



VELOCITY EIS TECHNOLOGY FUND 3

THE TAX TREATMENT REFERRED TO IN THIS INFORMATION MEMORANDUM DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH INVESTOR AND MAY BE SUBJECT TO CHANGE IN FUTURE. IN ADDITION, THE AVAILABILITY OF ANY TAX RELIEFS DEPENDS ON THE INVESTEE COMPANIES MAINTAINING THEIR QUALIFYING STATUS.

**THIS INVESTMENT IS NOT SUITABLE FOR ALL INVESTORS
AS THE UNDERLYING INVESTMENTS ARE ILLIQUID.**

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IMPORTANT INFORMATION

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE IN REGARD TO THE CONTENTS OF THIS INFORMATION MEMORANDUM AND APPENDICES YOU SHOULD CONTACT AN INDEPENDENT FINANCIAL ADVISER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FSMA) WHO SPECIALISES IN ADVISING ON INVESTMENTS OF THIS TYPE. RELIANCE ON THIS INFORMATION MEMORANDUM FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED. YOUR ATTENTION IS DRAWN TO PART SIX HEADED "RISK FACTORS". NOTHING IN THIS DOCUMENT CONSTITUTES INVESTMENT, TAX, FINANCIAL, REGULATORY OR OTHER ADVICE BY SAPPHIRE CAPITAL PARTNERS LLP OR BY VELOCITY CAPITAL ADVISORS LIMITED.

Investing in the Velocity EIS Technology Fund 3 puts your capital at risk. You may lose some or all of your investment.

This information memorandum ("Information Memorandum") constitutes a financial promotion pursuant to section 21 of the Financial Services and Markets Act 2000 ("FSMA") issued by Sapphire Capital Partners LLP (partnership number NC000562) whose registered office is at 28 Deramore Park, Belfast BT9 5JU ("Sapphire") and which is authorised and regulated by the Financial Conduct Authority ("FCA") (FCA Number: 565716).

The communication of this Information Memorandum and the contents thereof is made to and directed at persons reasonably believed to be such persons as are referred to below and must not be passed on, directly or indirectly, to any other person in the United Kingdom:

(a) professional clients or eligible counterparties as defined in the Conduct of Business Sourcebook ("COBS") forming part of the FCA's Handbook of Rules and Guidance;

(b) retail clients who confirm in writing that they will receive advice on the investments referred to in this Information Memorandum from a financial adviser authorised and regulated by the FCA;

(c) to the extent that the recipient is a retail client who does not fall within category (b) above, only clients falling within the following categories subject to the condition referred to below (the "Condition"):

- (i) certified high net worth investors in terms of COBS 4.7.9R;
- (ii) certified sophisticated investors in terms of COBS 4.7.9R;
- (iii) self-certified sophisticated investors in terms of COBS 4.7.9R;
- (iv) certified restricted investors in terms of COBS 4.7.10R; and

(d) any person to whom the communication may otherwise lawfully be made.

Further details relating to COBS Rules 4.7.9R and 4.7.10R are specified in Appendix 2 to this Information Memorandum.

The Condition referred to above is that either:

a) the person who will arrange or deal in relation to the investments which are the subject of this Information Memorandum will comply with the FCA's rules on appropriateness set out in COBS 10, or equivalent requirements, for any application or order made in response to this Information Memorandum; or

b) the recipient has confirmed that they are a retail client of a firm authorised in terms of FSMA that will comply with the FCA's rules on suitability set out in COBS 9 in relation to an investment in the Fund as set out in this Information Memorandum.

This Information Memorandum is issued solely for the purposes of seeking applications to the Velocity EIS Technology Fund 3 (the "Fund"). Prospective investors should not regard this Information Memorandum as constituting advice relating to financial, legal, taxation or investment matters. All potential investors should seek specialist independent tax and financial advice from a financial advisor authorised under FSMA before subscribing to the Fund.

The Fund is an unapproved EIS fund which will comprise of shares in a selection of EIS companies and un-invested cash. Each Investor, for legal and tax purposes, is the beneficial owner of a specific number of shares in each Investee Company. All shares and cash will be managed on a collective basis in accordance with the investment objectives and restrictions set out in the Information Memorandum. It is the responsibility of the investor, and their adviser where appropriate, to ensure that this opportunity is a suitable investment in light of the contents of this Information Memorandum and their individual circumstances.

Applications may only be made, and will only be accepted, subject to the terms and conditions of this Information Memorandum. Sapphire has taken reasonable care to ensure that all the facts stated in this Information Memorandum are true and accurate in all material respects and that there are no other material facts or opinions which have been omitted which would make any part of this Information Memorandum materially misleading.

All information and illustrations in this document are stated as at the date of this document. All statements of opinion or belief contained in this Information Memorandum and all views expressed and statements made represent Velocity Capital Advisors Limited's (the "Investment Consultant"), own assessment and interpretation of information available to them as at the date of this Information Memorandum. No representation is made or assurance given as to the accuracy, completeness, achievability or reasonableness of any views, statements, illustrations or forecasts or that the objectives of the Fund will be achieved. Prospective investors are strongly advised to conduct their own due diligence including, without limitation, the legal and tax consequences to them of investing in the Fund and must determine for themselves what reliance (if any) they should place on such statements, views or forecasts. No responsibility or liability (whether direct, indirect, consequential loss or other) is accepted by Sapphire, its subsidiaries or associates or any of their members, officers, employees or agents in respect thereof. This does not limit any liability we may have to you under the regulatory system. Prospective investors' attention is drawn to the section entitled Risk Factors.

Sapphire is an AIFM (a manager of an Alternative Investment Fund for the purposes of AIFMD (See Definitions)). The Custodian entrusted with safe keeping of the Fund's assets is Woodside Corporate Services Limited.

The information contained in this Information Memorandum makes reference to the current laws concerning EIS reliefs, IHT relief, capital gains tax reliefs and business investment relief. These levels and bases of relief may be subject to change and are not guaranteed. The tax reliefs referred to in this Information Memorandum are those currently available and their value depends on individual circumstances.

The Fund may invest in small unquoted companies. Such companies by nature pose a greater investment risk than other companies. There is no market in unquoted companies' shares, which means that the investments within the Fund will not be readily realisable. Investors should therefore consider an investment into the Fund to be a long-term investment.

This Information Memorandum does not constitute, and should not be considered as, an offer to buy or sell or solicitation of an offer to buy or sell any security or share. It does not constitute a public offering in the United Kingdom.

In addition, this Information Memorandum does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

It is the responsibility of each recipient (including those located outside the United Kingdom) to satisfy himself or herself as to full compliance with all Applicable Laws and regulations of any relevant territory in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and observing any other formality presented in such territory.

DIRECTORY

Investment Manager	Sapphire Capital Partners LLP 34 South Molton Street London, W1K 5RG.
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Investment Consultant	Velocity Capital Advisors Limited Mortimer House, 37-41 Mortimer Street Fitzrovia, London, W1T 3JH.
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Tax Advisers	BDO LLP 55 Baker Street London, W1U 7EU.
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Legal Advisers	Lupton Fawcett LLP Yorkshire House, East Parade Leeds, LS1 5BD.
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Custodian	Woodside Corporate Services Limited 4th Floor 50 Mark Lane London, EC3R 7QR.
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Nominee	WCS Nominees Limited 4th Floor 50 Mark Lane London, EC3R 7QR.
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OFFER STATISTICS AND TIMETABLE

Subject as set out under "Closing Date" the Fund will close on the 31 August 2018 (unless extended by the Investment Manager) and the Investment Manager anticipates that Subscriptions will be substantially invested within 12 months of the final close of the Fund.

Fund Name	Velocity EIS Technology Fund 3
Investment Structure	An unapproved discretionary portfolio which makes investments into EIS Qualifying Companies.
Minimum Investment	£25,000 initial investment.
Investment Term	Investments to be held for minimum of three years (to benefit from tax reliefs). The recommended holding period of the Fund is five years. The maximum term of the Fund will be seven years after the final investment.
Minimum Fund Size	£200,000 (subject to the absolute discretion of the Investment Manager).
Maximum Fund Size	£10,000,000 (subject to the absolute discretion of the Investment Manager).
Investment Objective	To invest in early-seed, seed, venture investments with a focus on unlisted technology enabled companies.
Target Portfolio	A target of at least three Qualifying Companies (typically investing between £50,000 to £1,000,000 per company subject to amount raised).
Targeted Returns	The targeted return after five years is £2.50 for each £1 share (i.e., two and a half times return) held by Investors in the Fund. It is noted that the performance of small, unquoted companies is unpredictable, particularly in the early stages of development.
Closing Date	31 August 2018, or such other date at the Investment Manager's discretion.
Investment Period	Primarily the 2018/2019 tax year. However, some investments may fall into the 2019/2020 tax year.

KEY FEATURES OF THE INVESTMENT

The Velocity EIS Technology Fund 3 (the “Fund”) investment objective is to invest in and provide support for technology enabled businesses.

Velocity Capital Advisors Limited (the “Investment Consultant”) will provide investment consultancy services to Sapphire (the “Investment Manager”), including identifying, monitoring and seeking exit opportunities in respect of Investee Companies. The Investment Consultant brings together a management team with an entrepreneurial track record and experience across the business spectrum; including finance, venture capital, marketing and law.

The dynamics of the technology market have been transformed over the past decade¹. The advent of the digital economy has given innovative start-ups the ability to disrupt the way well-established industries operate², with the potential to rapidly undermine entrenched businesses and quickly achieve remarkable valuations³. It is a time of opportunity for innovative companies with the products and ideas to challenge the way traditional businesses operate.

The Investment Consultant aims to exploit this opportunity, appraising potential investments not just for the traditional business qualities of strong management, robust operations and risk management, but also for dynamic attributes that flourish in the digital economy and technology environment, namely: innovation, scalability, agility and speed to market. The Investment Consultant will present to the Investment Manager opportunities to invest in start-up and early stage businesses that exhibit these characteristics.

In addition to raising capital through the Fund, the Investment Consultant intends to offer a number of support services available to Investee Companies. These include board representation, mentoring, and assistance in forming strategic, commercial or academic partnerships. The Investment Consultant believes that facilitating affordable and comprehensive business support will help attract the best investment opportunities, and offer the Investee Companies the greatest opportunity to succeed.

Attractive tax incentives

Qualifying Investors who qualify for EIS may benefit from:

- **30% EIS income tax relief on amount subscribed** (up to a maximum investment of £1 million for the 2018/2019 tax year. Option to carry back to previous tax year providing the £1 million limit for that year has not been exceeded. As announced in the Autumn Budget 2017, the maximum annual investment limit has increased to £2 million for 2018/2019 provided that any amount over £1 million is invested in one or more ‘knowledge-intensive’ companies);
- **100% inheritance tax relief after two years** (provided the investment is held at the time of death);
- **EIS Capital Gains Tax deferral for the life of the investment on amount subscribed;**
- **100% tax free growth** (provided income tax relief has been given and not withdrawn and disposal takes place after the end of the EIS Three Year Period);
- **Loss relief** (a loss on shares disposed of can be set against an Investor's income or capital gain to reduce tax); and
- **Business Investment Relief** (no taxable remittance for foreign income or gains brought into the UK from offshore for qualifying investments for certain UK resident non-domiciled investors).

¹ See Digitalist Magazine website: <https://www.digitalistmag.com/cio-knowledge/2017/01/10/digital-transformation-disrupting-with-diversified-business-models-04835834> Web. Accessed 29 August 2018.

² Ibid.

³ See Digitalist Magazine website: <https://www.digitalistmag.com/cio-knowledge/2017/01/10/digital-transformation-disrupting-with-diversified-business-models-04835834> and see Wellers Accountants website blog:

<https://www.wellersaccountants.co.uk/blog/tech-startups-insane-valuations-unicorns> Web. Accessed 29 August 2018.

It is noted that investments will be made after 05 April 2018. EIS income tax relief for those investments can be claimed in the 2018/2019 tax year, or can be carried back to the 2017/2018 tax year providing the £1 million limit for EIS for that year has not been exceeded.

Who is the Fund Suitable for?

The Fund may be suitable for UK taxpaying investors looking for a medium to long-term investment whose personal circumstances allow them to take advantage of the EIS reliefs.

Risks

The attention of Investors is drawn to the information set out in Risk Factors section of this document which sets out the principal risk factors associated with an investment in the Fund. The tax treatment referred to in this document depends on the individual circumstances of each Investor and may be subject to change in future. In addition, the availability of any tax reliefs depends on the Investee Companies maintaining their qualifying status.

It is recommended that an investment in the Fund is made as part of a well-diversified portfolio. This means that you should only invest a relatively small portion of your investible capital in seed funds (such as this Fund) with the majority of your investible capital invested in safer, more liquid assets which have less risk.

PART ONE: INVESTMENT OPPORTUNITY

The focus of the Fund is to deliver returns to Investors by making targeted investments in technology enabled businesses. The Fund seeks to invest between £50,000 and £1,000,000 in each Investee Company.

The Impact of Technology

The digital economy has given innovative start-ups the ability to disrupt the way well-established industries operate, undermining entrenched businesses rapidly and with devastating effect⁴.

Market incumbents could once rely on the scale of their operations, control over distribution, brand power and existing customer relationships to maintain dominant positions and barriers to entry⁵. In the new digital economy, those sources of security and stability offer little protection against smaller, agile rivals with innovative business models⁶. Example industries that have experienced significant disruption and remain particularly susceptible to these challenges include, but are not restricted to: travel, media, entertainment, retail, financial services, consumer goods and manufacturing⁷.

The rapid evolution of agile technologies has enabled businesses of any size, from anywhere, to compete against multinational corporations⁸. It is a time of opportunity for innovative thinkers with the products and ideas to challenge the way traditional businesses operate.

Investment Criteria

The Investment Consultant believes that technology enabled businesses offer attractive EIS investment opportunities. The Fund will invest in companies that, in the Investment Consultant and Investment Manager's opinion, meet the following criteria:

- Uses technology to their competitive advantage; and
- Has obtained EIS advanced assurance.

Target Characteristics

Companies that meet the investment criteria above will be evaluated against a set of target characteristics in order to determine their suitability for investment. The purpose of this evaluation is to identify companies with the qualities that the Investment Consultant believes are fundamental prerequisites for success. The Investment Consultant will assess the issue of target audience demand, given that the number one reason for a start-up failing is a lack of market demand for its product or service⁹.

The Investment Consultant intends to present opportunities for investment that combine traditional business qualities of strong management, robust operations and risk management with attributes

4 See Digitalist Magazine website: <https://www.digitalistmag.com/cio-knowledge/2017/01/10/digital-transformation-disrupting-with-diversified-business-models-04835834> Web. Accessed 29 August 2018.

5 Ibid.

6 Ibid.

7 Ibid.

8 Ibid.

9 See CB Insights website: <https://www.cbinsights.com/research/startup-failure-reasons-top/>. Web. Accessed 29 August 2018.

associated with the digital economy and technology environment: innovation, usefulness, scalability, and speed to market.

- Usefulness - is there a demonstrable market demand for the product or service?
- Inventiveness - is the company and the product/service innovative?
- Scalability - does the product/service have global potential?
- Speed to market - how quickly can the company get its product/service to market?
- Management - does the company have a strong, well-balanced and motivated management team?

Potential Investee Companies will be appraised by the Investment Committee by reference to these qualities and characteristics before due diligence is undertaken and a report prepared for the Investment Manager.

Decision Making Process

The Investment Consultant will only present a potential investment to the Investment Manager with unanimous approval from the Investment Committee.

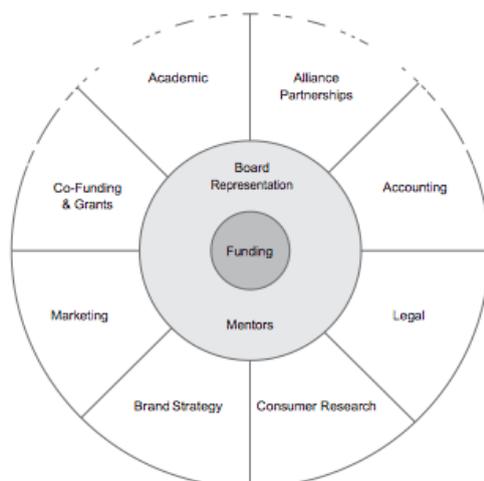
Upon receipt of a due diligence report from the Investment Consultant, the Investment Manager will review and, if the opportunity meets the Investment Criteria as stipulated above, proceed with the investment. The Investment Manager must give their approval before the Fund can complete a potential investment.

Velocity Support Services

The Investment Consultant and Investment Manager both recognise that Investee Companies need more than just capital to succeed. The Investment Consultant has identified key support services to be made available to Investee Companies and looks for these services to be provided either on a success fee basis or at agreed discounted rates.

The Investment Consultant believes that the ability to offer support and expertise across a range of business functions, combined with associated discounts and economy of scale savings, amounts to significant added value for Investee Companies. The Investment Consultant believes that facilitating affordable and comprehensive business support will help attract the best investment opportunities to the Fund and offer the Investee Companies the greatest opportunity to succeed.

The Investment Consultant will offer the following support functions to Investee Companies:



Board Representation/Mentoring

Members of the management team of the Investment Consultant will look to take board positions and offer mentoring and strategic advice to the Investee Companies. The broad spectrum of the Investment Consultant's expertise and experience can be an invaluable asset and source of support to Investee Companies in these early stages of their growth and development.

Alliance Partnerships

The Investment Consultant can assist Investee Companies with the forming of strategic partnerships. These may include commercial partnerships in industries that the Investee Company is aiming to disrupt, or arrangements with academic institutions where the Investee Company requires access to research or funding.

Co-Funding and Grants

One of the most common reasons for start-ups failing is that they run out of money. Access to potential follow-on funding and grants can provide a pipeline of investment and funds to support the liquidity of Investee Companies as they continue to grow. The Investment Consultant is constantly engaged in discussions for co-funding opportunities.

Accounting

Azure Financial Services have agreed to provide accounting services at discounted rates to Investee Companies who wish to use their services. Azure specialise in providing accountancy and financial services to start-ups and early stage businesses¹⁰.

Legal

Lupton Fawcett LLP¹¹, the Leeds based law firm, has agreed to provide legal services to Investee Companies at a discount for the first year of engagement. Combining non-London prices with the discount results in cost savings in an area of the business highly susceptible to significant and often unforeseen expense. The firm has experience of working with technology start-ups and spin-outs.

Marketing/Brand Strategy/Consumer Research

¹⁰ See website: <https://www.loveyouraccountants.com/contact> Web. Accessed 29 August 2018.

¹¹ See website: <https://www.luptonfawcett.com/> Web. Accessed 29 August 2018.

Top 25 UK advertising agency¹² BMB (www.bmbagency.com) will offer strategic and concept services to Investee Companies on a preferential basis. Target audience focus and marketing strategy are often overlooked in the start-up phase, when companies are on tight budgets. The arrangement with BMB offers access to industry leading expertise at preferential rates. BMB are already actively engaged with two companies invested in by prior SEIS and EIS Velocity funds¹³. It is noted that Bil Bungay (a director of the Investment Consultant) is a co-founder and deputy chairman of BMB.

Exit Strategy

The Fund will be managed by the Investment Manager. Each investment will be monitored by the Investment Consultant to ensure optimum cross-fertilisation across all the Investee Companies.

The Investment Manager and the Investment Consultant will actively work with each founding team to evaluate and orchestrate a variety of appropriate exit strategies on behalf of the Fund including trade sales, listing on a stock exchange, or by selling its share of the Investee Company or a portfolio of its investments to a larger private equity firm or industrial interest.

The Fund will take a long-term view on the Investments and aims to only look at the possibility of exiting an Investment after it has been held for at least three years, thereby ensuring that the Investment has met the key qualifying conditions necessary for Investors to obtain the Tax Reliefs. However, there may be occasions where an earlier sale is a commercially sensible decision. It is anticipated that most exits from Investments will take place after they have been held for between four years to seven years though some could take significantly longer depending on market conditions and the nature of the Investee Companies.

¹² See Design Intellect website: https://www.design-intellect.co.uk/top_50_advertising_marketing_agencies_list.html Web. Accessed 29 August 2018.

¹³ Being Auris Tech and WeSee (see Part Three: Prior Investments).

PART TWO: THE FUND TEAM

The Fund will be managed by the Investment Manager, which will engage the Investment Consultant to provide research and Mentoring Services. The Investment Manager will use this research in its sourcing, negotiating and implementing investments.

Velocity Capital Advisors - the Investment Consultant

Velocity Capital Advisors will provide investment consultancy services to the Investment Manager, including identifying, monitoring and seeking exit opportunities in respect of Investee Companies. The Investment Consultant brings together a management team with an entrepreneurial track record and experience across the business spectrum; including finance, venture capital, marketing and law.

Members of the Investment Consultant's management team have invested over £1,000,000¹⁴ in companies invested in by prior SEIS and EIS Velocity funds.

The Management Team

Rajeev Saxena, Managing Director

Rajeev began his career in advertising and has worked for TBWA, Leo Burnett and HHCL. Formerly the Marketing Director of Red Bull Energy Drink, UK & Ireland, he completed an MBA at the Institute for Management Development (IMD) in Lausanne. He has since founded a series of successful entrepreneurial businesses across a range of industries. These include MPPI, an Indian media fund, raising money and managing Indian property ventures, a 200mw wind farm development near Istanbul and Soho House Mumbai, a franchise business launching the Soho House brand in Mumbai. Rajeev is a member of the Investment Committee.

Bil Bungay, Creative & Marketing Director

Bil co-founded Beattie McGuinness Bungay (BMB), an advertising agency that went on to become one of the fastest growing agencies and considered one of the most creative advertising and marketing agencies of the decade. BMB went on to create nationally famous, highly effective campaigns for brands such as: McCain, Tui, Carling, and Virgin Money. Within three years of their establishment BMB had won Marketing Agency of the Year. Bil has a lifelong passion for innovation and creativity. His entrepreneurial spirit, combined with almost 30 years of creative and marketing experience has helped him bring many ideas to fruition, for example Purple Bricks, and mentoring numerous early stage business. As deputy chairman of BMB, Bil maintains a strong connection with the agency he co-founded. Bil is a member of the Investment Committee.

Alex Johnston, Director

Alex is an independent app developer and investor operating in the emerging message technology sector. He also serves on the board of the Duke of York's 'Pitch at Palace' global innovation platform, Tim Berners-Lee's 'Web Foundation', Singer Asia and Freuds – the UK's leading communications agency, where he was a founding partner. Prior to his current roles, Alex was Executive Vice President of Omnicom – advising on digital strategies and managing their digital incubation initiatives. He was a senior communications adviser to PepsiCo, Inc. and managing partner of Fleming Media, a rights and media acquisition fund. Alex is a member of the Investment Committee.

Mark Brownridge, Non-Executive Director

Mark has over twenty years' experience in Financial services and prior to his current position he was Head of Research and Development at Mazars, a leading UK financial planning firm. Mark is highly

¹⁴ The members are Bil [William] Bungay and Alex Johnston.

qualified being a Certified Financial Planner, Chartered Financial Planner, Chartered Wealth Manager and Fellow of the Personal Finance Society and previously sat on the Chartered Institute of Securities and Investments Accredited firms committee and TISA's Distribution Policy Council. Mark's involvement with EIS began eight years ago and he has since championed EIS investing within a financial planning context and is extremely passionate about promoting the industry, increasing its effectiveness and ensuring the private sector continues to drive much needed funding to small companies.

Tom Lindup, Director

Tom began his career as a corporate finance lawyer at Sidley Austin LLP, advising on debt and equity capital markets, mergers and acquisitions and private equity transactions, representing both financial institutions and corporates across an array of sectors. Tom left Sidley Austin to join Van Elle Limited as group managing director in March 2015, successfully steering the group through its AIM flotation in October 2016, by which time it was the largest, most profitable geotechnical engineering company in the UK. After leaving Van Elle, Tom co-founded GDL Advisors¹⁵. Tom is currently studying an Executive MBA at the University of Nottingham Business School. Tom is a member of the Investment Committee.

Sapphire Capital Partners – the Investment Manager

Sapphire is a multi-award-winning investment management firm authorised and regulated by the Financial Conduct Authority. Sapphire is a specialist investment management firm established to provide investment management services and bespoke SEIS and EIS solutions.

Boyd Carson

Sapphire is headed by Boyd Carson, who has considerable breadth of knowledge in the financial sector. Boyd has nearly 30 years' experience in the accounting and corporate finance markets, having worked as a Director for PwC LLP's Mergers & Acquisitions group in New York. Boyd is a Fellow of the institute of Chartered Accountants and was the 2015 winner of the EISA Rising Star award. Boyd is currently completing a Master's Degree in Finance at Harvard University.

Vasiliki Carson

Vasiliki Carson, Sapphire's co-founder, has over 20 years' experience in accounting and corporate finance also with PwC LLP New York, as well as Goldman Sachs in New York and Tokyo. Vasiliki was the 2016 winner of the EISA Rising Star Award. Vasiliki is also a qualified accountant, a holder of the Investment Management Certificate (IMC) and has successfully completed the EISA Organisation's EIS Diploma, thus becoming a Diploma Affiliate.

Further details on Sapphire can be found on its website: www.sapphirecapitalpartners.co.uk

Woodside Corporate Services Limited - the Custodian

The Fund's Custodian is Woodside Corporate Services Limited, which is authorised and regulated to hold client assets by the Financial Conduct Authority with firm reference number 467652. WCS Nominees Limited will act as Nominee for the Investors and shares issued by the Investee Companies will be held in the name of the Nominee. The Custodian is registered on the Data Protection Public Register with registered number Z2944806.

¹⁵ See website: <http://gdladvisors.co/> Web. Accessed 29 August 2018.

PART THREE: PRIOR INVESTMENTS

The following companies are examples of investments that prior SEIS and EIS Velocity Funds have made and will consider for presentation to the Investment Manager for re-investment¹⁶; subject to the necessary due diligence the Investment Manager may decide to invest into these companies however please note that there is no guarantee that these companies will be available to the Investment Manager at the appropriate time. The summaries presented below are taken from information provided by the companies and have not yet been subjected to due diligence or verification by the Investment Consultant or Investment Manager. The summaries are also as provided by the respective company founders.

Auris Tech¹⁷

In collaboration with the University of Edinburgh, Auris uses proprietary interactive automatic speech recognition (ASR) software to encourage and teach children to read English via "Listening Books".

ITAR¹⁸

Is a digital guitar that can be used with tablets and smart phones. The tablet or smart phone simply clicks onto the iTar hardware and will offer a guitar playing experience that appeals both to the beginner and serious / professional guitar player.

Sonic Jobs¹⁹

Is a quality-focused recruitment app for restaurants, bars, shops that uses an algorithm to match job applicants to employment opportunities most suited to them.

WeSee²⁰

WeSee assists in the delivery of safety, security and integrity across society and business by developing bespoke, practical, flexible, mobile-led solutions using the latest computer vision technology. WeSee utilises advanced deep learning AI technology to recognise and characterise a multitude of visual images. Whilst its application is potentially wide ranging, focus has been on the development of the technology to interpret emotional behaviour, particularly in the security sector.

Next Up²¹

Is a subscription On-Demand online service that offers a new unique way to watch and enjoy Stand Up Comedy, NextUp brings exclusive performances from breakthrough and well-established comedians to the user and gives a great live offering.

It is noted that regarding the examples provided above that past performance of these companies, should not be regarded as an indication of the performance of future investments made by the Investment Manager on behalf of Investors through the Fund.

¹⁶ It is noted that members of the Investment Consultant (Bil Bungay, Rajeev Saxena and Alex Johnston) own shares in some of the investments that the prior SEIS and EIS Velocity Funds have made.

¹⁷ See website: <https://www.auris.tech/> Web. Accessed 29 August 2018.

¹⁸ See website: <http://itarguitar.com/> Web. Accessed 29 August 2018.

¹⁹ See website: <https://sonicjobs.co.uk/> Web. Accessed 29 August 2018.

²⁰ See website: <https://wesees.com/> Web. Accessed 29 August 2018.

²¹ See website: <https://nextupcomedy.com/> Web. Accessed 29 August 2018.

PART FOUR: FEES AND COSTS

The fees and costs in relation to the Fund are set out below:

- **Establishment Fee:** 4% of the Net Subscription amount to cover the Fund establishment costs and the initial implementation and due diligence processes (this will include a fee payable to the Investment Manager).
- **Annual Administration and Monitoring Fee:** 3% of the Net Subscription amount. This will include a fee payable to the Investment Manager.
- **Performance Fee:** 25% of all amounts returned to Investors in excess of their Net Subscription amount. In order to align interests between the Investment Consultant, the Investment Manager and Investors, no performance incentive is payable on any Investment until Investors receive their Net Subscription amount. The performance fee will then be payable to the Investment Manager and the Investment Consultant or related parties on any increase in value on an individual investment in an Investee Company. The performance fee will be charged at 25% on the amount of the increase over and above £1.00 (based on a £1.00 investment). This performance fee may be payable as a fee by the Investment Manager on behalf of the Investors out of cash proceeds in the Fund on behalf of Investors, or by way of proceeds from the sale of accrued conditional equity (such as warrants or options) in an Investee Company. Different investments may require different structures but will be to equivalent economic effect. To the extent that the performance fee is not paid by the Investee Companies, Investors shall be liable for their share of such fee and the Custodian may be instructed by the Investment Manager to transfer cash in an Investor's Portfolio to the Investment Manager and the Investment Consultant to satisfy any outstanding performance fee.
- **Other Costs:** Any reasonable arm's length expenses and/or transaction fees incurred by the Investment Manager in managing the Fund and/or by the Investment Consultant in assisting the Investment Manager or Investee Companies shall be reimbursed by Investee Companies.
- **Adviser Fees:** If an Investor requests that a payment is made to their financial adviser or Intermediary for advice received, this will be deducted from the Investor's subscription monies, before their investment is made in the Investee Companies.

All fees and costs may be subject to VAT.

In order to help maximise the EIS relief that Investors will be able to claim, the Establishment Fee and the Annual Administration and Monitoring Fee will be re-charged to and paid by the Investee Companies. However, any such fees and costs not recoverable from the Investee Companies will be recouped from Investor Net Subscriptions or any distributions payable to investors, which will also reduce the potential return to Investors.

Material Contracts

The Investment Consultant has entered into an investment consultancy agreement (the "Investment Consultancy Agreement"), with the Investment Manager pursuant to which it will carry out due diligence activities in relation to potential and completed investments at the request of the Investment Manager.

The Investment Consultancy Agreement may be terminated immediately by the Investment Manager in the event of insolvency, fraud, wilful misconduct or negligence on the part of the Investment Consultant. The Investment Manager may also immediately terminate the appointment

of the Investment Consultant if all of the Investment Management Agreements with Investors in the Fund are terminated. The Investment Consultant may terminate the agreement immediately, upon cessation of the activities of the Fund or in the event that the Investment Manager ceases to provide fund management activities. The Investment Consultant will be paid by the Investment Manager. Payments will include an establishment fee payable upon completion of an investment by the Fund, a monitoring fee payable in respect of Investee Companies and performance fees payable on successful exits from investments. The Investment Consultant will otherwise bear its own expenses and of any third party that it engages.

PART FIVE: FUND STRUCTURE

By subscribing to the Fund, each Investor appoints the Investment Manager to invest his/her Net Subscription amount (being the Gross Subscription amount less any adviser charges an Investor requests the Investment Manager to facilitate), on a discretionary basis into Investee Companies meeting the Investment Criteria. The number of shares in each Investee Company allocated to a particular Investor will be calculated by reference to the proportion which the Investor's Net Subscription bears to the total Net Subscriptions by all Investors in the Fund, adjusted where necessary to achieve for each Investor a diversified portfolio, to qualify for EIS benefits where available, to ensure a whole number of shares in each Investee Company, or to utilise the final portion of an Investor's Net Subscriptions.

All investments will be registered in the name of the Nominee, who will act as the legal owner of all shares until termination of the Fund, however each Investor will be beneficially entitled to the shares allocated to him/her.

Investment returns, whether dividends, interest or capital proceeds upon realisation of an Investee Company's shares, will be paid to Investors as soon as reasonably practicable after receipt by the Investment Manager and within 30 days, subject to retention by the Investment Manager of an amount to meet any applicable administration fees, performance fees and/or any other Fund costs.

The Fund is not a legal entity and **does not constitute a Collective Investment Scheme** for the purposes of section 235 of FSMA.

Subscriptions

Each Investor will participate in investments made by the Fund to which they subscribe during the period beginning on the date on which he/she subscribes to the Fund until his/her Net Subscription is fully invested. Subject to the Investment Manager's discretion, the minimum Gross Subscription per Investor is £25,000.

Closing Date

Subject to the Investment Manager's discretion, the Fund will Close when Gross Subscriptions reach £200,000. Further Closes will occur at the Investment Manager's discretion.

Investment Acquisition Period

The Investment Manager will aim to fully invest Investors' Net Subscriptions received at each Funds' Close, within 12 months of the relevant Close date subject to the availability of suitable investment opportunities (an amount may be retained to meet the costs set out in the 'Fees and Costs' section above) and there are no guarantees that this target will be met.

Co-investment Policy

The Funds may invest alongside other funds or alongside other parties, including parties connected to the Investment Consultant or the Investment Manager.

Conflicts of Interest

The management team may invest in the Funds or individual Investee Companies. Such investment will primarily be regarded as aligning the interests of those individuals with those of Investors generally. Should any situation arise where the interests of a member of the management team conflict with those of the Funds, a conflicted person will not participate in any related decision making, and the management team will place a greater emphasis on external independent advice and opinion as appropriate.

Investment Monitoring, Reporting and Valuation

The Investment Consultant will be responsible for preparing the ongoing Investee Company valuations.

The Investment Manager will produce an investment report every six months and inform Investors of any significant events concerning Investee Companies, such as a significant change in valuation, a proposed flotation or sale. The Investment Manager will also have responsibility for arranging the secure retention of Investors' funds.

Termination

The Investment Manager expects to hold investments typically for four to five years. Any investments not realised after seven years from the final investment, will be transferred into the names of the Investors and the Investment Manager's role in relation to the investment will cease.

Please note that whilst uncommitted cash can be withdrawn at any time, Investors will not have a right to withdraw their holdings in Investee Companies until the expiry of seven years after the issue of the shares.

Investors should be aware that investments will include non-readily realisable investments and Investors should note that one of the risks is that early exit may be difficult or indeed not practicable.

Any disposal proceeds are not expected to be re-invested.

Financial Services Compensation Scheme

The Investment Manager participates in the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000. The scheme provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. Payments under the scheme to an eligible investor for protected claims against a firm in respect of protected investment business are limited to a maximum of the first £50,000 of the claim. Further information is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London, EC3A 7QU.

Further information is set out in the Investment Management Agreement at the back of this Information Memorandum, and must be read carefully, as it sets out the details of an Investor's contract with the Investment Manager.

PART SIX: RISK FACTORS

This Investment may not be suitable for all Investors. Investors should be aware that investing in unquoted companies carries with it a high degree of inherent risk. This section contains the material risk factors that the Investment Manager believes to be associated with a Subscription in the Fund but does not necessarily include all the risks associated with such an investment.

- The value of shares can go down as well as up and this could result in an Investor incurring a total loss of their Investment. If you cannot afford to lose all of your Investment, you should not consider applying to subscribe through the Fund.
- The Fund will invest in seed capital opportunities in a variety of companies in the technology market. By definition these are high-risk situations which, if unsuccessful, may result in a total loss of the Investment but which, if successful, offer the potential of high returns.
- An investment in the Fund should be considered a medium to long term investment. The exit strategy of the Fund will be to realise individual investments following the EIS Three Year Period, but in practice this period could be longer, and since the Fund has an anticipated life of seven years Investors may be unable to achieve a return on investments made for their account before that time.
- One or more Investee Companies may fail, their securities may be sold for substantially less than their acquisition cost, or those securities may have no market at all. Accordingly, Investors may potentially lose the total amount of their investment and should therefore only consider investing if this is a risk they can afford to bear.
- The Fund may take minority positions in Investee Companies. As a minority investor, the Fund may be less able, or unable, to materially influence the policies pursued by an Investee Company if there are majority investors who, by reason of their stake, have an effective veto on the company's affairs.
- Investee Companies are early stage and relatively small. They will be dependent on the skills of a small group of key executives, the loss of which may be particularly detrimental to those companies.
- Products and technologies developed by Investee Companies may prove not to be commercially or technically successful.
- Investee Companies are very likely to need to borrow funds from third parties. This exposes an additional risk and means that the Fund shareholders will rank as creditors behind lenders in an insolvency situation.
- Investments will be made in companies whose securities are not traded on any public market or exchange. Accordingly, it is unlikely that an Investor (or the Investment Manager on their behalf) will be able to sell any part of their investment prior to the investment being realised as a whole.
- The Fund may seek an Initial public offering of an Investee Company on the financial market, but is not obliged to realise the value of the shares issued by the company unless it considers that it is in the best interests of Investors.
- Investment in Investee Companies will usually be made in Sterling. In the event of incomes from an Investee Company operations are made in currencies other than Sterling, the performance of the company and the return to Investors will be affected in relative terms by the movement of Sterling against that operating currency.
- This Information Memorandum provides details of projected performance that may or may not be achieved by the Fund.
- Investors should note that past performance is no guide to future performance.
- The Fund has discretion to use moneys raised from Investors as follow-on investments in Investee Companies. This may affect the return to Investors in the Fund, either because the follow-on investment is made at a higher initial value than the previous investment in the same Investee

Company or because the exit from that investment occurs sooner than is the case for the original Investors in the company in question.

- Valuations may be provided to Investors. No warranty is given that any such valuation is capable of being attained on a disposal, flotation, or other realisation. Valuations will be conducted in accordance with prevailing industry standards.
- The Fund may need to increase initial capital invested in Investee Companies and/or use capital to support operating costs needed for proper solvency of the Fund, and this may reduce the amount of capital available for investment in future Investee Companies which may result in lower or no returns to Investors.
- It is noted that on the 23 June 2016 the United Kingdom voted to leave the European Union. The process to leave the European Union is expected to take several years. As a result of the vote and the process to leave the European Union there may be a prolonged period of uncertainty and a potential economic downturn or recession. Any uncertainty and downturn/recession in the economy may have an adverse impact upon the prospects of the Investee Companies and therefore negatively impact the Investments made by the Fund Investors.
- The Fund is heavily dependent on the services of Velocity Capital Advisors Limited (and in particular Rajeev Saxena, Bil Bungay and Alex Johnson) to act as the Investment Consultant and provide Mentoring Services to the Investee Companies. Any loss of these services may have an adverse impact upon the prospects of the Investee Companies and therefore negatively impact the Investments made by Investors.
- There can be no guarantee that the Investment objective of the Fund will be achieved.
- The past performance of Investments dealt with by the Investment Manager or the Investment Consultant, should not be regarded as an indication of the performance of future Investments made by the Investment Manager on behalf of Investors through the Fund.
- It may be difficult to obtain accurate information to determine at any given time the value of the Fund's Investments.
- Many unquoted companies have small management teams and are highly dependent on the skill and commitment of a small number of individuals. The performance of Investee Companies may therefore be adversely affected by the departure or unavailability of certain key personnel.
- Force majeure events, which are events beyond the control of a party, including fire, flood, earthquake and other acts of God, terrorist attacks and war may affect a party's ability to perform its contractual obligations or may lead to the underperformance of an Investee Company.
- Each Investee Company may not have a trading history or only a limited one.
- Conflicts of interest may arise in relation to a number of factors and these conflicts will be managed by the Investment Conflicts Committee.

Additional Risk Factors for Investors Seeking Tax Advantages

Prospective Investors who wish to receive the benefit of any of the Tax Advantages are encouraged to seek advice from their tax, professional or financial advisers with regard to their personal circumstances, and should understand and accept each of the following:

- Representations in this Information Memorandum with respect to Tax Advantages relate to the generic position of a UK-resident individual tax-payer and do not amount to tax advice to any person.
- Tax legislation and HM Revenue & Customs practice are subject to change at any time and the Tax Advantages may be amended or withdrawn.
- Any loss of EIS qualifying status by an Investee Company or change in the Investor's personal circumstances may lead to the loss of the Investor's Tax Advantages (in relation to a specific Investee Company investment or generally). No guarantee can be given that any or all investments will qualify, or continue to qualify, for the Tax Advantages.

- The Fund shall not be liable for any loss incurred by an Investor in relation to value received (as defined in S216 Income Tax Act 2007) by any person from any Investee Company or as a result of a change in circumstances of an Investee Company at any time.
- The Fund retains complete discretion to realise an EIS investment at any time (including within the EIS Three Year Period) that it considers appropriate. In such case, some or all of the Tax Advantages relating to that particular investment will be lost. In making such a disposal, The Fund is not obliged to take into account the tax position of Investors (individually or generally).
- The Fund will invest in unquoted companies as defined under the relevant EIS legislation, the securities of which will not be freely marketable and this may restrict the Fund's ability and any Investor's ability to exit any Investment it makes.
- Investment in a Fund such as the Velocity EIS Technology Fund 3 should not be considered a short-term Investment. Any withdrawals within the EIS Three Year Period will result in the loss of EIS and CGT Reliefs in relation to those companies. It may take considerable time to realise any of the Fund's Investments.
- If any Investor requires to realise their shares within the EIS Three Year Period then they must be aware of the consequences i.e. losing their rights to the tax benefits.
- It is possible that an Investor could cease to be entitled to certain tax benefits available under the EIS. For example, EIS Reliefs, CGT Reliefs and potential IHT Reliefs may be lost if an Investor receives value from the Investee Company (other than a normal dividend), in the period from the incorporation date of the Investee Company to the expiry of the EIS Three Year Period.
- There is no guarantee as to the timing of the availability of the EIS Compliance Certificates that are needed in order to claim EIS Reliefs.
- If the amount of an Investor's Subscription is such that his pro-rata beneficial interest in any Investee Company in the Fund exceeds 30% of the capital or voting rights (taking into account the interests of his "associates" as defined under the legislation), the Investor will be treated as being "connected" to the Investee Company and will not be entitled to EIS Income Tax Relief in respect of an Investment in that Investee Company.
- The taxation treatment depends on the individual circumstances of each Investor and may be subject to change in the future.
- Whilst it is the intention of the Investment Manager to invest in companies qualifying under EIS legislation, the Investment Manager cannot guarantee that all Investments will qualify for EIS Reliefs, CGT Reliefs or IHT Relief. Equally, following an Investment in a Qualifying Company, the Investment Manager cannot guarantee the continued availability of EIS Reliefs, CGT Reliefs or IHT Relief relating thereto because this depends on the continuing compliance with the requirements of the EIS legislation by the Investee Company.
- Where an Investor or an Investee Company ceases to maintain EIS status in relation to any individual Investment, it could result in the loss of some or all of the available reliefs (together with a possible charge to interest thereon).
- Following the admission of an Investee Company to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities (but not a quotation on AIM), Business Property Relief for IHT purposes will cease.
- The levels and bases of reliefs from taxation may change or such reliefs may be withdrawn. The tax reliefs referred to in this Information Memorandum are based on legislation currently in force. The ultimate value of any tax relief available depends on the individual circumstances of Investors at the point of investment. The tax rules described in this Information Memorandum are a summary only.
- The tax reliefs referred to in this Information Memorandum may not apply throughout the life of the Investment.
- The tax year for which EIS Relief is available may be later than originally envisaged if the timing of Investments is delayed.

- The dates on which initial EIS Income Tax Relief, CGT Relief and IHT Relief are available will be determined by the timing of the Fund's Investments and will not be known in full until the Fund has completed its Investments.
- If it considers it appropriate, the Investment Manager retains complete discretion to realise an Investment in a Qualifying Company at any time (including within the EIS Three Year Period from the date of an Investment) that it considers appropriate. If an Investment is realised within the EIS Three Year Period, some or all of the tax advantages relating to that particular Investment will be lost.

Custody Risk

- Your cash will be deposited by the Custodian with a UK bank which is regarded as reputable in accordance with the arrangement described in this Information Memorandum but such cash shall be held at Investors' risk and neither the Investment Manager, the Custodian nor the Investment Consultant (including their respective directors, shareholders, partners, officers, employees, agents or advisers), will be liable to any Investor in the event of insolvency of the bank in which your cash is held, nor in the event of any restriction on the Investment Manager's ability to withdraw funds from such bank for reasons beyond their reasonable control.

PART SEVEN: TAXATION

1) EIS Tax Reliefs

To obtain the EIS tax reliefs described below, it is necessary to subscribe for Shares in EIS Qualifying Companies and where appropriate to claim the relief. The summary below is based on current law, and gives only a brief outline of the tax reliefs. It does not set out all the rules which must be met by EIS Qualifying Companies and an Investor. The tax reliefs will only be relevant to Investors who are liable to UK income tax and/or wish to defer a capital gain.

The investment period will primarily be the 2018/2019 tax year. EIS income tax relief for investments made after 05 April 2018 can be claimed in the 2018/2019 tax year, or can be carried back to the 2017/2018 tax year.

(a) Income Tax Relief – 30%

Individuals can obtain 30% income tax relief on the amount subscribed for Shares in EIS Qualifying Companies (up to an annual maximum £1 million for the 2018/2019 tax year), although relief will be denied for investment into an EIS Qualifying Company with which the individual is connected. Spouses and civil partners can each separately subscribe up to £1 million but they will not be able to jointly own more than 30% of the share capital and voting rights in a single qualifying EIS company.

The relief is given against the individual's income tax liability for the tax year in which the Shares are issued unless the individual makes a carry back relief claim providing the £1 million annual investment limit has not been exceeded in that tax year. Relief is limited to an amount that reduces the Investor's income tax liability for the year to nil.

As announced in the Autumn Budget 2017, for shares issued on or after 6 April 2018, the maximum annual investment limit has increased to £2 million provided that any amount over £1 million is invested in one or more 'knowledge-intensive' companies.

(b) Carry Back Relief

Carry back relief claims may be made for amounts subscribed for Shares in EIS Qualifying Companies, such that an investment is treated for tax relief purposes as having been made in the tax year before the tax year in which the investment was actually made. In effect, and provided no 2017/2018 EIS investments have already been made, this allows an investor to invest up to £2 million in 2018/2019 and claim full tax relief, or £3m provided at least £1m has been invested in knowledge intensive companies.

(c) Capital Gains Tax Deferral

To the extent to which a UK resident Investor (including individuals and certain trustees) subscribes for Shares, he can claim to defer payment of tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset, or a previously deferred gain may have been brought back into charge. Although there is a limit for income tax relief (see (a) above) and for the exemption from capital gains tax upon a disposal (see (d) below), there is no limit on the amount of EIS qualifying investments which can be used to defer a gain. If the Investor dies whilst still holding Shares, the deferred CGT liability is extinguished entirely. Shares in EIS Qualifying Companies must be issued within one year before and three years after the date of the disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of Shares or a breach of the EIS rules.

For gains made from 6 April 2016 onwards, CGT has been charged at 10% and 20% for individuals (the applicable tax rate depends on the total amount of the individual's taxable income and will be 20%

for an individual liable to higher rates of income tax (18% and 28% for certain residential property assets); and 10% for gains qualifying for Entrepreneurs' Relief (subject to a maximum lifetime limit of £10 million).

When a previously deferred gain crystallises, the rate of CGT then payable will depend upon the legislation that is in force at that time, and may be greater or lower than the rate that would have applied had Capital Gains Deferral not been claimed. If Entrepreneurs' Relief was available on the gain deferred on a disposal which occurred on or after 3 December 2014, it will also be available when the gain comes back into charge.

(d) Capital Gains Tax Exemption

Any capital gains realised on a disposal of EIS qualifying Shares after the Three Year EIS Period, and on which EIS relief (see (a) above) has been given and not withdrawn, will be free from capital gains tax. Any capital gains realised on a disposal within the Three Year EIS Period will be subject to CGT.

(e) Loss Relief against income or gains

Unrestricted tax relief is available at any time in respect of any loss realised upon a disposal of EIS qualifying shares on which EIS income tax relief (see (a) above) has been given and not withdrawn. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains in the tax year in which the disposal occurs, or, if not fully used, against gains of a subsequent year. Alternatively, on making a claim, the loss net of income tax relief may be set off against the individual's taxable income of either the tax year in which the disposal occurs, or the previous tax year. If the circumstances are such that EIS income tax relief have been withdrawn, it may still be possible for an investor to claim an amount of loss relief but these will be subject to a limit of £50,000 or 25% of adjusted total income.

Where only CGT Deferral relief has been claimed, loss relief against income tax may be restricted due to the cap on income tax reliefs.

(f) Inheritance Tax – Business Property Relief

Although not an EIS tax relief as such, an investment in an EIS Qualifying Company will normally qualify for 100% relief from IHT under current legislation, provided the investment has been held for at least two years and is still held at time of death. There is no upper limit on the amount of IHT relief which can be claimed.

Date for claiming tax relief

The relevant dates for income tax relief, from a tax year perspective, are the dates on which Investments are made into each of the Investee Companies, rather than the date in which an Investor subscribed to the Fund. The latest date an Investor can file a claim for EIS relief is five years after 31 January following the tax year to which the claim relates.

EIS3 certificates

On investment into each Investee Company the Investment Manager will arrange that the Investee Company will apply on your behalf to HMRC for EIS relief for your investment. The application to HMRC cannot be made until the Investee Company has carried on its trade for a minimum of four months. Subject to this, EIS3 certificates are typically sent out to investors by the Custodian within a few months of each underlying investment depending on when the forms are received from HMRC.

The EIS3 certificate enables you to claim your income tax relief and capital gains tax deferral, normally by making the appropriate entries on your own tax return.

EIS Qualifying Companies

Each Investee Company in which the Fund invests must initially (i.e. at the time of issue of the Shares) not be listed on a recognised stock exchange (as defined for the purposes of EIS Relief) and there must be no “arrangements” in place for it to become so listed. In addition, throughout the Three Year EIS Period, it must not be a subsidiary of, or be controlled by, another company. It must either exist to carry on a qualifying trade or else be the parent company of a trading group and there must be no “arrangements” in existence for the Investee Company to become a subsidiary of, or be controlled by, another company.

A trading group is a group in which, directly or indirectly, more than 50% of the shares of each subsidiary are held by another member of the group, but any subsidiary employing any of the money raised by the issue of Shares must be a qualifying 90% subsidiary. Non-qualifying business activities (broadly, investment activities and non-qualifying trades) must not comprise a substantial part of the business of the group as a whole. The qualifying business activity for which the money is raised by the issue of Shares must be a trade conducted on a commercial basis and with a view to the realisation of profit.

Although it is possible for qualifying activities to be carried on anywhere in the world, the company that issues the shares must have a “permanent establishment” (broadly, a taxable presence) in the United Kingdom.

For EIS purposes, the value of the gross assets of the Investee Company and any subsidiaries must not exceed £15 million immediately before the issue of Shares and £16 million immediately afterwards. The maximum EIS fundraising per Investee Company is restricted to an all-time maximum of £12 million (£20 million for “knowledge-intensive” companies). The relevant shares must be issued to raise money for the purpose of a qualifying business activity so as to promote business growth and development. Employing money raised on the acquisition of an interest in another company, which is or becomes a 51% subsidiary of the company, a trade or goodwill or intangible assets employed for the purposes of a trade does not amount to employing money raised for the purpose of a qualifying business activity.

The maximum EIS fundraising (including any other investments under a tax-advantaged scheme) per Investee Company is restricted to £5 million per year, or £10 million per year for “knowledge intensive” companies. The maximum number of full-time employees (or full-time equivalent) in the Investee Company at the time of Investment is restricted to fewer than 250 (fewer than 500 employees for ‘knowledge-intensive companies’).

Most types of trades are qualifying trades for EIS purposes but the following are excluded:

- Dealing in land, commodities or futures, or in shares, securities or other financial instruments;
- dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution, or acting as a wholesaler or retailer of goods of a kind which are collected or held as investments if stock is not actively sold;
- banking, insurance, money lending, debt factoring;
- hire purchase financing or other financial activities;
- leasing, except certain lettings of ships, or receiving royalties or licence fees (subject to certain exceptions, most particularly in relation to self-generated intellectual property);
- providing legal or accountancy services;
- farming and market gardening;
- holding, managing or occupying woodlands or forestry or timber production;
- property development;
- shipbuilding;
- producing coal and/or steel;
- operating or managing hotels or similar establishments;

- operating or managing nursing homes and residential care homes;
- generation or export of electricity or power;
- production of gas or fuel; and
- providing services to a trade consisting of any of the above carried on by a "connected person."

For EIS generally, companies whose first commercial sale was made more than seven years ago (or ten years ago for a "knowledge intensive" company) cannot receive EIS monies. Companies "in financial difficulty" cannot receive EIS investment. HMRC's guidelines regard a company as being in financial difficulty where it is unable, whether through its own resources or with the funds which it is able to obtain from its owners, shareholders or creditors, to stem losses which, without outside intervention by the public authorities, will almost certainly condemn it to going out of business in the short or medium term. The guidelines indicate that a company will not be regarded as being in financial difficulty within its first three years' trading.

Shares only qualify for EIS Relief if they are ordinary shares which do not, at any time during the Three Year EIS Period, carry any present or future preferential right to dividends (other than to certain fixed rate non-cumulative dividends) or to an Investee Company's assets on its winding up, or any present or future right to be redeemed.

An Investor can obtain EIS income tax relief only in the tax year in which investments in Qualifying EIS Companies are made by the Fund (i.e. the tax year in which the Fund invests), or in the immediately preceding tax year.

Please note that this is only a condensed summary of the taxation legislation and should not be construed as constituting advice which a potential Investor should obtain from his or her own investment or taxation adviser before applying for an investment in the Fund. The value of any tax reliefs will depend on the individual circumstances of Investors.

Neither the Investment Manager nor the Investment Consultant gives tax advice and recommends that you consult a tax adviser if you are in any doubt about any of the technical aspects of the EIS legislation.

PART EIGHT: DEFINITIONS

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

TERM	DEFINITION
AIF	An alternative investment fund.
AIFM	An alternative investment fund manager (being Sapphire Capital Partners LLP).
AIFMD	The Alternative Investment Fund Managers Directive (2011/61/EU).
Applicable Laws	Relevant UK laws and regulations, including the FCA Rules.
Application Form	An application form to invest in the Fund completed by the prospective Investor in the form which is provided in this Information Memorandum.
Board	The board of the Investment Consultant.
Business Property Relief or IHT Relief	Relief from IHT pursuant to sections 103-114 of the IHTA.
CGT	Capital Gains Tax.
CGT Exemption	Exemption from CGT on realised capital gains on a disposal of shares in a Qualifying Company.
CGT Reinvestment Relief	EIS Relief by way of deferral of CGT claimed through reinvestment of a capital gain in Qualifying Shares in a Qualifying Company (Schedule 5B of Taxation of Chargeable Gains Act 1992).
CGT Reliefs	The CGT Reinvestment Relief.
Closing Date	A date determined by the Investment Manager as the last date upon which the Investor may make a Subscription in the Fund, which at the date of this Information Memorandum is 31 August 2018. This date is subject to change at the Investment Manager's absolute discretion.
COBS	The Conduct of Business Sourcebook forming part of the FCA's Handbook of Rules and Guidance.
Custodian	Woodside Corporate Services Limited registered in England and Wales under company number 6171085 with its registered office at 4 th Floor, 50 Mark Lane, London EC3R 7QR and authorised and regulated by the FCA with firm reference number 467652 and/or such other person or persons as may be appointed as custodian or as a sub-custodian for the Investor's Fund from time to time.
EIS	The Enterprise Investment Scheme set out in ITA Sections 156-257.

EIS Compliance Certificate	Compliance Certificates (forms EIS3) to be issued by an Investee Company following receipt of authority from HMRC for the Investee Company to issue them to Investors in order for Investors to claim EIS Reliefs.
EIS Income Tax Relief	Reliefs from income tax available under the EIS.
EIS Reliefs	EIS Income Tax Relief and Share Loss Relief.
EIS Three Year Period	The period beginning on the date that the Qualifying Shares are issued and ending three years after that date or, if later, the date that the Investee Company commences trading (trading must commence within two years of share issue).
FCA	Financial Conduct Authority of 25 The North Colonnade, London E14 5HS or successor organisation(s).
FCA Rules	The FCA rules made under powers given to the FCA by the Financial Services and Markets Act 2000.
FSMA	Financial Services and Markets Act 2000 as amended.
Fund	The Velocity EIS Technology Fund 3, an alternative investment fund for the purposes of the AIFMD, managed by the Investment Manager. The Fund is not a legal entity and is a group of individual bare trusts to enable subscription monies to be held on behalf of investors under a nominee arrangement; each investor will be the sole beneficiary of each bare trust, to be known collectively as the Fund or the Velocity EIS Technology Fund 3. The Nominee is the registered legal holder of investments on behalf of each investor.
Gross Subscription	The amount an Investor is investing in the Fund prior to deducting any adviser charges.
HMRC	HM Revenue & Customs.
IFA	An Independent Financial Adviser or other appropriately qualified professional, regulated by the FCA for the conduct of business.
IHT	Inheritance Tax.
IHTA	Inheritance Tax Act 1984.
Income Tax Act or ITA	The Income Tax Act 2007.
Information Memorandum	This information memorandum issued in relation to the Fund.
Intermediary	A person who promotes and markets the Fund to his/her clients and arranges the investment for the Investor.
Investee Company	A Company in which the Fund invests.
Investment or Investments	An investment in one or more Investee Companies.
Investment Committee	A subcommittee of the Board.

Investment Consultant	Velocity Capital Advisors Limited. A company registered in Cardiff under company number 09711586 with its registered office at 2a The Quadrant, Epsom KT17 4RH. The directors of Velocity Capital Advisors Limited are William Stanley Bungay, Alex Johnson and Rajeev Saxena.
Investment Management Agreement or Agreement	The agreement to be entered into by each Investor and the Investment Manager the terms of which are set out in Appendix 1 of this Information Memorandum.
Investor or Investors	A person who is accepted by the Investment Manager and so enters into an Investment Management Agreement and invests through the Fund.
Investment Manager	Sapphire Capital Partners LLP a limited liability partnership which is authorised and regulated by the Financial Conduct Authority under firm reference number 565716 with the partnership registration number NC000562 and having its registered office at 28 Deramore Park, Malone, Belfast BT9 5JU, United Kingdom.
Maximum Fund Size	Aggregate subscriptions of £10,000,000 unless increased or decreased at the absolute discretion of the Investment Manager.
Minimum Fund Size	Aggregate subscriptions of £200,000 unless increased or decreased at the absolute discretion of the Investment Manager.
Mentoring Services	Services provided or procured by Velocity Capital Advisors Limited to Investee Companies including, but not limited to, performing due diligence on potential investee companies, legal, marketing, accounting, technology and other areas in which start-up companies may need expert advice.
MiFID Directive	Means the Markets in Financial Instruments Directive (2004/39/EC).
Minimum Subscription	The minimum Investment per Investor of £25,000 or other amount agreed by the Investment Manager.
Net Subscription	Gross Subscriptions less any adviser charges.
Nominee	WCS Nominees Limited or such other nominee or agent as the Investment Manager or Custodian may appoint from time to time to be the registered legal holder of Investments on behalf of Investors.
Qualifying Company	A company that meets the requirements for EIS Reliefs.
Qualifying Investment	An Investment by a Qualifying Investor in a Qualifying Company.
Qualifying Investors	UK taxpayers eligible to claim EIS Reliefs.
Qualifying Shares	Newly issued shares in the Investee Company, subscribed for by the Fund on behalf of Investors that qualify for EIS Reliefs.

Relevant Shares	Shares in which the Fund has invested if and for so long as neither a claim for EIS tax relief has been disallowed nor an assessment has been made withdrawing or refusing relief by reason of the company in which the shares are held ceasing to be a Qualifying Company.
Retail Client	Means a retail client for the purposes of the FCA Rules.
Share Loss Relief	Relief in respect of income tax for allowable losses.
Subscription	A subscription in the Fund pursuant to the Application Form.
Velocity Capital Advisors Ltd	A company registered in Cardiff under company number 09711586 ²² with its registered office at 2a The Quadrant, Epsom KT17 4RH. The directors of Velocity Capital Advisors Limited are William Stanley Bungay, Alex Johnson and Rajeev Saxena.

²² See Companies House website: <https://beta.companieshouse.gov.uk/company/09711586> Web. Accessed 29 August 2018.

APPENDIX 1: INVESTMENT MANAGEMENT AGREEMENT

The Investment Management Agreement (“the Agreement”) sets out the agreement between the Investment Manager and the Investor in relation to the discretionary investment management service to be carried out on the Investor’s behalf by the Investment Manager, which when aggregated with the Agreements entered into by other Investors and the Investment Manager constitute the Fund. Once a signed Application Form has been accepted by the Investment Manager, this Agreement will constitute a binding agreement between the Investment Manager and the Investor.

1) Definitions and Interpretation

1.1. In this Agreement, unless the context otherwise requires, the following words have the following meanings:

“Act”	Means the Financial Services and Markets Act 2000;
“Applicable Laws”	All relevant UK laws, regulations and rules, including those of any Government or of the FCA;
“Application Form”	An application form to invest in the Fund completed by an Investor in the form provided by the Investment Manager;
“Business Day”	Means any day (except Saturday and Sunday) on which banks are open for normal banking and foreign exchange business in London;
“Closing Date”	In respect of the Fund, the date on which the final Subscription may be made by an Investor to the Fund, which shall be determined by the Investment Manager;
“Custodian”	Woodside Corporate Services Limited and/or such other person or persons as may be appointed as custodian or as a sub-custodian for the Fund from time to time by the Investment Manager;
“EIS”	Enterprise Investment Scheme;
“EIS Reliefs”	Relief from certain UK personal taxes under the EIS;
“FCA”	Means the Financial Conduct Authority of the United Kingdom;
“FCA Rules”	The rules contained in the FCA’s Handbook of Rules and Guidance;
“Fund”	The Velocity EIS Technology Fund 3, a discretionary investment management service managed by the Investment Manager. The Fund is not a legal entity and is a group of individual bare trusts to enable subscription monies to be held on behalf of investors under a nominee arrangement; each investor will be the sole beneficiary of each bare trust, to be known collectively as the Fund. The Nominee is the registered legal holder of investments on behalf of each investor;
“Investee Company”	Means a company in respect of which the Investment Manager has made an Investment;
“Investment”	Means any equity investment in an Investee Company made by the Investment Manager on behalf of the Investor;
“Investment Objective”	The investment objective for the Fund as stated in this Information Memorandum;
“Investment Restrictions”	The investment restrictions as stated in this Information Memorandum;
“Non Readily Realisable”	Investments which are not readily realisable investments in

Investments”	which the market is restricted or could become so; such Investments can be difficult to deal in and it can be difficult to determine what would be a proper market price for them;
“Readily Realisable Investment”	A government or public security denominated in the currency of the country of its issuer or any other security which is: admitted to official listing on an exchange in an EEA State; or regularly traded on or under the rules of such an exchange; or regularly traded on or under the rules of a recognised investment exchange or (except in relation to unsolicited real time financial promotions) designated investment exchange; or a newly issued security which can reasonably be expected to fall within the aforementioned categories when it begins to be traded. For the avoidance of doubt, this term does not include AIM nor does it include unlisted securities;
“Services”	The services as set out in Clause 5;
“Schedule”	Means a schedule to this Agreement.

1. Definitions and Interpretation

- 1.1 In this Agreement, unless the context otherwise requires, the definitions set out in the Definitions section of this Application Pack shall apply to this Investment Management Agreement..
- 1.2 References to statutory provisions, regulations, notices or the FCA Rules shall include those provisions, regulations, notices or FCA Rules as amended, extended, consolidated, substituted or re-enacted from time to time.
- 1.3 References to the terms “include”, “including”, “in particular” and any similar phrases shall be construed without limitation to the preceding words.
- 1.4 References to persons include individuals, bodies’ corporate, unincorporated associations and Investors.
- 1.5 Words in the singular include the plural and vice versa.
- 1.6 Unless a term is otherwise defined in this Agreement, the terms defined in the FCA Rules and Information Memorandum shall bear the same meaning herein.
- 1.7 References to Clauses are to Clauses of this Agreement and headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.8 References herein to a party are to any party or together the parties to this Agreement, as the context may require.
- 1.9 Unless the context otherwise requires and except as varied or otherwise specified in this Agreement, words and expressions contained in this Agreement shall bear the same meaning as in the FCA Rules.
- 1.10 The Schedules form part of this Agreement.

2. Investing in the Fund

- 2.1 This Agreement will come into force on the date that the Custodian accepts the Investor's Application Form and monies are subscribed to the Fund, such acceptance being solely at the discretion of the Investment Manager.
- 2.2 This Agreement appoints the Investment Manager, once the Minimum Fund Size of £200,000 has been received in aggregate (or such other amount as determined in the Investment Manager's absolute discretion) as a common discretionary investment fund manager to act on the

Investor's behalf to make Investments in EIS Qualifying Companies and to manage those Investments on behalf of all Investors in the Fund within the Fund collectively. The Investment Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.

- 2.3 The Investment Manager is an authorised person for the purposes of the Act and as such is regulated by the FCA. The Investment Manager is a limited liability partnership registered in Northern Ireland under registered number NC000562 and with a registered address at 28 Deramore Park, Belfast BT9 5JU Northern Ireland. The FCA's registered address is 25 The North Colonnade, Canary Wharf, London E14 5HS.
- 2.4 This Agreement is supplied to the Investor in English and the Investment Manager will continue to communicate with the Investor in English for the duration of this Agreement.
- 2.5 Except as expressly provided in this Agreement, or as the Investment Manager may be otherwise authorised, the Investment Manager has no authority to act for or represent the Investor.
- 2.6 The Investor acknowledges that he/she will be categorised as a Retail Client by the Investment Manager for the purposes of the provision of the services under this Agreement though for the purposes of the FCA Rules the Fund as a whole will be the client of the Investment Manager and not the Investor.
- 2.7 The Investor confirms that he/she is not seeking advice from the Investment Manager on the merits of any Investment into the Fund.
- 2.8 The Investment Manager may retain information about the Investor and the Investor's affairs in order to confirm the Investor's identity and financial standing (amongst other things the Investment Manager may make enquiries to a credit or mutual reference agency, which may retain a record of the enquiry). The Investor agrees that the Investment Manager may do this.
- 2.9 Anti-money laundering regulations aim to prevent criminal property being utilised or concealed as legitimate wealth. To meet the requirements of these regulations the Investor may have to produce satisfactory evidence of their identity before their Application Form can be accepted, and from time to time thereafter. This process of identification is to assist in the prevention of crime within the financial services industry. If the Investor does not provide the information when required, the Custodian and the Investment Manager may be unable to accept any instructions from them or provide them with any services.

3. CANCELLATION RIGHTS

- 3.1 Following receipt of an Application Form, the Custodian will write to the Investor acknowledging receipt of the application. If the Investor wishes to exercise his or her right to cancel, the Investor must notify the Custodian in writing within 14 calendar days of the acceptance of the application and receipt of the Subscription monies, by writing to the Custodian.
- 3.2 If the Investor exercises their cancellation rights, the Custodian shall refund any monies paid by the Investor less any charges the Investment Manager has already incurred for any service undertaken in accordance with the terms of the Agreement. Please note that the Custodian is obliged to hold the Investor's investment monies until such time that sufficient identification documents have been provided to satisfy its anti-money laundering obligations.
- 3.3 The Investment Manager shall procure that the Custodian endeavours to arrange the return of any such monies as described at Clause 3.1 as soon as possible (but in any event, not more than 30 days following cancellation or the completion of its anti-money laundering obligations, whichever is the latest). The Investor will not be entitled to interest on such monies.
- 3.4 If the Investor does not exercise this right to cancel within the requisite time period, the Investor will still be entitled to exercise his or her right under Clause 15 below to terminate this Agreement, which is a separate right.

3.5 The right to cancel under the FCA Rules does not give the Investor the right to cancel/terminate/reverse any particular investment transaction executed for the account of the Investor before cancellation takes effect.

3.6 The Investor shall retain beneficial ownership of the assets in the Fund at all relevant times.

4. Subscriptions

4.1 The Investor:

4.2 must make a Subscription to the Fund of not less than £25,000 at the same time as submitting his/her Application Form to invest and may make further Subscriptions. The Investor may make a withdrawal from his/her Fund and terminate this Agreement subject to Clause 15 below.

4.3 Subscriptions received shall be deposited in an account pending their investment.

4.4 Where Subscription monies are invested in EIS Qualifying Companies, any monies transferred to the Investee Companies are solely in consideration for an issue of shares in the Investee Companies and no debt will come into existence by virtue of any payment preceding the formal issue.

5. Services

5.1 The Investment Manager shall manage the Fund as from acceptance of each Application Form, and minimum aggregate total Subscriptions of £200,000 being invested in the Fund (or such other amount as the determined in the Investment Manager's absolute discretion) on the terms set out in this Agreement.

5.2 The Investment Manager shall manage the Fund in pursuit of the Investment Objective and approach as set out in this Information Memorandum and subject to any Investment Restrictions as stipulated by this Information Memorandum. Subject to such Investment Objective, approach and any restrictions, the Investment Manager shall exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investors on the terms set out in this Agreement.

5.3 The Investor hereby authorises the Investment Manager (and grants to the Investment Manager a power of attorney) to act on its behalf and in the name of the Investor or its nominee to negotiate, agree and do all such acts, transactions, agreements and deeds as the Investment Manager may deem necessary or desirable for the purposes of making, managing and realising Investments and managing cash funds and any other investments on behalf of the Investor and this authority (and power of attorney) shall be irrevocable and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution of the Investor. This authority (and power of attorney) will terminate upon the complete withdrawal of the Investor from the Fund.

5.4 The Investment Objective, approach and restrictions described in this Information Memorandum shall not be deemed to have been breached as a result of changes in the price or value of certain Investments comprised in the Fund brought about through internal financial circumstances of the Investee Companies, market forces or movements in the market. In particular, the Investor acknowledges that the Investments are of a type that cannot easily be valued or realised and that the default period of holding Qualifying Shares will be at least three years for the Investor's protection since tax relief may be otherwise lost. The Investment Manager may however exercise its discretion to realise investments prior to this period with a consequent loss of tax reliefs.

5.5 The Investment Manager shall be responsible for negotiating and establishing all agreements or arrangements with any other third party in relation to the investment, management or custody of the assets of the Fund including, without limitation, agreements with Velocity Capital Advisors Limited in relation to the on-going support for the Investee Companies and in relation to the

Custodian and any other prime broker or custodian in relation to the assets of the Fund, account opening documentation, and other annexes and all documents relating thereto.

- 5.6 The Investment Manager is authorised to give the Custodian or other third parties any instructions on behalf of the Investor which may be necessary or desirable for the proper performance of the Investment Manager's duties under this Agreement.
- 5.7 The Investment Manager shall, without prejudice to the generality of the foregoing, also provide the following Services:
- 5.7.1 the provision of written reports in accordance with the Clause 7;
 - 5.7.2 keeping or causing to be kept such books, records and statements as shall be necessary to give a complete record of all transactions which the Investment Manager carries out for the account of the Investor, which the Investor shall be entitled to inspect on giving one month's notice.
- 5.8 In performing its Services, the Investment Manager shall at all times have regard to:
- 5.8.1 the need for the Fund to attract EIS reliefs and any other tax advantages; and
 - 5.8.2 all Applicable Laws.
- 5.9 The Investment Manager reserves the right to return a surplus of cash if it concludes that it cannot be properly invested for the Investor and it considers this to be in the best interests of the Investor having regard to availability of EIS Relief for the Investor.
- 5.10 In the event of a gradual realisation of Investments prior to termination of the Fund under Clause 15, the cash proceeds of realised EIS Investments may be placed on deposit or invested in government securities or in other investments of a similar risk profile. In carrying out its obligations hereunder, the Investment Manager will act in good faith, with due diligence and shall have regard to any other matter to which a prudent person should reasonably have regard to with respect to the proper discharge of its duties.
- 5.11 Any tax reliefs are dependent on the Investor's personal circumstances as well as the actual underlying investments made by the Fund. In providing services to the Investor, the Investment Manager and the Custodian shall not be required to take into account taxation matters and neither shall provide tax advice. Therefore and in any event, the Investor should seek independent tax advice to determine and understand the suitability of investing in the Fund and any effect that this may have on the Investor's own position generally.

6. Terms Applicable To Dealing

- 6.1 The Investor should understand that the Fund will be invested in a number of unlisted securities which, there is generally no relevant market or exchange, consequent rules and customs and there will be varying practices for different securities. Transactions in relation to shares of such securities will be made on the best commercial terms which can be agreed.
- 6.2 Where deals are aggregated with other EIS Investors in the Fund, the number of shares in an Investee Company held as an Investment allocated to the Investor shall be calculated with reference to the proportion which the Investor's Subscription of the Fund applied to such share purchase bears to the total Subscriptions by all Investors in the Fund at that time, provided that Investors shall not have fractions of shares. Variations may be allowed to prevent Investors having fractions of shares but only in circumstances in which there are minor variations. (If one or more of the Investors in the Fund is an accountant, lawyer or other professional person who is subject to professional rules preventing him from making an investment in a particular Investee Company, then the number of shares so allocated to that Investor or Investors shall not be taken up for the Fund and the cash value of such shares may be returned to such Investor, such that the number of shares so allocated to other Investors in that Fund would not be increased).

- 6.3 Subject to both the FCA Rules and the Investment Manager's Fund management policy (at Schedule 1 of this Agreement) the Investment Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.4 The Investment Manager may aggregate the Investors transactions with those of other customers and of its employees in accordance with the FCA Rules. It is likely that the effect of such an allocation will not work to the Investor's disadvantage; however, occasionally this may not be the case. The Investment Manager will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the FCA Rules.
- 6.5 Subject to both the FCA Rules and the Investment Manager's conflicts of interest policy (a summary of which is included at Schedule 2 of this Agreement) the Investment Manager may make use of dealing commission arrangements in respect of deals undertaken for the Fund as may be disclosed to the Investor from time to time.
- 6.6 As an FCA authorised firm, the Investment Manager is required to take all reasonable steps to obtain the best possible result on behalf of clients when placing orders for execution that result from decisions by the Investment Manager. Set out in Schedule 3 is the Investment Manager's summary of its policy in respect of this requirement. Where applicable, the Investment Manager's decisions will normally be executed by the Custodian in accordance with its Execution Policy.

7. Reports and information

- 7.2 The Investment Manager shall send the Investor a report relating to the Fund every three months, in compliance with the FCA rules.
- 7.3 The Investment Manager shall provide further information which is under its control as the Investor may reasonably require as soon as reasonably practicable after receipt of a request from the Investor for further information.
- 7.4 Reports will include a measure of performance in the later stages of the Fund once valuations are available. Any statements, reports or information provided by the Investment Manager will state the basis of any valuations.

8. Delegation

- 8.1 The Investment Manager may delegate, in whole or in part, any of its functions, powers, and duties under this Agreement (other than functions, powers and duties connected with the exercise of discretion in relation to any Investments) to any suitably authorised person and in connection therewith may provide information about the Fund to any such person, in which case it will act in good faith and with due diligence in the selection, use and monitoring of any such person but otherwise shall have no liability in respect of such persons.
- 8.2 The Investment Manager may also employ agents to perform, or advise in relation to the performance by it or, any of the Services required to be performed or provided by it under this Agreement. The Investment Manager shall act in good faith and with reasonable skill and care in the selection, use and monitoring of any agent appointed under this Clause 8 but otherwise shall have no liability in respect of its agents.
- 8.3 The Investment Manager may from time to time change or amend the terms of the relationship with the Custodian, including the replacement thereof and negotiate such terms on an arm's length basis in good faith.

9. Assignment

- 9.1 The Investment Manager may assign this Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to the Investor.
- 9.2 This Agreement is personal to the Investor and the Investor may not assign it or transfer it.

10. Obligations of the investor

- 10.1 The Investor's Fund which is established by this Agreement is set up on the basis of the declaration made by the Investor in their Application Form which includes the following statements by the Investor:
- 10.1.1 the fact as to whether or not the Investor wishes to seek EIS Reliefs for the Investments;
 - 10.1.2 the Investor agrees to inform the Investment Manager if, within three years of the date of shares being issued, the Investor becomes connected with, or receives value from an Investee Company which is an Investment;
 - 10.1.3 the Investor agrees to inform the Investment Manager if the Investor is or becomes connected with any of the Investee Companies of the Fund or makes an Investment pursuant to sections 166, 167, 170, 171 and (for SEIS) 257BF ITA 2007;
 - 10.1.4 the Investor confirms to the Custodian and the Investment Manager that the information stated in the Application Form in relation to them is true and accurate as at the date of this Agreement; and
 - 10.1.5 the Investor will provide their tax district, tax reference number and National Insurance number to the Custodian.
- 10.2 The Investor must immediately inform the Investment Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 10.1 above refers.
- 10.3 The Investor will provide to the Custodian or the Investment Manager relevant information in regard to the Foreign Account Tax Compliance Act ("FATCA") and the Common Reporting Standard ("CRS") and similar as required.
- 10.4 The Investor hereby warrants and represents that:
- 10.4.1 they are a person of 18 years or older;
 - 10.4.2 they have read and understood Investment Memorandum and risks involved; and
 - 10.4.3 the information provided in the Investor's application (and all other) respects is true and accurate as at the date of this Agreement.

11. Management and Custodian obligations

- 11.1 The Investment Manager shall dedicate such time and attention and have all necessary competent personnel and equipment as may be required to enable it to provide the Services properly and efficiently, and in compliance with the FCA Rules.
- 11.2 The Investment Manager shall appoint the Custodian as agent for the Investor to act as custodian of the cash and other assets of the Fund.
- 11.3 The Custodian shall not be liable to the Investment Manager or to any Investor for any act or omission in the course or in connection with the proper provision of the Services rendered by it in connection with the Fund or for any loss or damage which the Investment Manager or Investor may sustain or suffer as a result or in the course of the proper discharge by the Investment Manager or any delegate of its duties in connection with the Fund, in the absence of fraud, negligence, wilful default or breach of contract directly relating to such cost, expense or liability on the part of the Custodian or any delegate.

- 11.4 Except as disclosed in any memorandum issued in relation to the Fund and as otherwise provided in this Agreement (for example on early termination or early realisation), the Investment Manager shall take reasonable steps to not take any action which shall prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which may prejudice obtaining the EIS Reliefs for the Fund Investments.
- 11.5 The Investors or the Investment Manager shall pay or reimburse the Custodian from time to time on demand for any transfer taxes payable upon transfers, exchanges or deliveries of securities made under the custodian agreement in accordance with this Information Memorandum.
- 11.6 The Investor indemnifies the Custodian from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against the Custodian, judgements, suits against the Custodian, proper costs and expenses or disbursements (other than those resulting from fraud, negligence, wilful default or breach of contract on the part of the Custodian) which may be imposed or incurred by or asserted against the Custodian in properly performing its obligations or duties to each Fund under the custodian agreement.
- 11.7 The Custodian will not co-mingle securities or other assets of the Investors with its own.
- 11.8 The Custodian will hold cash subscribed by the Investor in accordance with the Client Money Rules contained in CASS 7 of the FCA Rules. Such cash balance will be deposited with an authorised credit institution in a bank account (or accounts) opened and maintained in the name of the Custodian. The Custodian at the direction of the Investment Manager may debit or credit the said account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor). Any interest payable on credit balances in the said account will be retained Custodian.

12. Voting

The Investment Manager shall have discretion to instruct the Custodian to exercise the voting and other rights attaching to the Investments made by the Fund save that the Investment Manager shall at no time exercise voting rights carrying more than fifty per cent. of all voting rights which may be cast at a general meeting of the Investee Company.

13. Fees and Expenses

The Investment Manager shall receive fees for its Services, and reimbursements of their costs and expenses, as set out in this Information Memorandum. To the extent that any of this fee is not paid for whatever reason by the relevant Investee Company, the Investment Manager reserves the right to instruct the Custodian to deduct such fees from an Investor's Subscription awaiting investment and/or from any disposal or dividend proceeds arising from his/her Investments save that an Investor shall never be liable for more than his proportionate share of such fees by reference to the other Investors in the Fund who have had Investments made on their behalf in the same Investee Company.

14. Liability

- 14.1 The Investment Manager shall not be liable in respect of any act or omission of any person, firm or company through whom transactions in Investments are effected for the account of the Investor (including the Custodian) or any other third party having custody or possession of the assets of the Investor from time to time, or of any clearance or settlement system.
- 14.2 The Investment Manager shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment Objectives and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that

such loss is directly due to the negligence or wilful default or fraud of the Investment Manager or any of its employees.

- 14.3 The Investment Manager gives no representations or warranty as to the performance of the Fund. EIS Investments are high risk Investments, being Non Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. Investors should consider the suitability of investment in EIS Investments carefully and note the risk warnings set out in this Information Memorandum.
- 14.4 The Investment Manager will not be responsible for any loss of opportunity whereby the value of the Investor's Fund could have been increased or for any decline in the value of the Investor's Investment howsoever arising, except to the extent that such loss or decline is due to the Investment Manager's negligence, wilful default or fraud or that of any of its directors or employees.
- 14.5 The Custodian shall not be liable in the event of the insolvency of any bank with which any funds of the Custodian have been deposited, nor in the event of any restriction on the ability of the Custodian to withdraw funds from such bank for reasons which are beyond its reasonable control.
- 14.6 If the Custodian should fail to deliver any necessary documents or to account for any Investments, the Investment Manager will take all reasonable steps on the Investor's behalf to recover such documents or Investments or any sums due or compensation in lieu thereof but subject thereto to the Investment Manager's general duty of good faith, shall not be liable for such failure.
- 14.7 The Investment Manager may be separately engaged by some of the unquoted companies that the Fund will invest in to assist those companies to raise finance. The Investment Manager will receive a fee from each such unquoted company for its services.
- 14.8 The Investment Manager will not be liable for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by it howsoever arising except to the extent that any such error or action (or the omission thereof) is due to the Investment Manager's negligence, wilful default or fraud or that of any of its directors or employees.
- 14.9 The Investment Manager shall be entitled to rely absolutely upon and shall not incur any liability (save for any liability resulting from the negligence, wilful default or fraud of the Investment Manager) in respect of any action taken or thing suffered in good faith in reliance upon any paper or document believed to be genuine and to have been signed and sealed by the proper parties or be in any way liable for any forged or unauthorised signature or seal affixed to any document and in discharging its duties hereunder the Investment Manager may, in the absence of manifest error, rely without enquiry upon all information supplied to it by the Investor, the Custodian, the Investment Consultant or any of their respective directors, officers, employees or agents. The Investment Manager may accept as sufficient evidence of any instructions, notice or other communication given to it by the Investor, the Custodian, Velocity Capital Advisors Limited or any of their respective directors, officers, employees or agents any document or paper signed or purporting to be signed on behalf of the Investor, the Custodian or Velocity Capital Advisors Limited or any of their respective directors, officers, employees or agents by such person or persons whose signature the Investment Manager is for the time being authorised to accept.
- 14.10 The Investor shall indemnify and keep indemnified the Investment Manager and the directors, officers, employees and agents of the Investment Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses (including legal expenses) which may be incurred by or asserted against the Investment Manager in its capacity as Investment Manager of the Fund other than those resulting from the negligence, wilful default or fraud on its or their part and other than expenses incurred by the Investment Manager for which it is responsible hereunder.

- 14.11 In the event of any failure, interruption or delay in the performance of the Investment Manager's obligations resulting from acts, events or circumstances not reasonably within the Investment Manager's control (including, but not limited to: acts or regulations of any governmental or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or services; and acts of war, terrorism or civil unrest) the Investment Manager shall not be liable to the Investor for consequential loss in the value of, or failure to perform investment transactions or the account of, the Fund.
- 14.12 Nothing in this Agreement shall exclude or restrict any duty or liability to the Investor which the Investment Manager may have under the FCA Rules.

15. Termination

- 15.1 The Investment Manager shall notify the Investor of the date on which the Fund will terminate. For the avoidance of doubt, this date will be determined by the Investment Manager. On termination of the Fund, all the shares in the Investor's Fund shall be transferred into the Investor's name or as the Investor shall otherwise direct.
- 15.2 The Investor is entitled to withdraw his Investments to the extent those Investments comprise:
- 15.2.1 Relevant Shares which are admitted to official listing in an EEA state or to dealings on a recognised investment exchange, at any time after the fifth anniversary of the date the Relevant Shares were issued;
 - 15.2.2 other Relevant Shares, at any time after the seventh anniversary of the date of the Relevant Shares were issued;
 - 15.2.3 shares other than Relevant Shares, at any time after the end of the period of six months beginning with the date those Relevant Shares ceased to be Relevant Shares (and the Investor will be notified in writing as soon as reasonably practicable after any shares comprised the Investor's Investment cease to be Relevant Shares); and
 - 15.2.4 cash, at any time.

The Investment Manager will have a lien on all assets being withdrawn or distributed by the Investor and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging any liability of the Investor to the Investment Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to the Investor. This Agreement shall terminate upon the completion of the withdrawal from the Fund of all Shares and cash which the Investor is entitled to receive under this Clause 15.2.

- 15.3 The Investment Manager may terminate this Agreement upon giving not less than three months written notice to the Investor.
- 15.4 If the Investment Manager does not give the Investor at least three months' written notice of its intention to end its role as Investment Manager under this Agreement or the Investment Manager becomes insolvent or the Investment Manager ceases to be suitably authorised by the FCA, the Investment Manager shall endeavour to make arrangements to transfer the Fund to another fund manager which is suitably authorised by the FCA, in which case that manager will assume the role of the Investment Manager under this Agreement, failing which the Agreement will terminate immediately and, subject to Clause 16, the Investments in the Investor's Fund will be transferred into the Investor's name or as the Investor may otherwise direct.
- 15.5 This agreement may also be terminated by written notice given by Investors representing not less than 75% of the cash subscribers to the Fund to the Investment Manager and which notice specifies another fund manager, which is suitably authorised by the FCA, which is prepared to act as the manager of the Fund in place of the Investment Manager in which case that manager will assume the role of the Investment Manager under this Agreement.

15.6 It is noted that any termination of Sapphire Capital Partners LLP as the Investment Manager shall not affect the performance fee due to it as detailed in Part Four: Fees and Costs. Therefore, Sapphire Capital Partners LLP's share of the performance fee will remain payable to Sapphire Capital Partners LLP in the case that a new manager assumes the role of the Investment Manager under this Agreement.

16. Consequences of Termination

- 16.1 Pursuant to Clause 15 the Investment Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.
- 16.2 Termination of this Agreement will not affect any right intended to survive termination and will be without penalty or other additional payments save that the Investor will pay fees, expenses and costs properly incurred by the Investment Manager and the Custodian up to and including the date of termination and payable under the terms of this Agreement.
- 16.3 On termination, the Investment Manager may retain and/or realise Investments as may be required to settle transactions already instigated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 13 of this Agreement.

17. Risk warnings and further disclosures

- 17.1 The Investor's attention is drawn to the risk factors set out in this Information Memorandum.
- 17.2 The Investment Manager will not borrow money on behalf of the Investor, nor lend securities or enter into stock lending or similar transactions. For clarity, the Investee Companies may borrow money or enter into similar transactions.
- 17.3 The Investment Manager cannot require Investors to add further monies to the Fund following the Subscription.

18. Conflicts of Interest

- 18.1 The Services of the Investment Manager hereunder are not to be deemed exclusive. The Investor acknowledges that the Investment Manager and its members, officers, employees or persons connected with the Investment Manager will from time to time act as director, investment manager, manager, investment adviser or dealer in relation to, or be otherwise involved in, investments and investment funds. Members, officers, employees or persons connected with the Investment Manager may personally make Subscriptions to the Fund. In respect of such positions, the Investment Manager may have similar or different objectives to that of the Investor. It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Investor. The Investment Manager will, at all times, have regard in such event to its obligations to the Investor and will endeavour to ensure that such conflicts are resolved fairly.
- 18.2 For the avoidance of doubt, under the circumstances set out in Clause 18.1, the Investment Manager shall not be required to account for any profits earned in connection therewith.
- 18.3 In accordance with the FCA Rules, the Investment Manager has in place a policy to manage conflicts of interest (the "Conflicts Policy") which sets out how it identifies and manages conflicts of interest. A summary of this policy is set out at Schedule 2.

19. Complaints

The Investment Manager has in operation a written procedure in accordance with the FCA Rules for the effective consideration and proper handling of complaints from customers. Details of this procedure are available from the Investment Manager on request. Should the Investor have a

complaint, they should contact the Investment Manager. If the Investment Manager is unable to resolve the complaint to the Investor's satisfaction, the Investor may be entitled to refer the complaint to the Financial Ombudsman authority.

20. Compensation

Claims against the Investment Manager may be covered by the Financial Services Compensation Scheme (FSCS). Further information about the circumstances in which the FSCS cover is available can be found on the FSCS website at www.fscs.org.uk.

21. Applicable laws

All transactions in Investments shall be subject to any applicable law, rules or regulations. If there is any conflict between this Agreement and any such rules, customs or applicable law, the latter shall prevail.

22. Confidentiality

22.1 The Investment Manager is not obliged to disclose to the Investor or, in making any decision or taking any step in connection with the investment management of the Fund, to take into consideration information either:

22.1.1 the disclosure of which by it to the Investor would or might be a breach of duty or confidence to any other person; or

22.1.2 which came to the notice of an employee, officer or agent of the Investment Manager, but does not come to the actual notice of the individual making the decision or taking the step in question.

22.2 The Investment Manager and the Investor shall at all times respect and protect the confidentiality of information acquired in consequence of this Agreement except pursuant to any right or obligation to or by which the Investment Manager or the Investor may be entitled or bound to disclose information under compulsion of law or pursuant to the requirements of competent regulatory authorities including, without limitation, the FCA.

22.3 Nothing in this Clause 22 shall prevent:

22.3.1 the disclosure of information by any party to its auditors, legal or other professional advisers in the proper performance of their duties;

22.3.2 the disclosure by any party of information which has come into the public domain other than through its fault or the fault of any person to whom the information has been disclosed; or

22.3.3 the disclosure of information that is authorised to be disclosed by the other party.

22.4 The Parties shall use all reasonable endeavours to prevent any breach of confidentiality under Clause 22.

23. Notices, instructions and communications

23.1 Notices of instructions to the Investment Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

23.2 The Investment Manager may rely and act on any communication or instruction which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such

person shall have been terminated. Communications shall be sent to the Investor (whether postal or electronic) to the last address notified to the Investment Manager and shall be deemed received by the Investor on the second day after posting or on the day after dispatch in the case of electronic communication.

23.3 Communications by the Investor shall be made in writing in English to the Investment Manager, addressed to "Sapphire Capital Partners LLP," and shall be sent to:

23.3.1 address: 28 Deramore Park, Malone, Belfast BT9 5JU;

23.3.2 e-mail: boyd@sapphirecapitalpartners.co.uk; and

23.3.3 marked for the attention of Boyd Carson.

23.4 Communications sent by the Investor will be deemed received only if actually received by the Investment Manager. The Investment Manager will not be liable for any delay or failure of delivery of any communication sent to the Investor.

24. Amendments

24.1 The Investment Manager may amend the terms of this Agreement by giving the Investor not less than ten Business Days' written notice where such change reflects changes to market practice, administrative processes, computer systems or other such similar matters associated with managing the Fund.

24.2 The Investment Manager may also amend the terms of this Agreement with immediate effect by giving written notice if such an amendment is required in order to comply with HMRC requirements in order to maintain EIS Reliefs or in order to comply with the FCA Rules.

25. Data protection

25.1 All data which the Investor provides to the Investment Manager shall be processed by the Investment Manager in accordance with the Investment Manager's policy (as available online at <https://www.sapphirecapitalpartners.co.uk/privacy-policy> or on request) and the prevailing data protection and privacy laws is held by the Investment Manager subject to the Data Protection Act 2018.

25.2 The Investor permits that the Investment Manager and the Custodian may pass personal data:

25.2.1 to each other and to other parties insofar as is necessary in order for them to provide their Services as set out in this Agreement;

25.2.2 to the FCA and any regulatory authority which regulates them;

25.2.3 to Velocity Capital Advisors Limited or Investee Companies; and

25.2.4 in accordance with all other Applicable Laws.

26. Entire Agreement

This Agreement, together with the Application Form constitutes the entire agreement between the parties relating to its subject matter and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter.

27. Severability

If any term of this Agreement shall be held to be illegal, void, invalid or unenforceable to any extent, such term, shall not affect the legality, validity and enforceability of the remainder of this Agreement.

28. Contracts (Rights of Third Parties) Act 1999

No person who is not a party to this Agreement shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

29. Governing Law and Jurisdiction

29.1 This Agreement is governed by and shall be construed exclusively in accordance with English law.

29.2 In relation to any legal action or proceedings (whether in contract or in tort) arising out of or in connection with this Agreement, each of the parties irrevocably submits to the exclusive jurisdiction of the English courts.

Schedule 1:

Fund Management Policy

1. The Investment Manager shall authorise investment in Qualifying Companies in line with the Investment Objectives and Investment Restrictions of the Fund as set out in this Information Memorandum,

2. The Investment Manager understands that new shares in Investee Companies should be held for no less than the EIS Three Year Period to obtain the benefits of EIS.

3. The Investment Manager may consider exiting an investment before the expiration of the EIS Three Year Period if the growth of an investment has outperformed the market and covers any loss of tax benefit. The Investment Manager may also exit an investment if an Investee Company is the subject of a trade sale.

4. After the expiration of the EIS Three Year Period, the Investment Manager will review opportunities for exiting an investment as they arise.

Schedule 2:

Policies to govern conflicts of interest

As required by the FCA rules the Investment Manager has a policy to identify, prevent or manage effectively any conflicts of interest that may occur from its business. The Investment Manager considers:

- the conflicts that may arise between its own interests or those of persons linked to it such as employees and those of clients.
- between different clients such as different funds it manages.
- This consideration extends to reviewing potential gains and incentives. A log of what types of conflicts may arise is kept and actively monitored.

The Investment Manager revises the policy on an at least annual basis, and additionally undertakes ongoing monitoring of compliance with the policy.

SCHEDULE 3:

Execution policy

1. When executing orders on behalf of Investors, the Investment Manager is required to take all sufficient steps to obtain the best possible outcome. It is a requirement of the FCA that certain execution factors are taken into account including: price; costs; speed; likelihood of execution and settlement; size and nature of the order or any other consideration relevant to the execution of the order. The Investment Manager may give speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Investor.

2. The Investment Manager will use its commercial judgement and experience to determine the relative importance of the execution factors. In making such a determination the Investment Manager will consider the market information available and also take into account the execution criteria. The Investment Manager must take into account the following execution criteria for determining the relative importance of the execution factors: the characteristics of the client; the characteristics of the order; the characteristics of financial instruments that are the subject of that order and the characteristics of the execution venues to which that order can be directed.

3. The range of activities presently undertaken by the Investment Manager does not include placing orders with brokers or dealers. If the Investment Manager places orders with brokers or dealers for execution the Investment Manager will satisfy itself that the broker or dealer has arrangements set up to enable the Investment Manager to act in accordance with its best execution obligations to its clients. Specific arrangements will be set up in order that brokers will confirm that they will treat the Investment Manager as a Professional Client and will therefore be required to provide best execution.

APPENDIX 2: COPY OF COBS 4.7.9R AND 4.7.10R

1. COBS Rule 4.7.9R states:

"A certified high net worth investor, a certified sophisticated investor or a self-certified sophisticated investor is an individual who has signed, within the period of twelve months ending with the day on which the communication is made, a statement in the terms set out in the applicable rule listed below, substituting "non-readily realisable securities" for "non-mainstream pooled investments":

- (1) certified high net worth investor: COBS 4.12.6 R;
- (2) certified sophisticated investor: COBS 4.12.7 R;
- (3) self-certified sophisticated investor: COBS 4.12.8 R.

2. COBS Rule 4.7.10R states:

A certified restricted investor is an individual who has signed, within the period of twelve months ending with the day on which the communication is made, a statement in the following terms:

"RESTRICTED INVESTOR STATEMENT

I make this statement so that I can receive promotional communications relating to non-readily realisable securities as a restricted investor. I declare that I qualify as a restricted investor because:

(a) in the twelve months preceding the date below, I have not invested more than 10% of my net assets in non-readily realisable securities;

and

(b) I undertake that in the twelve months following the date below, I will not invest more than 10% of my net assets in non-readily realisable securities.

Net assets for these purposes do not include:

(a) the property which is my primary residence or any money raised through a loan secured on that property;

(b) any rights of mine under a qualifying contract of insurance; or

(c) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be entitled; or

(d) any withdrawals from my pension savings (except where the withdrawals are used directly for income in retirement).

I accept that the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open to me to seek advice from an authorised person who specialises in advising on non-readily realisable securities.

Signature:

Date:"