Council within the framework of the public scheme through which Barcelona City Council will acquire stakes in VCEs to promote strategic sectors in the city of Barcelona and its metropolitan area as the BARCELONA INVESTMENT FUND Programme with the aim of complementing policies to support start-ups in the aforementioned strategic sectors.

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.

Below are details of additional agreements between Barcelona City Council and the Management Company and/or the VCE, as appropriate:

1. Right to representation and participation

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

2. Investment Commitment

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

Notwithstanding the foregoing, the share of the Barcelona City Council in the VCE shall not exceed 10% of the final size of this VCE (in other words, the total size of the VCE once the placement period is over).

3. Non-compliance

The following cases of non-compliance shall result in the Barcelona City Council applying the penalties detailed in this section:

- (i) if, by the end of the lifetime of the recipient VCE, the Geographic and Sectoral Multiplier and the Gender Multiplier have not been met;
- (ii) if the investment commitments made by investors in VCE are ultimately lower than those presented by the Management Company or self-managed VCE as stated in the Statement of Interest;
- (iii) if Barcelona City Council's share in the recipient VCE ultimately exceeds the limit of 10% of the final size of the VCE;
- (iv) if the management company or self-managed VCE does not submit the reports that it is obliged to submit, or does not present to the CNMV, if applicable, the periodic sustainability information templates required by Regulation 1288/2022 (SFDR) within the established deadlines, or the reports required by the EuSEF Regulation, if appropriate;
- (v) if the management company, self-managed VCE or VCE does not comply with the custody mechanism regulated in the Terms and Conditions; and/or
- (vi) any other breach by the management company, the self-managed VCE or the VCE of the conditions established with Barcelona City Council in the Side Letter.

all of them, together, the "**Cases of Non-compliance**".

In the event of any of the Cases of Non-compliance, Barcelona City Council may apply, at its sole discretion, any, several or all of the following penalties:

- The Barcelona City Council may withdraw all investment commitments not disbursed (or, in the event that the custody mechanism provided for in the Terms and Conditions is applied, it may demand the immediate return of the total amount in custody) or reduce the investment commitments, with the consequent release from the disbursement obligation, without this constituting a breach of the obligations acquired by the Barcelona City Council in the VCE documentation in its capacity as a unitholder or member.

In the case of non-compliance referred to in the previous paragraph (iii) (that is, if the City Council's stake in the recipient VCE ultimately exceeds the limit of 10% of the final VCE size), and without prejudice to the possibility of applying the other penalties regulated in this section, the City Council may choose to reduce the amount of its commitment to the VCE in order to adjust it to the maximum limit (10%);

- Barcelona City Council shall have the right not to honour the requested payments (therefore reducing its stake in the VCE by the undisbursed portion) until the corresponding unfulfilled obligation is fully met. Furthermore, Barcelona City Council will not be charged interest on arrears in this case, nor will it be considered in default;
- the management company or self-managed VCE shall be obliged to pay Barcelona City Council, which shall be entitled to receive compensation consisting of 100% of the amount of the fees earned by the management company or self-managed VCE in relation to the investment commitment of Barcelona City Council (which shall include, for the purposes of clarification, the management fee and the carried interest); and/or
- the Barcelona City Council may require the management company, which shall be obliged to make its best efforts, to facilitate the Barcelona City Council's exit from the VCE at market price.

The above penalties shall be applied without prejudice to the right of Barcelona City Council to bring any applicable legal actions to claim the appropriate 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 Side Letter.

The content of this Letter shall 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:

The VCE

The Management Company

[**]

[**]

Barcelona City Council

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