

Newable EIS Scale Up 3

Information Memorandum

Newable

Important Notice

Notice to Investors

This Information Memorandum is dated 4 December 2018.

If you are in any doubt about the action you should take in regard to this document and the contents of the Information Memorandum and the Legal Agreement, you should contact an Independent Financial Advisor or other professional advisor authorised under the Financial Services and Markets Act 2000 (FSMA), who specialises in advising on investments of this type. Reliance on this promotion 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 the Investment Risks section of this Information Memorandum on page 32. Nothing in this document constitutes investment, tax, financial, or other advice.

This Information Memorandum is issued and approved as a financial promotion for the purposes of Section 21 FSMA by the manager of "Newable EIS Scale-Up Fund 2019" (the "Fund"), Larpent Newton & Co Limited (the "Manager"), which is authorised and regulated by the Financial Conduct Authority (the "FCA"), reference 141275. Newable Ventures Limited ("Newable") is an Appointed Representative of Larpent Newton & Co Limited for the purposes of section 39 FSMA, FCA reference 7952778.

This Information Memorandum is only intended for release in the United Kingdom and does not constitute an offer, or solicitation, in any jurisdiction in which such offer or solicitation is unlawful. It is the responsibility of any person outside the United Kingdom wishing to make an application to invest in the Fund to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith.

This Information Memorandum will be distributed to fewer than 150 persons other than qualified investors per EEA state and is an exempt offer to the public under section 85 FSMA. Accordingly, this Information Memorandum does not constitute an approved prospectus.

The Fund is a non-readily realisable security and, as a direct offer financial promotion, this Information Memorandum can therefore only be communicated to the following category of persons:

- An existing client of a financial adviser regulated by the FCA which has advised that the Fund is a suitable investment for them in accordance with FCA Conduct of Business ("COBS") rule 9;
- A person who meets the requirements for being a professional client in accordance with COBS rule 3.5;
- A person who qualifies as a certified high net worth individual in accordance with COBS rule 4.7.9;
- A person who qualifies as a certified sophisticated investor in accordance with COBS rule 4.7.9;
- A person certified as a restricted investor within the meaning of COBS rule 4.7.10.

Other regulatory disclaimers

Investors should not regard the contents of this Information Memorandum as constituting advice relating to legal, taxation, or investment matters, and are advised to consult their own professional advisors before contemplating any investment or transaction.

Investors' money subscribed to the Fund will be committed to investments, which are of a long term and illiquid nature. The companies in which the Fund invests are highly unlikely to be quoted on any regulated market at the time of initial investment and, accordingly, there will not be an established or ready market for any such shares and the Manager may experience difficulty in realising them (for value or at all). The Information Memorandum contains certain information that constitutes "forward-looking statements" which can be recognised by use of terminology such as "may", "will", "should", "anticipate", "estimate", "intend", "continue", or "believe" or their respective negatives or other comparable terminology. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements.

No responsibility or liability is accepted for any loss or damage howsoever arising that you may suffer as a result of this Information Memorandum and any, and all, responsibility and liability is expressly disclaimed by the Manager, the Investment Team, Newable, Newable's group of companies, and its subsidiaries, directors, shareholders, partners, officers, affiliates, employees, advisors and agents.

Enterprise Investment Scheme ("EIS") funds, such as this Fund, are structured as a discretionary portfolio management service, falling within the FCA's expanded definition of a "Retail Investment Product" and Financial Advisors should consider this before giving advice.

The Manager reserves the right to update this Information Memorandum from time to time.

Prospective investors should note that the Fund is an 'alternative investment fund' (or "AIF") for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) ("AIFMD"). It is not a collective investment scheme within the meaning of section 235 of the FSMA 2000 nor a non-mainstream pooled Investment. The Fund will, however, constitute a collective investment undertaking within the meaning of the Markets in Financial Instruments Directive ("MiFID") and, by virtue of the exemption for collective investment undertakings and their managers in Article 2.1(h) of MiFID, the Fund (and the management by the Manager thereof) falls outside the remit of MiFID.

The Manager is an alternative investment fund manager ("AIFM") for the purposes of AIFMD. Prospective investors' attention is drawn to the fact that the Manager is exempted from the AIFMD pursuant to article 3(2)(a) of the AIFMD (the so-called "de minimis exemption"). Therefore, prospective investors shall not benefit from any rights from the AIFMD, nor will the Manager comply with any obligation thereunder, except to the extent provided under article 3(2) of the AIFMD. Notwithstanding the foregoing, the Manager may in the future be required (or elect) to comply with AIFMD, in which case the information regarding the Manager's (as applicable) compliance with AIFMD will be made available to investors. Nothing herein should be construed as an offer or solicitation or as marketing of any AIF in the EEA save in circumstances where such an AIF is permitted to be marketed in accordance with AIFMD (and the laws and regulations implementing AIFMD in any EEA member state).

Taxation disclaimers

The information contained in this Information Memorandum makes reference to the current laws concerning EIS Income Tax Relief and Share Loss Relief (together, the "EIS Reliefs"), Capital Gains Tax Reinvestment Relief and the Capital Gains Tax Exemption (together, the "CGT Reliefs"), and Inheritance Tax Relief ("IHT Relief"). These levels and bases of relief may be subject to change. The tax reliefs referred to in this Information Memorandum are those currently available and their value depends on individual circumstances. It is intended that the Fund will invest in companies, which are "qualifying companies" for the purposes of the EIS regime set out in the Income Tax Act 2007 (ITA). Once the Fund has invested a minimum of 90% of the Fund's capital, it is envisaged that the appropriate EIS Compliance Certificate will be issued to investors which will enable them to claim EIS Income Tax Relief and/or CGT Reinvestment Relief in respect of that qualifying investment. There is no guarantee however that EIS Reliefs or CGT Reliefs will be available on any investments made by the Fund or that if it is initially available it will not be subsequently withdrawn. Any reference to tax laws or rates in this Information Memorandum is based on current legislation, all of which is subject to change and provided as a guide only. Tax treatment depends on each individual's personal circumstances and may be subject to change in the future. Prospective Investors are advised to take their own taxation advice and should consult their own professional advisors on the implications of investing in the Fund.

Previous Investments and Recommendations

Past specific investment recommendations have been selected for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations. Investment examples are used in this Information Memorandum to highlight the Investment Team's process. The investments have been selected based on their relevance and not based on performance. There is no guarantee that future Investments will be successful.

Welcome to our EIS Scale-Up Fund 3

The Fund seeks to leverage Newable's unique corporate infrastructure to invest in knowledge intensive companies at the scale up growth stage.

Key facts

FUND STRUCTURE

Evergreen Fund model with no final termination date

TARGET RETURN

20% IRR/3x Capital

TARGET PORTFOLIO

7-10 early stage knowledge intensive companies per subscription

FEE

Initial subscription fee of 2% for advised/4% for non advised clients
Management fee of 1% plus VAT for first year only. Performance fee of 20% with a 1.1 hurdle

TARGET TERM

12 -18 month deployment cycle per subscription
5-8 years for target exits

Newable is a leading provider of serviced office, advisory, lending and equity solutions to some 12,000 SMEs per annum. Benefitting from the expertise of circa 220 professionals, the Newable Scale Up Fund 3 has a unique infrastructure from which to originate, undertake due diligence, execute, support, monitor and ultimately exit investments.

Newable is independently recognised as one of the UK's leading investment networks and draws on a 35 year track record (bolstered by the acquisition of London Business Angels in April 2017) as well as long term partnerships with the U.K. government and business community.

The EIS Scale Up Fund aims to provide investors with a diversified portfolio of 7-10 knowledge intensive companies, offering investors exposure to an exciting asset class without the need to stock pick and commit management time.

Risk is mitigated through a selection methodology and due diligence built around Newable's +500 strong investor group as well as by leveraging the Enterprise Investment Scheme for early stage investments

Investment Proposition

The Fund will target the funding gap that exists for companies which have de-risked their technology, developed traction with customers and now seek funding to scale their commercial operations. The Fund aims to provide investors with a diversified portfolio of 7-10 qualifying companies per investment.

Preliminary investment profile

- Management team: High calibre, committed, track record of scaling and exiting businesses
- Technical; significantly mitigated through product development and previous funding
- Commercial: Evidence of revenue generation
- Large addressable market in the UK and where appropriate, globally
- Evidence of scalable business model (typically with a B2B focus) with a growing and predictable revenue stream

Company Specific Factors:

- Sustainable competitive advantage
- Competing on value rather than price; evidenced by increasing customer productivity

Use of Scale-Up Funds

- Investments made by the Fund are targeted to support a Company's organic growth and development.
- Value is generated by growing the revenues, customer base and where necessary, recruiting suitably qualified employees.
- We anticipate that money invested by the Fund is not used to solely fund pre-existing working capital commitments.

Lead Investors & Board Representation

The Fund aims to invest in Qualifying Companies alongside a Lead Investor with sector specific skills. They will normally join the Investee's Board as a director or alternatively act as a Board Observer post-investment. Previous Newable EIS Funds have co-invested alongside industry leaders and successfully cashed out entrepreneurs with the experience to suggest that they can add significant value to investees.

Post-investment Support

Scaling businesses need support; the Newable team aims to support portfolio companies in business development, H.R and future fundraising activities.

We are able to potentially access resources including Office Space, Grant Writing and Export Advice provided by Newable.

We can demonstrate a track record of helping companies obtain non-dilutive Grant Funding as well as Co-investment from both our Investor Network and Co-investment Partners. Operationally, we have helped portfolio companies to source new CEOs who are considered more suited to delivering the next stage of growth.

Risk Management

Managing the risks associated with early-stage investing sits at the heart of our Fund and we deploy various techniques to assess the core risks of each Company we invest in.

- Diversification: Good ideas can fail. A primary goal of the Fund is to diversify away some firm-specific risk. We do this by investing in a portfolio of Qualifying Companies across a range of sectors.
- Track record & cultural fit: Ultimately we are backing a Management Team to deliver a given business plan. We assess not only their track record and qualifications but also how well they will gel with our syndicate.
- Commercial vs. Technical Risk: The Fund targets investment where the majority of the risk relates to scaling operations and growing revenues.

Post-investment monitoring

We monitor the progress of portfolio companies post-investment. We speak with Company Management and Lead Investors to review performance against budget and strategic plans on a rolling six-month basis. Our Investment Agreements contain provisions requiring portfolio companies to provide regular management information. Where possible, we will consult with a syndicate of Investors who may nominate one of their members as a Board Director/ Observer.

Investment Approach

We offer investors access to the knowledge and investment skillset that we have developed by being technology sector focussed.

The sectors in which we specialise provide particular opportunities created through the emergence of the fourth industrial revolution.

This expertise, combined with the strong analytical skillset across our Investment Committee and Investor Network leads, we believe, to a competitive advantage for the Fund.

Electronics: Hardware, Components & Firmware

Market Fundamentals

Large addressable market of circa £16bn in the UK alone. Innovations in this sector will be deployable across industries and geographies providing an opportunity for enhanced growth and reduced sector specific risk.

Investment Opportunities

Product innovations focus on semi-conductors and telecoms including 5G. Innovations often target Industrial level processes including energy, power generation and mobile networks.

Example Investment: Blu Wireless Technology

A leading Silicon IP systems provider for next generation high bandwidth 5G communication systems: Revenue CAGR of 93% since Newable raised a £10m round in 2017 including a strategic corporate investment from ARM holdings.

Med-Tech: Devices & Diagnostics

Market Fundamentals

Demands for healthcare and related technologies are currently underpinned by an ageing population in Western Economies and a growing middle class in developing countries. With £21bn of revenue, the UK market is the third largest in Europe and offers potential for consolidation and growth; 98% of the 3,500+ companies in the sector are classified as SMEs.

Investment Opportunities

We consider investments in analytics, devices and diagnostics that target large scale market sectors. Product innovations include: Diagnostic devices and medical software, Bio-technology, Stem cells and regenerative tissue technologies, Cell and gene therapy such as Genomics (CRISPR and DNA data storage).

Example Investment: Sphere Fluidics

Commercialising a biochip system with single-cell analysis technology to accelerate the pace and quality of high-value biological discoveries. Revenue CAGR of 158% since initial investment. Raised £4m from investors including Enplas Europe in 2017.

Automation: AI, Data Science, Cyber

Market Fundamentals

The digital economy in the UK has grown 30% in the past five years and contributes around £97bn to the UK economy. In 2016 the UK attracted £28bn of investment compared to £11bn and £10bn for France and Germany respectively.

Investment Opportunities

Cyber and AI technologies can be deployed across companies with a heavy on-line presence including Finance, Insurance and on-line retailers. Cloud, Software and Platform innovations offer opportunities in a range of sectors from Education to asset management tools for Infrastructure companies.

Example Investment: Benivo

Technology led relocation service company used by Corporates when relocating staff to new territories. Raised in excess of £7m since Newable first invested in 2015 with 2017 Revenues of £500k.

Space: Downstream Data Technologies

Market Fundamentals

The UK Space industry has shown impressive growth in recent years. Revenues surpassed £13bn in 2015 of which £5bn were exports, £12bn were for downstream products indicating a number of consumer ready applications.

Investment Opportunities

Newable has established relationships with leading Space Agencies in the UK including the European Space Agency. This has supported our pipeline and analytic resource in an increasingly growing UK industry. Technologies across GPS Data-mapping and AI image analysis of satellite data are leading to significant operational enhancements and reducing monitoring costs across industries including AgriBusiness, Forestry and Utilities.

Example Investment: Rezatec

The Scale-Up Fund 2017 made its first Space Tech investment in 2017. Rezatec provide users with a powerful mapping tool to help manage assets spread over large areas. Clients operate in sectors including Agriculture, Forestry and water pipeline management. Rezatec generated revenues of £1.7m in 2017.

Track Record & Exit Strategy

Our Funds have been active since 2010.
We have demonstrated a favourable return profile and low investment failure rate relative to traditional venture funds.

Since 2010 we have launched Funds with a clear sector focus and we have developed a skillset around assessing the risk-reward profile of knowledge intensive companies and their chances of success. This skillset can be measured by both our low failure rate relative to traditional early stage venture funds and the potentially attractive returns that are enhanced by the current EIS Tax incentives.

Strategic Corporate Investments

Successful selection of these Investments is increasingly being evidenced by the Companies obtaining investment on attractive terms from significant trade investors. Finance from trade investors is potentially more valuable than from financial investors because of the operational benefits and synergies it brings. There is also the opportunity to convert these Strategic Investments into exit opportunities. Examples of trade investors include Sony, ARM Holdings and RWE Group.

Realisations and Terminations

The Fund will endeavour to realise Investments whenever it is commercially prudent to do so. The net proceeds of all realized Investments are returned to Investors after deduction of: (a) The costs of realisation, and (b) The carried interest (subject to the Threshold being achieved). Any Investments which have not been realised by the fifth anniversary of the subscription may be transferred to the Investors at the discretion of the Manager. Any holdings transferred back to individual Fund investors will still be subject to carried interest.

Higher return, lower failure rate

Since launching our EIS funds in 2010, we have invested in 46 separate portfolio companies. We have been able to achieve an annual rate of return of 33% (net of initial EIS tax relief) with a current investee failure rate of 21%.

Comparing performance across early-stage investment funds in the UK can be challenging given the variety in reporting practices across the industry. A recent report in the FT adviser reported that Venture Capital Funds (VCTs) have returned 8% per year by share price total return over the past 10 years¹.

One of the principle benefits of investing in a fund is diversification; helping to protect investors from company failures by spreading their investment across a range of companies. Our failure rate of 21% compares favourably with early-stage failure rates in London of around 50% since 2013².



¹www.ftadviser.com/investments/2017/03/01/vcts-return-82-over-past-decade/

²Early-stage failure rates as reported by the FT.com, 2017
www.ft.com/content/e3c745c4-88d8-11e7-afd2-74b8ecd34d3b

³Returns are based on IRR calculated as at 31 December 2017 and are net of initial EIS tax relief. They include both realised and unrealised returns. Returns exclude our 2017 Scale-Up Fund which is still in its investment cycle.

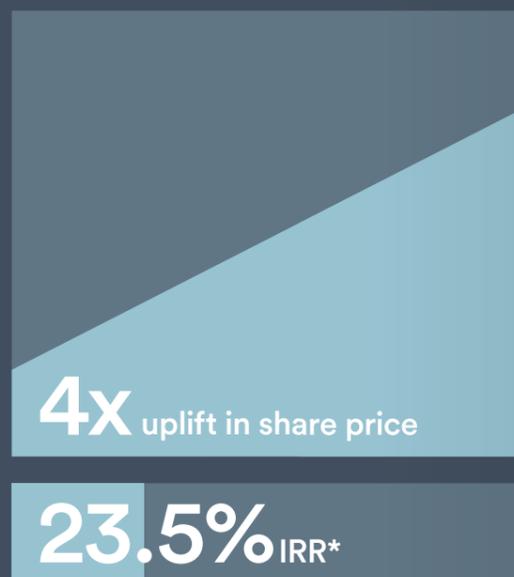
Portfolio highlights

ContactEngine

ContactEngine improves the key interactions between corporates and their customers, ensuring that crucial moments such as sales, deliveries and appointments are executed with precision and minimum effort. ContactEngine is a SaaS platform that automates the conversations between corporates and their customers. The platform facilitates conversations with customers via their choice of device. ContactEngine is a key part of the digitisation of the customer journey, automating previously manual call-centre activity.

Clients include Sky, British Gas and Virgin Media.

In 2017, the Newable EIS Roundtable Fund 2009 made a partial secondary exit of its stake in ContactEngine, with the share sale representing a positive return for fund investors.



Hopster

Hopster combines award winning kids TV shows, fun and educational learning games and classic nursery rhymes in a safe and ad-free environment. The ideal app for pre-schoolers, it is already trusted by over 600,000 families. One single subscription lets kids play and explore at home and on the go with downloadable, offline videos and games. The app is targeted at 2-6 years olds and is available in over 35 countries.

Revenue is generated via a monthly subscription model and they have achieved revenue CAGR of 339% since Newable first invested in 2013.

In 2016 they raised a £2m strategic corporate investment from Sony Pictures Television.



BluWireless Technology

BluWireless Technology is a leading Silicon IP Systems Provider for high bandwidth communication systems. Their range of Systems provide the key technology required by the semiconductor market to create 5G infrastructure products and technology to access digital content for electronic devices. Their IP Systems provide an advantage to leading technology companies who cannot or do not want to develop such technologies themselves to deliver a timely and cost effective product to market.

Revenue CAGR of 93% since Newable first invested in 2013.

BluWireless raised a £10m round in 2017 including a strategic corporate investment from ARM holdings.



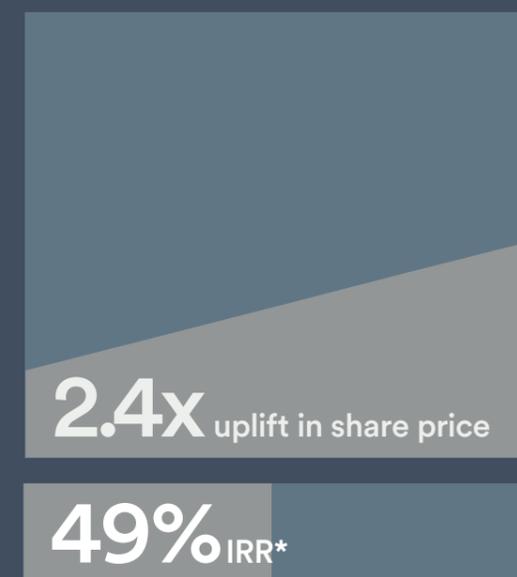
Benivo

Benivo is a platform that enables companies to relocate new and existing hires globally.

Employers using Benivo have the ability to offer employees various support services including finding accommodation and accessing local services when they relocate to a new location.

Clients include Google, NHS, Bloomberg and Vodafone.

Based in London they now provide their services in over 100 locations globally and rebranded to Benivo in 2017.



*All IRR calculations are inclusive of initial EIS tax relief

The Team

The Newable Team has over 110 years of combined investment experience with a track record of making successful investments across the Innovation and Technology space.

The team is supported by three Analysts who screen pipeline and analyse potential investments.

We draw on broader Group resources across a range of disciplines including Grant Writing Services, Export Services, M&A and Business Development.

Investment Committee



Hitesh Thakrar, Chairman

Venture Partner at Syncona. Previously top rated Innovation Fund Manager in global equities for Abu Dhabi Investment Authority (ADIA) and New Star Asset Management. Degree in Chemistry, King's College, London, MBA Cranfield and CFA Charterholder. Innovation fellow at Cambridge University.



Anthony Clarke, Director

Co Founder/Director of £30m Seraphim Capital VC Fund and £67m Seraphim Space VC Fund. Co Founder and Past Chair of UK Business Angels Association. President Emeritus of European Business Angel Network. Qualified as a Chartered Accountant and Chartered Secretary at Deloitte Haskins & Sells (now PWC).



Charles Breese, Director

Director at Larpent Newton. Director of Hygea VCT and developer of SmartCo investing. Previous Director at Octopus Investments. Following qualifying as a Chartered Accountant (CA), he worked for KPMG for 13 years.



Alex Sleigh, Investment Director

Responsible for overseeing investments across the Fund, having been involved in over 50 Investments since joining in 2011. MA (Hons) in Economics and Modern History from University of St. Andrews and Masters in General Management from Vlerick Leuven Ghent Management School, Belgium. 'Investor in Residence' at King's College, London.



Michael Walsh, Managing Director and Newable CFO

Mike provides strategic financial support across the business and previously managed over £300m of VC investment funds. Mike has worked for some 30 years in financial services and qualified as a CA from PWC.



Rita Dhut, Investment Adviser

25 years of varied award winning investment experience at asset managers such as M&G and Aviva Investors. On several boards and investment committees including The Girls Day School Trust.

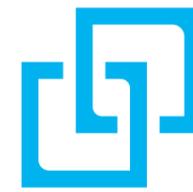


Dan Hayes, Investment Adviser

Previously a senior fund manager at ADIA and an active angel investor with over 30 years of investment experience

The Newable Advantage

The Group is a leading provider of business services to UK SMEs helping them start, scale and internationalise. This means we are well placed to support portfolio companies post investment.



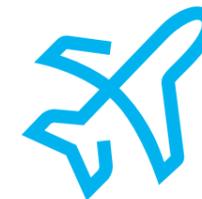
Co-investment Partnerships

Our partnerships offer the potential to raise additional funds. This gives us more leverage to negotiate and close deals quickly. In total, we have raised over £9m in co-investment in 5 years across our Fund investments and for Companies who present to our Investors.



Grant Writing Services

We have MoUs in place with leading grant agencies and grant writing consultancies. We have raised over £15m in Grant Funding for over 40 knowledge based Businesses since 2015. Grants provide investors with the comfort of independent validation and businesses with non-dilutive investment



International trade advice

We are one of the Department for International Trade leading Delivery Partners being solely responsible for the London and South East regions. Last year we helped over 7,400 businesses increase their exports and 1,200 start exporting for the first time.



Innovation consultancy

We work with Innovate UK and Enterprise Europe Network and last year helped develop the innovation capability, IP and overseas connections for 1,100 business through fully funded programmes.



Debt funding

We are one of the UK's leading providers of Responsible Finance. Whilst debt funding won't suit all growing businesses, we are able to provide funding once certain lending criteria have been met.



Serviced Office Space

Newable owns Citibase PLC, a leading provider of serviced office space to SMEs across the U.K.

Deal Flow

Newable curates one of the most comprehensive and sophisticated deal flow eco-systems in early stage investing. This eco-system yields around 1,500 investment opportunities every year. Company meetings and product demonstrations then follow to arrive at around 70 investment cases that are put before investors at regular Company Presentation Events.



General

Investor Presentations

Formerly known as the LBA, we continue to build our reputation as a leading partner for Start-Ups seeking investment. Over 150 companies have presented to our Investors in the past three years, collectively raising over £100m.

Private Investor Group

Many of the companies we meet come from our extensive network of 500+ investors, many of whom are serial investors and have sector relevant contacts and knowledge.

University Affiliates

We have established productive relationships with leading universities including Oxford, Cambridge, Imperial College London and King's College London.

Programmes

Angels in MedCity

Over 40 companies have presented to our AiMC investor group over the past 2 years. These companies have collectively gone on to raise over £13m.

UK Space Tech Angels

Launched in conjunction with the £67m Seraphim Space Fund this programme provides direct access to cutting edge space technology companies.

Angels in the City

Over 170 companies have presented to our AiTC investor group over the past 5 years. These companies have collectively gone on to raise over £174m

Funding Partners

Angel CoFund

£100m Angel Investment Fund supported by the British Business Bank. We are the most active partner, having co-invested c £5m with our EIS Funds in 12 companies across a range of sectors.

London Co-Investment Fund

The most active partner and managing a £3.5m discretionary allocation we have together completed 30 investments over the past 2 year

Newable's Group

Working with Innovate UK, The Newable Group provided innovation consultancy to over 1,100 early stage tech companies in 2016.

Investment Guidelines

Our heritage dates back over 35 years.
Our core values of collaboration and transparency
underpin our approach to investment.

Investment Guidelines

Once invested in the Fund, we provide voting rights and co-investment rights to help investors build and shape their portfolio.

Subscriptions – The Fund is an evergreen structure and will accept subscriptions on an ongoing basis. When you invest, you appoint the fund manager to invest in companies and manage those investments on your behalf, on a discretionary basis. The fund may be closed for new subscriptions at any time.

Investment Amount – The minimum investment into the Fund is £20,000. There is no maximum. However, under current legislation the maximum amount of EIS Qualifying Investments on which individuals can claim income tax relief in any tax year is £2 million. This can typically be claimed in the tax year the investments were made or carried back to the previous tax year. There is no maximum amount on which CGT deferral relief and IHT relief can be claimed.

Fund Deployment Cycle – The fund manager intends that each subscription is fully invested in no less than 5 companies over a 12-18 month investment period

Voting Rights – We like to maintain close ties with our investors once they have participated in our Fund. Given the wealth of knowledge within our Investor group we often consider their opinion on a particular prospect. We do this by giving each investor the right to vote on prospects the Investment Committee are considering. Each investor has the right to vote on each Fund prospect (1 vote per £5k invested, capped at 20 votes).

Co-Investment Service – Investors investing in the Fund will have the opportunity to invest additional funds pari passu alongside the Fund via a nominee structure.

Future Investors Scheme – Newable is keen to attract younger investors who are either sophisticated or high net worth to the venture asset class, but constrained by high minimum investment barriers. To address this, we have introduced the Future Investors Scheme, whereby investors between 18 and 40 years old can invest on the same terms as other investors in the fund, but with a minimum Subscription of £5,000.

Fees

Our Fee Structure is open and transparent with no surprises for Investors.

Fee summary

- Initial subscription fee of 2% for advised / 4% for non-advised clients.
- Annual management fee 1% plus VAT for the first year of the Fund only.
- Performance fee of 20% with 1.1x hurdle across the Fund.

Initial Charges and Set-Up Costs –

Application fee: 4% of the subscription amount as at the Closing Date, and will be deducted from the subscription monies. This fee will cover the incurred time and costs of setting up the Fund.
Management Fee: 1% plus VAT is charged in the first year of the Fund only.

Compliance charge: £30 will be charged upon receipt of individual applications (charge per application) to cover anti-money laundering compliance costs. The Administrator and Custodian will not charge the Fund an annual fee as its charges will be met by Newable from the monitoring fees charged to Portfolio Companies and Newable will be responsible for paying the cost of these charges.

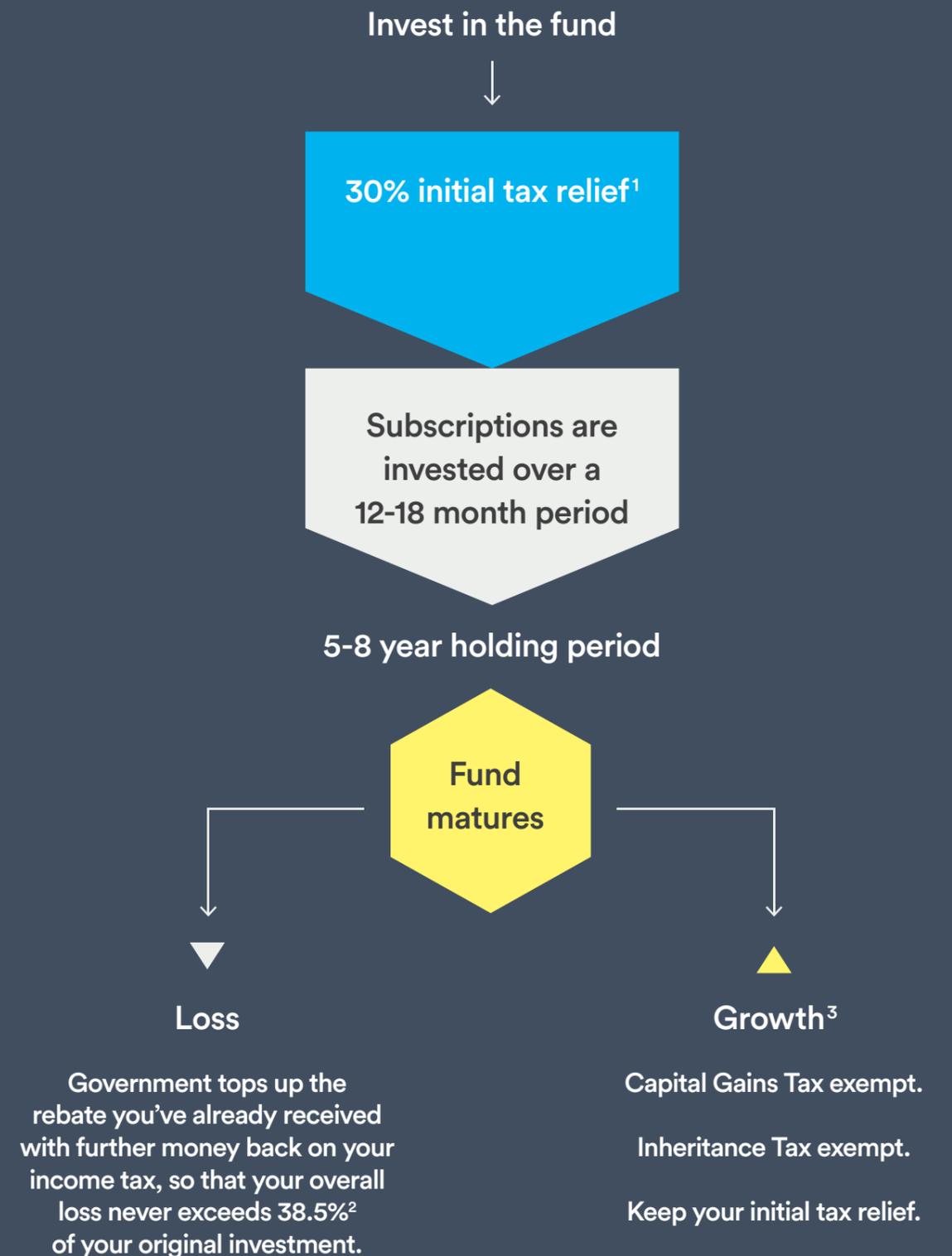
Performance Fee – In order to align interests between Newable and Investors, no performance incentive is payable until Investors receive cash proceeds equal to 1.1x of the total invested in Qualifying Companies. The performance incentive will then be payable at a rate of 20% of the exit proceeds above a 1.1x hurdle. This performance incentive may be payable as a fee or by way of proceeds from equity in a Qualifying Company.

Dealing Charge – Investors in the Fund will pay the Administrator and Custodian a commission on each purchase and sale transaction of the underlying Investments at the rate of 0.25% of the value.

Re-registration Fee – Although there are no charges for changes within the Administrator and Custodian's nominee, the Administrator and Custodian may charge a re-registration fee of £30 to investors per holding if an Investment is to be transferred out of the nominee's name (for example, upon termination or in the event of a transfer to the nominee of a new Administrator).

Enterprise Investment Scheme

The Enterprise Investment Scheme (EIS) is the Government's mechanism to encourage investment in early stage, innovative and high growth potential businesses. The scheme is designed to help fill the funding gap between seed and Series A by offsetting some of the associated risks with a range of significant tax rebates and benefits. We aim to invest in EIS Qualifying Companies.



¹ Assumes sufficient tax paid in either the current or previous tax year

² 38.5% maximum loss figure is based on 45% income tax rate with sufficient tax paid in either the current or previous tax year to reclaim any losses.

³ Investments do not attract inheritance or capital gains tax as long as the terms of the EIS and relevant IHT rules are met.

Enterprise Investment Scheme Illustration

We have provided a simple overview of how the EIS scheme works for a higher rate tax payer (45%) under three returns scenarios. Ultimately, EIS investors need to consider the following two key concepts. For a 45% taxpayer, losses on eligible EIS investments are capped at 38.5%. In terms of gains, for Qualifying Investments there is no CGT payable upon exit once the shares have been held for three years. Investments are IHT exempt once they have been held for a minimum of two years at the time of death.

Investment	Fails	Break Even	Returns 3 x capital
Initial Investment	£10,000	£10,000	£10,000
30% initial tax relief (occurs in the year of investment)	£3,000	£3,000	£3,000
Net investment	£7,000	£7,000	£7,000
Investment Performance	Company fails at any point after investment	Company is sold after a three-year holding period for £10,000	Company is sold after a three-year holding period for £30,000
Loss relief (occurs in the year of failure only)	£3,150 additional tax relief on initial investment	None	None
Return breakdown	Loss of £3,850 after loss relief plus initial tax relief 30%	Profit on investment of £0 plus £3,000 from earlier tax relief	Profit on investment of £20,000 plus £3,000 from earlier tax relief
Total Invested	£10,000	£10,000	£10,000
Cash receipts from sale	£0	£10,000	£30,000
Total loss/profit	-£3,850	£3,000	£23,000
CGT Relief Min 3 year holding	n/a	n/a	100%
IHT relief Min 2 year holding	n/a	100%	100%

The above illustration assumes the investor is eligible to claim both the initial tax relief, loss relief and that the terms of the EIS have been met.

Example EIS returns

Scenario 1

Portfolio Companies	A	B	C	D
Investment	£25,000	£25,000	£25,000	£25,000
Income tax relief (30%)	£7,500	£7,500	£7,500	£7,500
Net cost of Investment	£17,500	£17,500	£17,500	£17,500
Multiple	0x	0x	0x	2x
Return	-	-	-	£50,000
Loss relief*	£7,875	£7,875	£7,875	-
Return from Investment/Loss Relief	£7,875	£7,875	£7,875	£50,000
Portfolio				
Net cost of investment				(£70,000)
Total return				£73,625
Net profit				£3,625
Return as a % of capital outlay				5%

* Assumes a 45% tax rate and rules of HMRC EIS eligible investments are met

For example, an individual, who pays the highest marginal tax rate (45%), decides to invest £100,000 within a fund invested in four portfolio investee companies. These investments are held for the minimum three year period, and the individual receives a 30% income tax relief in respect of each investment.

Based on currently enacted tax rates and legislation, if three out of four companies fail, yet one returns a 2x multiple, the overall portfolio returns 5%. For a 45% taxpayer, losses on investment are capped at 38.5%. In terms of gains, there is no CGT payable upon exit once the shares have been held for three years.

Scenario 2

Portfolio Companies	A	B	C	D
Investment	£25,000	£25,000	£25,000	£25,000
Income tax relief (30%)	£7,500	£7,500	£7,500	£7,500
Net cost of Investment	£17,500	£17,500	£17,500	£17,500
Multiple	2x	3x	4x	0x
Return	£50,000	£75,000	£100,000	-
Loss relief*	-	-	-	£7,875
Return from Investment/Loss Relief	£50,000	£75,000	£100,000	£7,875
Portfolio				
Net cost of investment				(£70,000)
Total return				£232,875
Net profit				£162,875
Return as a % of capital outlay				233%

* Assumes a 45% tax rate and rules of HMRC EIS eligible investments are met

Following Scenario 1, if three of the four companies return, 2x, 3x and 4x multiples respectively and one completely fails, the portfolio will return 233%. Again, there is no CGT payable upon exit once the shares have been held for three years. In both scenarios, Investments are IHT exempt once they have been held for a minimum of two years at the time of death.

The Scenarios presented above are for purely illustrative purposes and based on currently enacted tax rates and legislation. They should not be relied on to predict actual returns. They should not be considered as an indication of the future performance of investee companies in which the Fund will invest. All fees expenses and carry have been excluded from the calculations for simplicity. Fees and carry will reduce the return on investment.

Investing in the Fund: Step by step

Application

Once you have decided to invest you will need to complete your application on our website: newable.co.uk/private-investing. The fund is an evergreen fund open to investors all year round.

Investing

Over a 12 -18 month period the Fund aims to invest in a diversified portfolio of 7-10 knowledge intensive companies.

Claim tax relief

An EIS 3 form is distributed to each investor on a per investment basis. You will need to submit this form to HMRC to claim your initial tax relief, if eligible.

Investment exit

Capital is returned to Investors as realisations are made.



Opportunities Shared

You will receive information on the companies that are being considered for investment and you will have the opportunity to vote on each potential investment.

Investment reported

We share a Fund valuation report twice a year with each investor. The report includes a valuation and performance update for each of the portfolio companies. We adhere to accepted BVCA methodologies when performing the valuations.

Legal Structure

All subscription monies will be held by the Administrator and Custodian in one or more segregated, pooled client bank accounts, with trust status.

Newable screens investment opportunities derived from:

- Companies selected to present at our regular investor presentations.
- Management's cumulative 80 year investment experience, providing access to deals from their wider investment networks.
- Co-investment partners, which include the LCIF, ACF and other notable Venture Capital Funds, HNW's and family offices.
- Newable's strong and established connections with major university affiliates.
- Newable's wider services and venture partner networks.

Fund Investors decide by a Qualified Majority whether they wish to take forward investment proposals, having considered a summary of the Heads of Terms for the proposed investment round. Subject to a successful vote, Newable will liaise with investors and the proposed Portfolio Company to determine terms and conduct due diligence alongside other new investors. Fund investors will also have the opportunity to co-invest alongside the Fund.

The Manager sanctions Investments following a due diligence review which typically includes interviewing the proposed lead investor, and the Manager then authorises the Administrator and Custodian to release funds for each Investment. There is no minimum fund raise required to operate the fund. It is the aim of Newable and the Fund Manager to invest subscriptions within a twelve to eighteen month period from the date when the subscription was made. In the event that the Manager and the Newable agree that it is in the best interests of the Fund, they can roll over all un-invested funds after the initial eighteen month period for investment in the subsequent period. The Manager commits to investing subscriptions in no less than 5 companies.

The Manager aims to invest subscriptions in at least five Qualifying Companies with no more than 30% of subscriptions being allocated to any one company.

Newable, under the supervision of the Manager, will coordinate the investment process and all documents will be authorised by the Manager as attorney for the Investors for signature by the Administrator and Custodian.

All Investments will be legally owned by the Administrator and Custodian nominee on behalf of the Investors. The Investors will be the beneficial owners of the underlying Investments in each case with a specific number of shares allocated to each Investor in proportion to the amount of their subscription to the Fund. Shares will be allocated to Investors to the nearest round number to avoid fractional entitlements.

Proceeds will be returned to Investors as Investments are realised, after deducting the carry and fees where applicable. After five years, any residual shareholdings may be transferred to the Investors based on the outlook at this time, at the discretion of the Newable and Manager, acting in agreement. Investors will not be permitted to make withdrawals and all subscription monies will be fully committed to the Fund upon subscription (subject to any statutory cancellation rights).

The Newable will be entitled to remove the Administrator and Custodian, and the Manager by giving 180 days' notice respectively. In this instance, the Newable will seek suitable replacements.

Investment Risks

Investing in early-stage businesses is risky. Investors need to be comfortable with the level of risk to which they are exposed. Where appropriate investors should seek specific advice on tax and investment matters from suitably qualified advisors. Some of the key risks inherent in investing in early stage businesses are identified here.

Company specific risks

All investments carry an inherent failure risk and some businesses are riskier than others. It is always possible that your investments may fail or be sold at a substantial loss. As a general rule, most early-stage knowledge intensive businesses raising investment under the EIS will typically have very little in the way of fixed assets. Most of their valuation is attributed to a combination of supporting IP (where possible) and the belief in the Management team to deliver the financial forecasts. EIS companies are often dependent on a few key executives. Any changes to the leadership team can have a big impact on the success of the company.

Tax reliefs are not guaranteed

The rates of tax, tax benefits and allowances that are described in this Information Memorandum are based on current legislation and HMRC practice - these may change from time to time and as such, they are not guaranteed and are subject to the personal circumstances of the investor.

Qualifying investments are not guaranteed

There is no guarantee that sufficient investments in EIS companies will be made within the expected timetable, or at all. In addition, it is possible that the EIS companies may subsequently cease to qualify for EIS tax reliefs, in which case, the tax reliefs you receive could be delayed or lost.

Conflict of Interest Policy

Newable or the Manager may have a material interest in any investment within the Fund. They may also have provided within the previous twelve months, significant advice in relation to the investment concerned or a related investment.

Diversification

Diversification may not be achieved and investments may be in the same sector. As you will be investing in unquoted companies, the shares are illiquid and may be difficult or impossible to sell. It is therefore important to view the Fund as a medium to long-term investment of typically 5-8 years.

Dilution

Investments made by the Fund are also at risk of dilution if the investee company issues more shares in future funding rounds. However, it should also be noted that the dilution effect can be offset by having cash in reserve and an increase in the valuation of these companies.

Fund performance

The past success of any EIS investment or its manager is not an indication of the likely future performance of the investment you may be considering. There may be insufficient availability of quality investment opportunities for the fund manager.

Mitigating risk through portfolio diversification

Many investors lack the time or confidence to "pick a winner", or a portfolio of winners. Many have recognised that by investing in a Fund, investors are able to diversify their risk through exposure to a wider portfolio of companies. This allows Investors to spread their cash across a select group of start-ups that meet our strict investment criteria. Investors still need to ensure they are comfortable with the risk profile of a Fund investment and we would always recommend they engage suitable advisors to fully understand this.

Next steps

Thank you for taking the time to read about our EIS scale up fund 3.

How to apply:

Read this Investment Memorandum together with our Legal Agreement.

Discuss the opportunity with your intermediary or contact us directly.

Complete your Application online at newable.co.uk/private-investing.

www.newable.co.uk/private-investing

E: privateinvesting@newable.co.uk

T: +44 (0)207 089 2330

DEFINITIONS

ACF	Angel CoFund, whose registered office is at Foundry House, 3 Millsands, Sheffield, S3 8NHS
Administrator & Custodian	Reyker Securities PLC registered in England with company number 1747595 whose registered office is at 17 Moorgate, London, EC2R 6AR (or such other party as assumes the role and responsibilities of "the Administrator and Custodian" pursuant to the Agreement). FCA number 115308
Application	The Application that is described within these documents
AiTC	"Angels in the City" event that has been delivered in London by Newable since 2012
AIMC	"Angels In MedCity" initiative in partnership with MedCity and Angels 4 Life Sciences that has been delivered by Newable since 2012
CAGR	Compound annual growth rate
Carry	Carried interest; a share of positive returns on each investment made
CGT	Capital gains tax
Closing Date	Closing date for the Fund being the final date on which an application to the Fund will be accepted as stipulated in the Application
EIS	Enterprise Investment Scheme
FCA	Financial Conduct Authority, and any successors
Fund	"Newable EIS Scale-Up Fund 2018" as described in this Information Memorandum and constituted by the Agreement
HMRC Approved	Her Majesty's Revenue and Customs has reviewed the IM such that the Fund constitutes an "Approved Fund" (see page 21), subject to the Manager both investing in a minimum of four EIS eligible companies and 90% of the entire Fund being invested within 12 months of the Fund Closing Date
HNW's	High net-worth individuals
IHT	Inheritance tax
Investments	Investments in the Fund
Investors	Those persons who invest in the Fund
IRR	Internal rate of return
Legal Agreement	Agreement to be entered into amongst the Newable, the Administrator and Custodian, the Manager and the Investors relating to the Fund in the application
LCIF	London Co-Investment Fund, whose registered office is at 69 Wilson Street, London, EC2A 2BB
Manager	Larpen Newton & Company Ltd. registered in England and Wales with company number 1330622 whose registered office is at Steane Grounds Farm, Steane, Brackley, Northants, NN13 5NP (or such other party as assumes the role and responsibilities of "the Manager" pursuant to the Agreement)
Newable	Newable Ventures Limited ("Newable") registered in England and Wales with company number 10303336 whose registered office is at 140 Aldersgate, London, EC1A 4HY
Portfolio Companies	Companies which receive an Investment from the Fund
Qualified Majority	Two thirds majority of the Investors calculated on the basis that each investor shall have one vote for every five thousand pounds of subscription monies in the Fund, with each investor having a maximum of fifteen votes
Qualifying Companies	Companies that are potentially eligible for EIS relief from HMRC
Subscription	An investment made into the fund by an investor. The fund size is the aggregate of all subscriptions invested into the fund by investors
UKSTA	UK Space Tech Angels initiative delivered by Newable

Newable

newable.co.uk/privateinvesting
E: privateinvesting@newable.co.uk