



Established businesses, bought from the people who built them and held for the long term.

Investing with Pennine · For investors and lenders · October 2026

Pennine invests private capital in one acquisition at a time

Pennine invests as principal. It originates, structures and oversees its own acquisitions, puts the founder's capital into each of them, and finances the balance with co-investment from a small number of private investors and a term loan from a lender chosen for that transaction. The company does not manage a fund, has no fixed investment period and is under no obligation to return capital by a set date, so it can own a business for as long as owning it is the right decision.

CAPITAL	STRUCTURE	HOLD	REPORTING
Principal The founder's own capital in every acquisition, on the same terms as its co-investors	Deal by deal Equity, vendor finance and senior debt set for each transaction; no fund and no blind pool	No fixed term No investment period and no obligation to return capital by a set date	Quarterly Management accounts and a written report to co-investors; to lenders as the facility requires

This document sets out how the company invests, what it offers those who invest or lend alongside it, and how an introduction is made. Material on a specific transaction is provided privately, after a conversation and under a confidentiality agreement.

The opportunity

A generation of founders is retiring without successors, and the market for businesses with an enterprise value below about £3 million is served by business transfer agents and trade buyers rather than by institutional capital, which cannot deploy at that scale. Pennine's expectation is that a buyer who approaches those owners directly, before an agent is instructed, with finance arranged and a commitment to continuity, will be offered sound businesses at prices that reflect the thinness of the alternatives rather than the strength of the business.

The return on equity is expected to come principally from repaying acquisition debt out of the existing cash flow of the business, so that the equity comes to own an unencumbered business bought at a modest multiple. Growth, where it occurs, is in addition and is not relied on.

The businesses are chosen for their ability to carry that debt: service and distribution trades in which customers buy on contract, by regulation or by routine, with ten or more years of trading, a manager who runs the day to day and a spread of customers. Hospitality, retail, construction contracting and anything already in distress are excluded, because a business whose earnings move with the cycle or leave with the seller cannot prudently be bought with borrowed money.

What Pennine buys

Service and distribution trades in which the customer buys on contract, by regulation or by routine, because their earnings hold through the economic cycle and can carry the cost of their own acquisition. The figures are a guide rather than a set of conditions; a business outside them is considered where the trade, the management and the record fit.

YEARS UNDER CURRENT OWNERSHIP

10+

Typical of the businesses Pennine writes to; the record is in the filed accounts

EMPLOYEES

5 to 50

Large enough to be run by a manager, small enough that few other buyers look

ADJUSTED EARNINGS A YEAR

£150k to
£400k

After the owner's own pay and one-off items are adjusted; the centre of the range rather than its limits

DISTANCE BY ROAD

90 min

From Manchester, Warrington or Preston: the area Pennine knows and can be at in person

THE TRADES

Commercial cleaning and facilities services
Fire and security maintenance
Heating, mechanical and electrical servicing
Statutory testing and inspection
Pest control

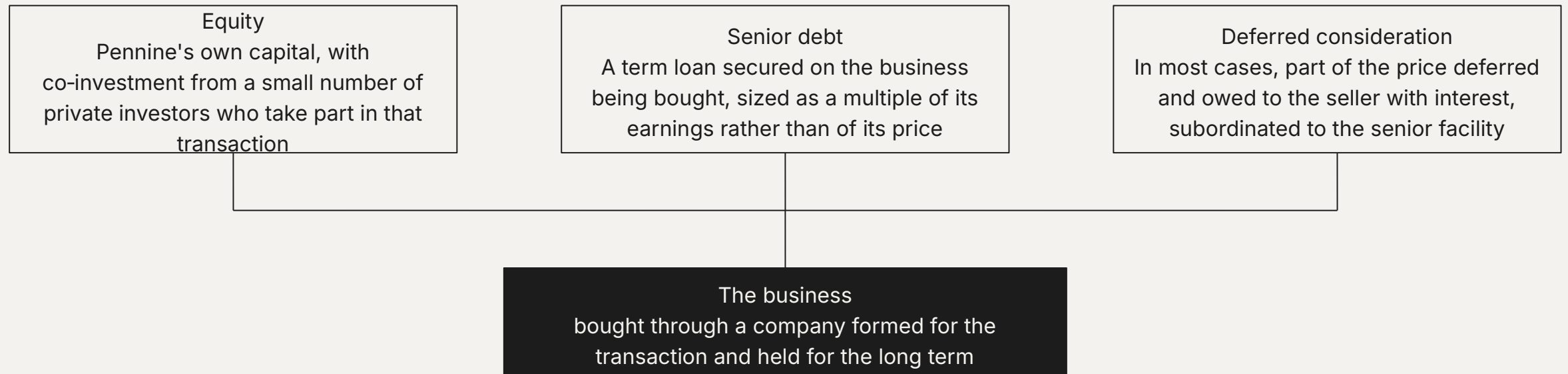
Industrial repair
Trade distribution
Contract print
Specialist logistics
Block and commercial property management

NOT GENERALLY BOUGHT

Hospitality, retail and construction contracting; businesses whose licences or customer relationships are held personally by the owner; businesses with a single dominant customer; property held inside a trading company; and anything already in distress.

How an acquisition is financed

Each acquisition is financed on its own terms. The mix is set for each transaction according to the business's cash flow, the seller's position and the lender's terms, and the debt is sized so that the cash the business already generates covers what is due with a margin to spare. The finance is arranged before an offer is made.



Pennine does not manage a fund, has no fixed investment period and no obligation to return capital by a set date. No price it offers depends on a later sale, and how long it holds a business is decided by what is right for the business.

Co-investment

Pennine does not raise a fund and does not ask anyone to commit to a blind pool. Co-investors take part in a specific acquisition after seeing the business, the financial model and the terms of the debt, and the founder invests personal capital in each acquisition on the same terms, which is what aligns the two sides.

01 **The same terms as the founder**

Co-investors commit only to what they have examined: a specific acquisition, or the holding company that owns the businesses. The founder invests personal capital on the same terms.

02 **Full information before commitment**

The accounts, the financial model, the due diligence reports and the terms of the senior facility and the vendor loan note, with the risks set out in writing in the same detail as the expected return.

03 **A shareholders' agreement**

Setting out the dividend policy, information rights, the consents required for further acquisitions or borrowing, and the terms on which any shareholder may sell.

04 **Quarterly reporting and a board seat**

Quarterly management accounts and a written report from the founder, and a seat on the board for commitments above a level set in the shareholders' agreement.

05 **No personal guarantee**

No personal guarantee is sought from a co-investor.

06 **No salary until the deferred price is repaid**

No salary is drawn by the founder from an acquired business until the deferred part of its price has been repaid.

Pennine's co-investors are expected to be individuals who have built or sold a business, family offices and private investors who know the North West and its trades. Terms are set out in a memorandum provided privately, after an introductory conversation.

Lenders

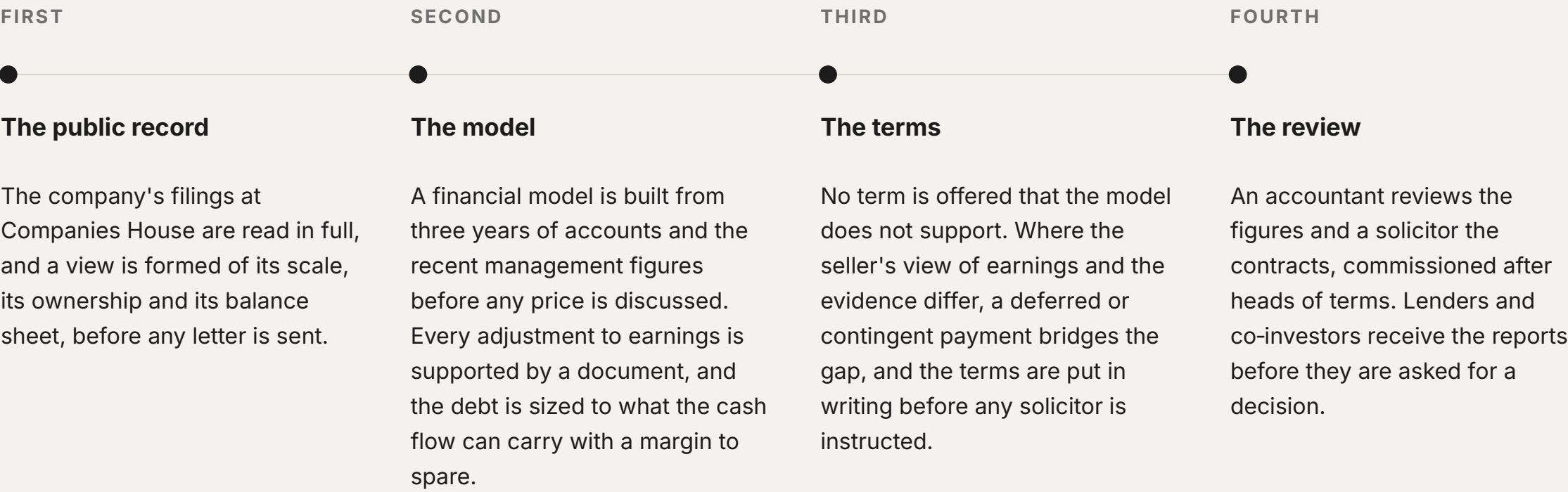
Pennine seeks a term loan secured on the business being bought, sized as a multiple of that business's earnings rather than of its price, from lenders accredited under the British Business Bank's Growth Guarantee Scheme and from specialist acquisition lenders. No structure is pursued in which the cash available for debt service falls below 1.2 times the amount due in any year of the plan. Deferred consideration owed to the vendor is subordinated to the senior facility and carries an initial interest-only period, so that the senior lender is repaid first and the business is not asked to service two amortising loans in its first years under new ownership.

Before a lender is asked for a decision it receives three years of filed and management accounts reconciled to VAT returns, the financial model with its sensitivities, the financial and legal due diligence reports, the heads of terms and the proposed shareholders' agreement, a summary of the management staying on and their retention terms, and the founder's curriculum vitae. After completion the company reports as the facility agreement requires, and unwelcome news is reported at the same time and in the same detail as welcome news.

Debt is sized as a multiple of the business's earnings rather than of its price, and the finance for an acquisition is arranged before an offer is made.

How a business is assessed

The founder's professional background is in financial appraisal and the management of income-producing assets, and the same methods are applied to every business the company considers.



Business principles

01 **Ownership for the long term**

Bought to be owned; no model or price depends on a sale.

02 **Price from evidence**

Earnings already achieved, as the accounts show them, rather than a forecast.

03 **Research before contact**

The public record read and a model built before any owner is written to or met.

04 **Straight dealing with sellers**

Terms in writing at the start, finance arranged before any offer, a prompt answer either way.

05 **Continuity of staff**

Nothing a customer or an employee would notice changes in the first year.

06 **Alignment with co-investors**

The founder invests on the same terms and draws no salary until the deferred price is repaid.

07 **Financing within the business's means**

Debt sized to earnings, with cash available for debt service at least 1.2 times the amount due in every year of the plan.

08 **One acquisition at a time**

A further business is considered once the previous one has been owned for two to three years.

09 **Communication**

Unwelcome news reported at the same time and in the same detail as welcome news.

10 **Profitability**

A return on the capital invested, said plainly to sellers; it comes from repaying the debt out of the earnings.

The reasoning for each principle is set out in full at pennineholdco.com and in the Business principles document.

Current position

Pennine was formed in 2026 and is searching for its first acquisition through direct approaches to owners in the North West, through the accountants and solicitors who act for them, and through the regional business transfer agents.

Investors and lenders who wish to be introduced before a transaction is identified are told what the company is looking at and on what terms, and are approached with a specific proposal only once a business has been examined and heads of terms agreed in principle.

Pennine Holdco Ltd will be incorporated before any commitment is accepted.

Important notice

This document describes how Pennine works with investors and lenders. It is not an offer of securities and is not an invitation or inducement to invest. Pennine does not offer investments to the public; information about participation in any acquisition is provided privately, only to persons to whom it may lawfully be communicated, and nothing in this document should be relied on in making an investment decision.

Introductions are made privately, after a conversation. Material on a specific transaction is provided afterwards, under a confidentiality agreement, and only to persons to whom it may lawfully be made available.

Pennine is a trading name. Pennine Holdco Ltd will be incorporated before any agreement is entered into. Nothing in this document is an offer, an invitation to invest or financial advice. Information sent to Pennine is held in confidence and is not disclosed without the sender's agreement.

This document is dated October 2026. Where a later version replaces it, the later version is the one that applies.

Introductions are made privately, after a conversation.

Write with a line on who you are and what you would be interested in, or telephone.

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0808 255 4308

Calls that are not answered are returned the same day.

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