



thesidebyside
PARTNERSHIP

THE SBS LATER STAGE EIS FUND

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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Application Forms are provided separately to this Information Memorandum.

Important information

This information memorandum (“Information Memorandum”) describes arrangements relating to The SBS Later Stage EIS Fund (the “Fund”).

The Fund will comprise Investments by Investors in Qualifying Companies selected and managed on their behalf by The SideBySide Partnership International Limited (“SBS” or “Side by Side Partnership”) and cash awaiting Investment. Each Investor, for legal and tax purposes, will be the beneficial owner of a specific number of shares in each Investee Company. As the Investments Manager, SBS will manage Investors’ shares and cash in accordance with the investment policy, objectives and restrictions set out in this Information Memorandum. Investment decisions will be made by SBS with the formal approval of Sapphire Capital Partners LLP (“the AIF Manager”) acting as the alternative investment fund manager (“AIFM”) and of the Investment Committee led by Mark Brownridge, its Independent Chairman.

The AIF Manager will act as the administrator for the Fund and also as the regulated AIFM for the Fund ensuring that the assets of all Investors’ Portfolios are managed as a whole in accordance with the Fund’s investment policy, operating procedures and investment decisions and in compliance with prevailing FCA requirements for alternative investment funds (“AIFs”). The AIF Manager is authorised and regulated by the Financial Conduct Authority (“FCA”) to act as a regulated investment AIF Manager and its FCA registration number is 565716.

This Information Memorandum constitutes a financial promotion in relation to the Fund pursuant to section 21 of the Financial Services and Markets Act 2000 (“FSMA”) and has been issued and approved by the AIF Manager. The Fund is a Complying Fund and so is not an unregulated collective investment scheme nor a non-mainstream pooled investment and therefore it is not subject to the marketing restrictions introduced by the FCA in respect of “non-mainstream pooled investments” and can be marketed to Retail Clients, though the investment opportunity described in the Information Memorandum is not suitable for all Investors as **your capital will be at risk if you invest in the Fund. Key risks are explained in section 6 of the Information Memorandum and should be carefully considered.**

The contents of this Information Memorandum are not to be taken as constituting advice relating to legal, taxation or investment matters and should not be relied upon for the purposes of making an investment or other decision, and your attention is drawn to the section headed Risk Factors in section 6.

If you wish to invest in the Fund through your financial Intermediary (whether advisory or ‘execution only’) you and your financial Intermediary should both complete the **Intermediary Application Form**. If you wish to invest directly (without an Intermediary) you will need to provide some information about your investment experience and financial circumstances by completing the **Direct Investor Application Form**. Application Forms are available on request from John Bailie who may be contacted as follows:

By Telephone on: +44 207 993 8686

By Email to: london@thesidebysidepartnership.com

By Post to: 17 Carlton House Terrace, St. James’s, London, SW1Y 5AS

Introduction letter from John Bailye

"...many of our [UK] innovative businesses are nimble, flexible and imaginative but do not grow to be substantial, big...[and]strong"¹.

The UK Government Industrial Strategy Paper 2017

Dear Investor,

It is my privilege to introduce the SBS Later Stage EIS Fund, focusing on established young, but potentially high growth companies. Historically, "fewer than one in 10 firms that obtain seed funding in the UK go on to receive later stage fourth round investment"² that is usually required to become 'substantial, big and strong' mainstream businesses. Our aim is to select, support and grow those few businesses we believe, by applying our expertise along with funding, will 'grow to be substantial, big and strong'.

Although ultimately lucrative, this transition of a company to mainstream markets is an unforgiving and demanding process. It requires significant operational and strategic insight and support in areas the management commonly has little or no previous expertise.

Those that complete this transition commonly are assisted by the active support from founders whose companies today are large and successful, and who have inherently managed this process and gained a rich mosaic of relevant operating expertise. I apply operational learning from having co-founded and assembled a team that built a billion-dollar³ business from start-up (formerly on Nasdaq: DRTE); turning around a hospital pharmaceutical company into a \$125 million sale; mentoring a management team as they transitioned to run rate of circa \$60 million⁴ in revenue; equally I apply learning from some failures, including losing painful sums of money in a company which I believe was subject to fraudulent management misrepresentation or the frustration of a promising subscription business that I would argue was sold prematurely as the challenges of transition became real.

This Fund will invest in successful later stage companies with an established customer base and revenue, led by driven teams who dream big, making this transition by applying the richness of our operating experience to mentor and guide the management teams through these significant challenges. Our approach is to have a high-touch engagement of at least two days a month mentoring each management team. Consequently, we will have a maximum of eight transitional companies in our Fund to ensure each has the necessary access to

¹ HM Government: Industrial Strategy White Paper (November 2017). Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730043/industrial-strategy-white-paper-print-ready-a4-version.pdf (Website accessed 28/02/2019). Page 62.

² The Guardian: Zombie startups: why are entrepreneurs failing to grow their businesses? Retrieved from <https://www.theguardian.com/small-business-network/2017/aug/07/zombie-startups-entrepreneurs-failing-grow-businesses> (Website accessed 28/02/2019). Article referring to the HM Treasury Financing growth in innovative firms Consultation (August 2017). Page 22.

³ Based on 10-K filing for Dendrite International, Inc. for the period to 31 December 1999. The one billion-dollar market capitalization is based on the average common stock price of \$29.79 for the four quarters to 31 December 1999 (see 10-K, page 9) and the basic shares used in computing net income per share of 37,725,000 (see 10-K, page 10). Retrieved from <https://www.sec.gov/Archives/edgar/data/880321/000095012300003013/0000950123-00-003013.txt> (Website accessed 28/2/2019).

⁴ Based on a run rate of circa \$15m in sales for a three-month period in 2018.

the expertise they need. Our investments could be over a longer period of four or more years to allow companies to complete their journey into their mainstream markets. Should we be successful helping companies in this transition, it is our experience that the rewards for all stakeholders can be rich.

Two final considerations:

1. Co-investment by the Side by Side Partnership: members of the Side by Side Partnership may independently co-invest our own capital in up to 10% of the Fund.
2. As our model is to build substantial businesses with significant value creation, our success fees do not commence until investors have received back at least 1.6 times their investment, reflecting the returns we believe are possible.

I hope you will be intrigued by this opportunity, and although it maybe your first introduction to the opportunities in later stage EIS investing, we feel assured others will follow because of the enormous value that can be created when a scale-up company becomes a commercial success.

John Bailye

Managing Director
The Side by Side Partnership



How to apply

- Read this Information Memorandum
- Complete the relevant Application Form

If you wish to invest in the Fund either:

- (i) you and your financial Intermediary should both complete the **Intermediary Application Form**,
or
- (ii) if you wish to invest directly (without an Intermediary) you will need to provide some information about your investment experience and financial circumstances by completing the **Direct Investor Application Form**.

Application Forms are available on request from John Bailye who may be contacted as follows:

By Email to: london@thesidebysidepartnership.com

By Post to: 17 Carlton House Terrace, St. James's, London, SW1Y 5AS

By Telephone on: +44 207 993 8686

If you need any assistance completing the Application Form or have any questions about the application process you should contact your Financial Adviser in the first instance. Additionally, you can contact John Bailye on London@thesidebysidepartnership.com or Boyd Carson on boyd@sapphirecapitalpartners.co.uk

Acceptances of applications to subscribe to the Fund will be restricted to: (i) investors whose financial Intermediary is able, to provide the assessment certificate within the Intermediary Application Form; and (ii) investors who invest directly (without an Intermediary) where they are able to provide information about their investment experience and financial circumstances by completing the Direct Investor Application Form which is sufficient to enable the AIF Manager to assess that an investment would be suitable for the Investor.

Accordingly, as any acceptance of an application is subject to a prior assessment of the Investor by their Financial Adviser or by the AIF Manager, this Information Memorandum does not constitute a direct offer financial promotion, that is, an offer which is capable of being accepted or an invitation to invest in the Fund which will be accepted by the AIF Manager, in either case on an unconditional basis, under FCA rules.

You have 14 days from the date upon which the Application Form is received by the Nominee in which to cancel your investment in the Fund. You may exercise this right of cancellation in writing and without fee or penalty. The Nominee shall return any Subscription(s) to an Investor who exercises this right of cancellation promptly and, in any event, within 30 days of the date the written notice of cancellation is received by the Nominee or the completion of its anti-money laundering obligations, whichever is the later.

Offer statistics and timetable

Fund Name	The SBS Later Stage EIS Fund.
Structure	An unapproved EIS Fund, which makes Investments into Qualifying Companies.
Maximum Fund Size	No maximum, as the Fund is an evergreen structure (subject to the absolute discretion of the AIF Manager).
Minimum Subscription	The minimum Investment per Investor of £25,000 (subject to the discretion of SBS and the AIF Manager to accept a lesser amount).
Investment Objective	The Fund will seek to invest in up to eight later stage Transitional Companies with an established customer base and revenue. In addition to the eight Transitional Companies in the Fund we may also, very occasionally, make small investments in a few earlier stage companies if we believe the management and strategic opportunity might mature to make them future Fund members. The Fund will seek to invest in a minimum of three Companies for each Investor. All companies will be Qualifying Companies that are located primarily in the UK or will qualify for EIS by having a permanent establishment in the UK.
Investments Manager, The Side by Side Partnership or SBS	The SideBySide Partnership International Limited Stag Gates House, 63/64 The Avenue Southampton, Hampshire, S017 1XS.
AIF Manager	Sapphire Capital Partners LLP 28 Deramore Park, Malone Belfast, BT9 5JU.
Target Fund Size	A target of at least eight Qualifying Companies (typically investing from £200,000 to £1,000,000 per company). It is noted that should an Investor make only one Investment into the Fund, they may as a result only be invested in fewer Transitional Companies and Foster Investments.

Duration

The expected life of an Investor's Portfolio in the Fund is eight years.

Targeted Returns

The targeted return after eight years is £3.70 for each £1 share (*i.e.*, 3.7 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. The targeted returns stated are net of all costs, performance returns and fees.

Multiple Closing Date

As the Fund is evergreen, the Fund can accept investments throughout 2019 and subsequent years, but the first Closing Date will be Friday the 31st of May 2019 (or such other date as the AIF Manager may determine at its discretion).

Please note that Investors who invest in the Fund later may not always be invested in the same Investee Companies as earlier Investors. Therefore, Investors may not hold shares in all the Investee Companies in which the Fund invests and earlier Investors will have different Portfolios from later Investors.

Follow-on Investments

This Fund may make follow-on Investments in Investee Companies to ensure Investee Companies are rewarded for growth.

Key features of the investment fund

Any references in this Information Memorandum to target returns are for illustrative purposes only and no forecast (guaranteed or otherwise) is implied nor should one be inferred. Projections may not be a reliable indicator of future performance. The value of investments in the Fund may fall as well as rise. No warranty as to future outcome is implied nor should one be inferred. Investors' attention is drawn to the information set out at the front of this Information Memorandum and the specific Risk Factors referred to in this Information Memorandum.

Although the SBS Later Stage EIS Fund is new, our specific experience and skills reflect many years of practical operations and commercialisation experience. We look to deliver superior returns on your investment by leveraging our deep operating experience to ensure we find young companies of promise with strong revenue growth records. Our goal is to guide them through the process of becoming a mature corporate entity that addresses the major commercial markets in their space, generally ten times larger than the market available in scale-up stage. Through all this, we aim to have contributed to the financial and management skills necessary to create great UK businesses.

We intend to create significant capital growth by investing in businesses with real potential based on the following criteria:

- A driven and ambitious management team.
- Businesses with significant growth records and at least one year (preferably two years) of revenue, in the scale-up stage.
- Strong customer endorsement of the product or service offered.
- A management team we believe we can help guide.
- Companies where basic governance has already been put in place.
- Companies where the founders must already have significant personal investments in the company (not just sweat equity) and be paying themselves modest salaries.
- Companies that are reasonably and fairly valued.

We will plan to use your Subscription to build a Fund of up to eight unquoted companies. The industries in which we invest are driven by the range of our previous investing and operating experience.

We look for opportunities based on the application of technology to a traditional task which is transformed as a result, and for which the customers perceive and agree the company's product or service offering can either solve the problem or create new opportunities.

Foster investments: In addition to the eight Transitional Companies in the Fund we may also, very occasionally, make small investments in a few earlier stage companies if we believe the management and strategic opportunity might mature to make them future Fund members.

Deal flow: Our deal flow is sourced from a wide variety of networks, including regional angel groups and family office connections.

Key points:

- We provide a high-touch model which means we are actively and regularly involved with every company we invest in.
- As an evergreen fund, we self-limit to eight Investee Companies simultaneously, reflecting our priority to meet the needs of each Investee Company. No second fund is planned or expected. Only when an Investee Company is exited or sold will we add in another Investee Company to our Fund.
- From our global alumni, we recruit the specific skills and experience necessary for our companies.
- Co-investment by the Side by Side Partnership: members of the Side by Side Partnership may independently co-invest their own capital in up to 10% of the Fund.
- As a selective Fund, each Investee Company must have the potential to be a winner. Hence, prospective exits are considered prior to the decision to invest and we must quickly exit an Investee Company if it is no longer likely to be a success.
- An extensive due diligence process, covering both prospective Fund companies and their customers. We may also use third parties to carry out investigations on the management teams.
- Attractive fee structures focused on success and intended to maximise investor returns along with rewarding early investor support.

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 £2 million for the 2018/2019 tax year provided that any amount over £1 million is invested in one or more “knowledge intensive” companies. Option to carry back to previous tax year providing the limit for that year has not been exceeded);
- **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).

Investor Services:

During the investment period, SBS and the AIF Manager will offer Investors feedback on the progress of the Investee Companies, including for example:

- A half-yearly investment report and quarterly reports available online at the SBS website.
- Investor events in which the Investors can meet a selection of the Investee Companies.
- Fund annual review. Investors will receive once per year an independent review of each Investee Company. Hardman & Co or an equivalent firm will assess Investee Company performance and compare these findings with the services conducted by SBS and the AIF Manager.

Risks

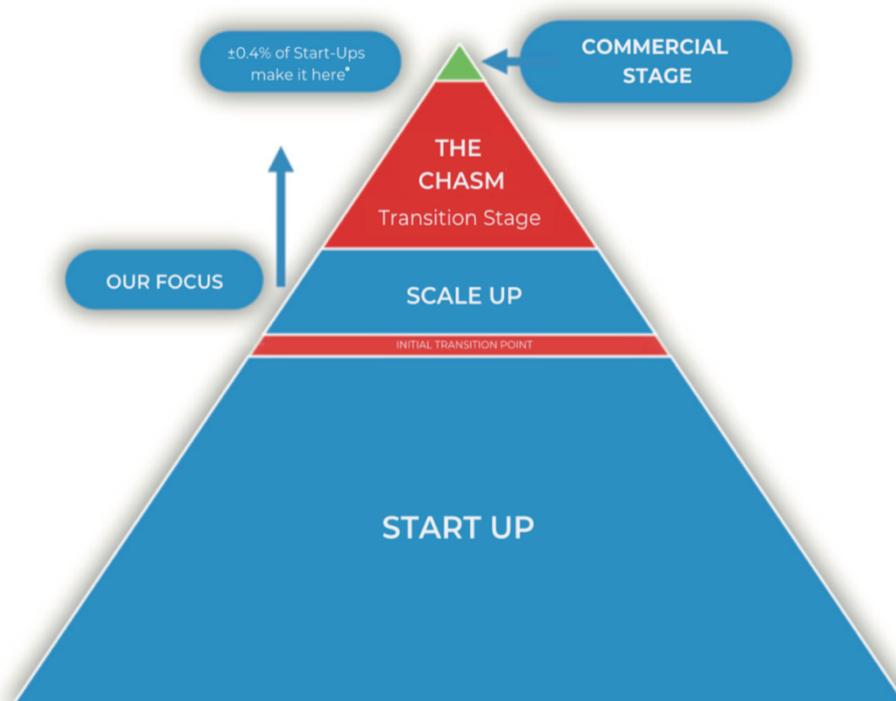
The attention of Investors is drawn to the information set out in the Risk Factors section of this document which sets out the principal risk factors associated with an investment in the Fund.

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 Company status.

1: Investment opportunity

The dynamics of growth are different in every company but there are universal risks and challenges shared by all as they transition from a development platform to a commercial footing.

For the first time in a young company's history, this challenge is not centric around a product/service related matter. It is the people, organisation, structure, financial and operating model that determines the likelihood of a company's success. It is also here where our Fund provides its added value, as we are focused on the people that govern a business and support them as the company journeys across to the mass market.



*The Economist: *Why British businesses don't scale up*. Retrieved from <https://www.economist.com/britain/2016/12/10/why-british-businesses-dont-scale-up> (Website accessed 01/02/2019).

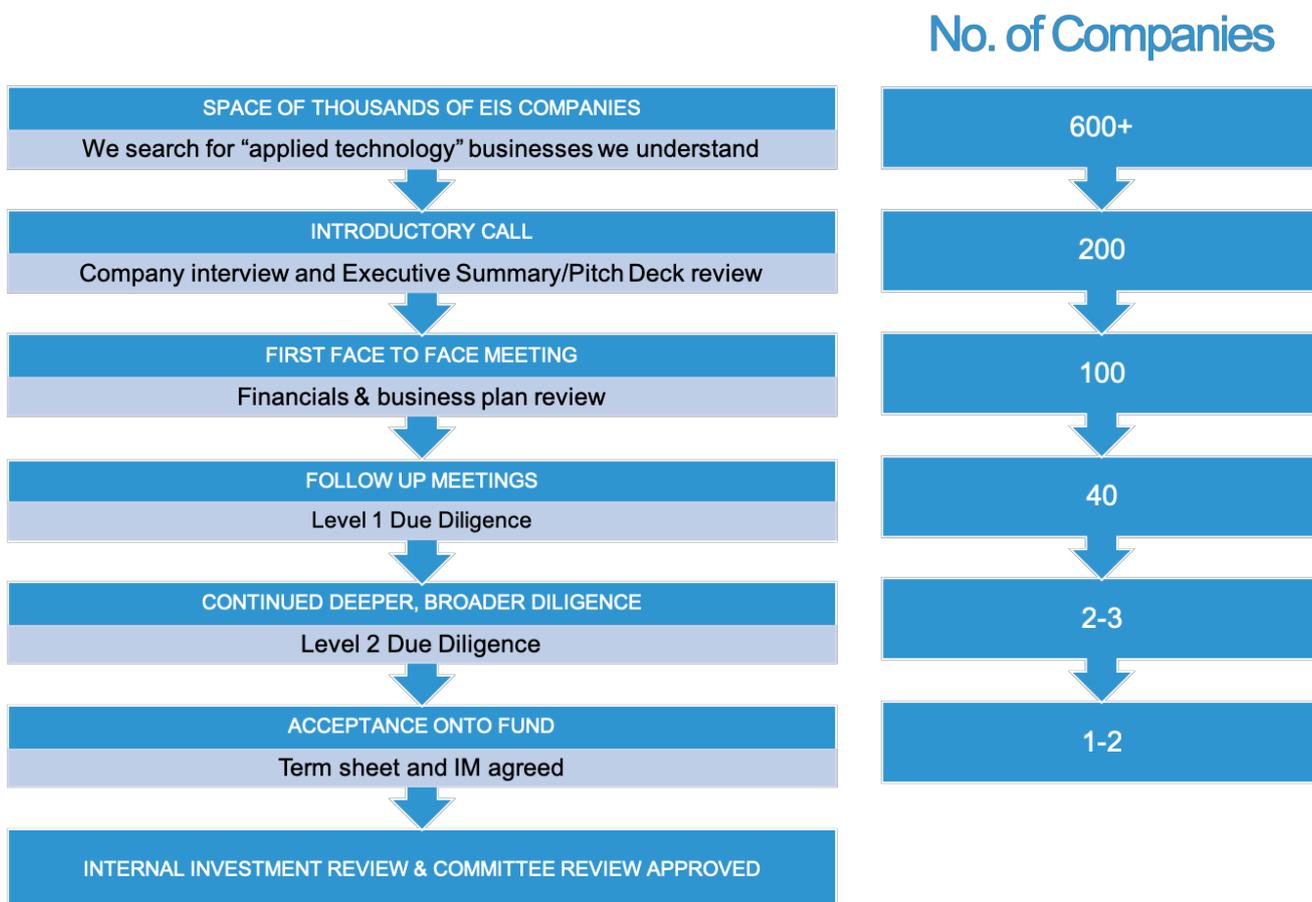
Selecting the Investee Companies

We plan to evaluate approximately 600+ investment opportunities annually, leading to around 200 companies that enter our process starting with an introductory call.

We ensure our companies provide ample evidence that their concept does have a market and attracts customers, which extends them to the "scale-up" stage. In addition, the management team have recognised the need for their financial model to reflect the long-term viability of the business model as it transitions to a more mature offering.

After due diligence completion, the remaining prospects are usually reduced to two or three companies. The terms of our engagement and investment documents are then finalised and executed. During this process we may further reduce to one or two companies.

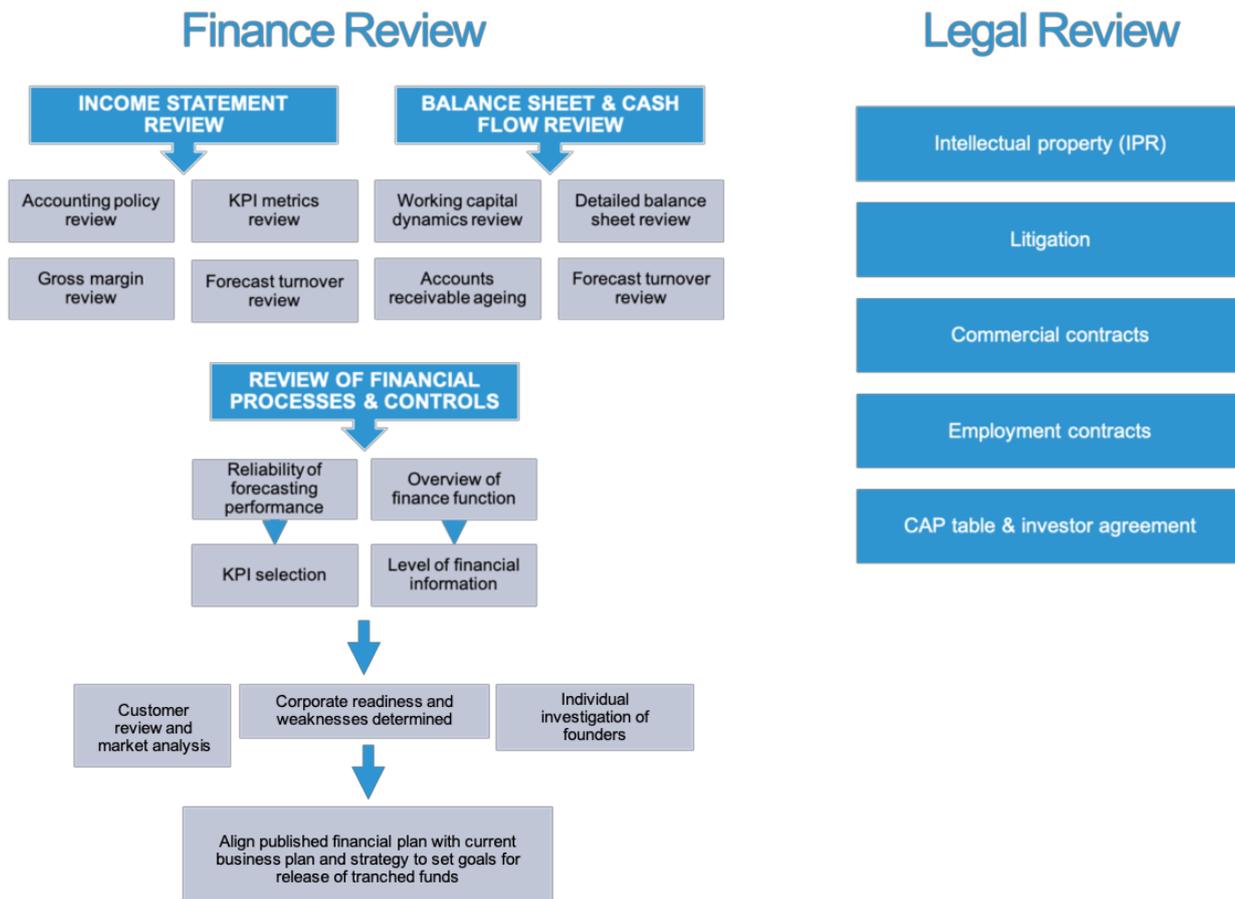
The Fund selection process typically uses the following filtering method to find the most promising companies:



At the end of the initial due diligence, the opportunity will be taken to the Investment Committee.

Deep Structured Due Diligence

The Fund due diligence is very intensive, carried out throughout the process from first contact to exit:



Investment Committee

No investments will be made without the approval of the Investment Committee.

The Investment Committee will comprise a senior member of SBS, a senior member of the AIF Manager and will be led by an Independent Chairman chosen by the AIF Manager, the first being Mark Brownridge.

On occasion independent experts may be asked to attend meetings of the Investment Committee. Where the Investment Committee is in favour of an opportunity, approval will be given, and valuation parameters set, subject to more detailed due diligence. Due diligence will be not only retrospective, but also prospective with an intensive focus on ensuring the growth trajectory can be maintained.

When the Investment Committee has selected a suitable Investee Company and appropriate investment terms, conditions, and governance have been negotiated and formal approval from the AIF Manager has been obtained, the AIF Manager will instruct the Nominee to subscribe for new ordinary shares in the Investee Company on behalf of Investors. Share certificates will be issued in the name of the Nominee for each Investor.

Any dividends received by the Nominee from Investee Companies will be credited to the Investor's account. The AIF Manager does not, however, anticipate any dividends being paid by the Investee Companies.

Putting Investors Money to Work Quickly to Reward Growth

Growth strategy and follow-on investment rounds:

- We will invest Subscriptions efficiently. Only Investee Companies that have what we regard as a pragmatic plan for turning invested capital into growth will receive Investments from the Fund.
- Our goal is to reward growth. As a standard process, we structure Investments in Investee Companies to encourage them to meet pre-agreed objectives. We will invest the initial capital of this Fund with a view to raising and investing further capital in those Investee Companies that prove their ability to achieve our growth targets. This harmonises internal and external incentives, with a view to maximising rewards for both Investors and Investee Companies.
- We require monthly reports which we develop with the founders of our Investee Companies, to provide us with insight into potential problems or slipping performance. In this way we can identify early potential problems that beset later stage companies, thus removing the barriers to high-reward commercialisation.
- By investing capital in companies we come to know very well we aim to deploy Investor's capital at the right inflexion points before an Investee Company's next growth phase.
- We aim to invest in and nurture up to eight Investee Companies – Transitional Companies – on this basis as well as making a number of small investments in companies at an earlier stage in their growth cycle – Foster Investments.
- Investors are encouraged to invest early in this Fund and repeatedly in the future so that they can participate in the profit opportunities as they arise; Investors who subscribe late to the Fund will not participate in all the early Investments which are made; and Investors who only invest in full once will miss out on future profit opportunities if they do not invest again and take advantage of our curated approach of continuing to invest in companies we know well as they grow and develop.

Post-Investment Engagement with Investee Companies

We will work closely with our Investee Companies to plan their future roadmap. The minimum set of planning and reporting tools are:

- A detailed one-year business plan, where we expect goals to be reached with some precision in the first six-months and within tolerable variations for the following six on a rolling basis. This is tied to the growth strategy outlined above.

- A three-year broad outlook which is also expected to form the basis of strategic decisions and to help prioritise the adoption of changes to create a full package of products for the company's customers.
- Each Investee Company then begins its monthly, quarterly and annual reporting immediately post initial funding, with all new entrants compared with budget and previous year performance for easy assessment.
- We believe this reporting process is necessary as problems don't surface quickly enough if there is not a regular operating report cycle. We meet with our Investee Companies' executives, at least two days each month for one-on-one meetings.
- We will provide support, mentoring and investor transparency to Investee Companies.
- Annually, the company's high-level business plan and budget will also be shared with investors and advisers. Following the posting of the annual budget, there will be a conference call or personal meetings for IFAs to meet the Investee Companies management teams.
- An annual opportunity for Investors to meet the Investee Companies management teams.

Secondary Market Service

We propose to help develop a limited secondary market facility for Investors seeking to prematurely liquidate their Portfolio in appropriate circumstances (death, divorce etc). In this circumstance, the liquidating equity Investors can sell some or all of their Portfolio holdings (at our discretion, and over an agreed time span).

Exit Strategy

The expected holding period of most investments will be between the minimum three years for tax conditions and up to eight-years. Investors should expect to hold their Investments for up to eight years but attractive realisation opportunities may occur sooner and some Investments may be held longer. Following the realisation of the Qualifying Shares in each Investee Company, the realisation proceeds will be paid to the Investors net of any accrued but unpaid fees (including performance fees).

2: The Fund management team, administration and operation

The Fund

The Fund will comprise cash awaiting investment and shares in Qualifying Companies selected and managed on behalf of Investors in the Fund by SBS. SBS acts as Investments Manager in accordance with the investment policy, objectives and restrictions set out in this Information Memorandum which will be common for all Investors. Each Investor, for legal and tax purposes, will be the beneficial owner of a specific number of shares in each Qualifying Company. Investment decisions will be made by SBS with the formal approval of Sapphire Capital Partners LLP (“the AIF Manager”) acting as the AIF Manager and of the Investment Committee led by Mark Brownridge, its independent chairman.

SBS

The SideBySide Partnership International Limited (“SBS”) is a private company limited by shares registered in England and Wales under the Companies Act with company number 10166558 and whose registered office is at Stag Gates House, 63/64 The Avenue, Southampton, Hampshire SO17 1XS. The principal director and controlling shareholder of SBS is John Bailye. References in the Information Memorandum to the Investments Manager, The SideBySide Partnership International Limited, the Side by Side Partnership, “we” and “our” are to SBS. It is noted that on the successful launch of the Fund the AIF Manager (or related party) will become a 10% shareholder in SBS (or its successor).

The Side By Side Partnership will also provide Mentoring Services to the Investee Companies.

The AIF Manager

The AIF Manager will act as the administrator for the Fund and also as the regulated alternative investment fund manager for the Fund ensuring that the assets of all Investors’ funds are managed as a whole in accordance with the Fund’s investment policy, operating procedures and investment decisions and in compliance with prevailing FCA requirements for alternative investment funds (AIFs). The AIF Manager is a limited liability partnership with partnership number NC000562 and whose registered address is 28 Deramore Park, Belfast BT9 5JU.

The AIF Manager is authorised and regulated by the Financial Conduct Authority (“FCA”) to act as a regulated investment AIFM and its FCA registration number is 565716. The AIF Manager will only act in accordance with the recommendations of The SideBySide Partnership International Limited. Investments will only be made with the approval of the Investment Committee led by Mark Brownridge as its independent chairman.

The Side By Side Partnership International Limited

John Bailye – *Managing Director*



An Australian, who moved to the United States in 1987, John co-founded and assembled a team that grew a start-up to a billion-dollars in market cap (formerly on Nasdaq: DRTE) with nearly 3,000 employees. He sponsored and co-founded the New Jersey Technology Council, now with circa 1,500 entrepreneurs as members, which is aimed at creating an exchange for entrepreneurs' experiences and ideas.

John has personally been investing in early stage companies for many years.

Ben Ashworth – *Portfolio Manager*



Ben joined the Side by Side Partnership in a series of roles that have taken him from the critical assessment of possible Investee Companies to the breadth and depth of the private capital due diligence process and the management of portfolio companies.

Ben is usually the main contact for all Investee Companies and is commonly at business functions introducing the Side by Side Partnership to Investors and potential Investee Companies.

Tom Govan – *Analyst*



Tom is the newest member of the London team and is deeply involved in the early analysis and review of prospective companies.

Tom is the initial point of contact for all Investee Companies and helps them through the review process at the Side by Side Partnership, which is a bit more challenging than at other investment houses.

Portfolio Company Services



Barbara Spurrier and her partners at CFPro will support the Investee Companies with a wide range of specific skills in accounting, finance and administration/governance, supplied for short or longer terms as demanded by the Fund's growing companies. This ensures that they have the critical, yet constantly changing repertoire of skills available to step in and guide them over time.

Industry expertise amongst her partners ranges from technology to media, fast-moving consumer goods, healthcare and retail. She will engage with the Investee Companies from the earliest days to prepare them for a public listing if that is the chosen path.

Barbara will review the due diligence and be responsible for ensuring newly funded Investee Companies are prepared and equipped for the monthly reporting the Fund requires, in addition to correcting any critical deficiencies found in her review.



Rodrigo Jesus, a partner at One Vision, is an international serial entrepreneur, with experience primarily in technology, ranging from acquisition to capital raising, strategy, operational development, distribution and exits. He will be a key strategic and operational resource to Investee Companies and is part of our review and selection team who make the early decisions to proceed with a company through the due diligence process and ultimately to the Investment Committee. He will ultimately be a resource to oversee and guide selected teams who assist the Investee Companies.



Grant Allen, who is also a partner at One Vision, is a specialist in software design and works with teams to help them sell and deliver software. As one of the early designers of the product that became Google Maps, Grant has worked for many years as a Google resource to guide and direct promising software companies. Grant's insight into computer support and IT functional structures are critical capabilities that form part of the due diligence process. Grant may stay engaged with the Investee Companies for their early days post-funding, to guide any systems redesign as well as operational and sales structures.

Advisers

Martin Fox – Marketing Adviser



Martin has had a career in financial services marketing. This has included a range of roles at Legal & General, Marketing Director at Prolific, and General Manager Marketing at Pearl Assurance.

He then became Managing Director of the strategic marketing arm of a London agency.

Today he is Managing Director of Bulletin Marketing, a specialist financial services marketing consultancy. Clients include banks, investment companies, EIS managers, industry analysts, investment platforms and wealth managers.

He is heavily involved in the tax efficient market, working for the EIS Association, which includes chairing their Research, Education and Marketing Committee.

Bruce Elliot Smith - Business Development Adviser



Bruce has had a successful career in financial services for over 20 years, primarily in business development. Firstly, as a top performing broker consultant for Scottish Amicable in the 90's before setting up an IFA business, which resulted in a trade sale to the IFG Group within three years.

Bruce then worked for five years at Origen Financial Services as their UK business development manager before going on to found a highly successful award-winning music and events company, which culminated in winning a Grammy and UK festival award.

He has gained a wealth of experience in tax-efficient investments, not only having invested in several SEIS and EIS companies in the past but having had numerous business development consultancy roles in the alternative investment market.

The core team in the UK is also supplemented by a network of specialists from John's alumni and elsewhere from previous investments that are brought in to support the Investee Companies, as they are needed.

The Nominee

Such nominee or agent as the AIF Manager may appoint (with the approval of SBS) from time to time to be the registered legal holder of Investments on behalf of Investors will act as nominee for the Investors. Shares issued by the Investee Companies will be held in the name of the Nominee on behalf of Investors. The initial Nominee will be WCS Nominees Limited, a company registered in England and Wales with company number 06171085 and registered office at 4th Floor, 50 Mark Lane, London EC3R 7QR.

The Custodian

Such custodian or agent as the AIF Manager may appoint (with the approval of SBS) from time to time to be the receiving agent in respect of Subscriptions. The initial Custodian will be Woodside Corporate Services Limited, a company registered in England and Wales under with company number 06171085 and registered office at 4th Floor, 50 Mark Lane, London EC3R 7QR. The Custodian is registered on the Data Protection Public Register with registered number Z2944806.

Independent Chairman of the Investment Committee

Mark Brownridge

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 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.

Investment Committee

Mark Brownridge

John Bailye

Boyd Carson

The AIF Manager

The AIF Manager is regulated by the Financial Conduct Authority and its FCA registration number is 565716.

Boyd Carson

The AIF Manager 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 and 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, the AIF Manager'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 the AIF Manager can be found on its website: <https://www.sapphirecapitalpartners.co.uk/>

The fees of the AIF Manager will be paid by SBS.

Recent awards to the AIF Manager include:



Best SEIS Fund Manager – Highly Commended

EISA Awards – House of Lords – February 2019



Best SEIS Investment Manager – One to Watch

Growth Investor Awards 2018



Best SEIS Fund Manager – Winner

EISA Awards – House of Lords – February 2018



Best Individual – Innovation, newcomer or rising star in EIS and SEIS

Highly Commended – Boyd Carson – EISA Awards – House of Lords – February 2018



Best Company – Innovation, newcomer or rising star in EIS & SEIS

EISA Awards – House of Lords – February 2017

3: Examples of potential investments

The following companies are representative of the type of potential investments identified by SBS that may be made by the Fund. **It is noted that these are examples only and do not represent actual investment opportunities for the Fund and should not be regarded as an indication of the performance of future investments in the Fund.**

Sport Wearable – SportTech

- This company uses a combination of patented wearable technology, patented processes, cloud-based algorithms and proprietary database IP to automatically collect a unique set of advanced statistical data that allows users to monitor and improve their performance.
- The company is uniquely placed as the first product to meet the needs of a growing market that desires a single piece of technology to gather this kind of statistical data and performance information and assemble them in applications for sporting organisations to bring into their businesses new revenue forms and thus attract 'sticky' customers.

Medical Device Company – MedTech

- This company is a growth-stage and revenue generating medical device company, formed to address cancer surgery.
- The company develops and markets medical imaging technologies that surgeons can use during surgery to improve outcomes.
- The company has four products under various stages of development.

Financing for holidays – FinTech

- The company is a London-based technology business offering a new service in online travel and is leading a change in financing consumer holidays.
- They have initially unlocked a new segment of the market and have potential for future expansion to other cohorts.
- They need to maximise the future value of current customers and leverage operating margins as they expand their scope of coverage and convincingly assure us that they have created a sustainable market differentiator based on this customer analysis.

Financial technology – FinTech

- The company is an online and capital raising deal platform focusing on large corporate clients and professionals looking to fundraise in private as seamlessly as possible.
- Designed by seasoned capital markets professionals, the platform provides an out of the box solution to manage deals from origination to distribution.
- The company's technology currently powers a major European Stock Exchange connecting high growth companies with their institutional investor network.

4: Charges

In order to maximise the Investors' EIS Reliefs to the extent possible, rather than fees being charged to Investors, each Investee Company will pay, where possible, the initial costs and the annual charges (as detailed below) out of the money used by the Fund to subscribe for Qualifying Shares in that Investee Company.

Initial Costs:

An initial fee is payable by each Investee Company to SBS equal to a total of 3% of the amounts invested into each Investee Company, out of which the SBS will settle the costs of setting up the Fund and raising capital.

Transaction Charges:

An annual administration charge is payable to SBS of 2% of each Investor's Subscription.

A dealing charge is also payable to SBS of 0.5% on annual purchases and sales of shares.

Where possible this annual administration charge and any annual dealing charge (Transaction Charges) will be paid by Investee Companies. Where the Transaction Charges are not paid by Investee Companies up to one year's Transaction Charges may be deducted from an Investor's Subscription and otherwise Transaction Charges will be paid from dividends earned from investments or will be deferred and paid from future Distributions from the realisation of investments. This charging structure ensures that only one year's Transaction Charges are taken from an Investor's Subscription so that upfront tax relief is obtained on the balance of an Investor's Subscription. To the extent that one year's Transaction Charges are paid from an Investor's Subscription no EIS tax relief will be received on the amount paid.

SBS may, with the approval of the Independent Chairman, also charge reasonable arm's length expenses and/or additional transaction and/or arrangement fees to Investee Companies (Additional Transaction Charges) where SBS provides additional assistance in their development and growth.

Value added tax will be charged where applicable.

Performance Fee:

If an Investor has received cash Distributions equal to £1.60 for every £1 (i.e. a return of 160%) of his or her Subscription to the Fund, net of any unpaid Transaction Charges (the "First Hurdle"), then SBS and the AIF Manager in aggregate will be entitled to a performance fee of 20% of the Surplus Distributions which exceed the First Hurdle up to £4.00 per £1 invested. This performance fee shall be paid to SBS and the AIF Manager by deduction from Surplus Distributions above the First Hurdle before accounting to the Investor for the balance of such Distributions. This performance fee shall be paid to SBS and the AIF Manager by deduction from the excess cash Distributions above £1.60 per £1 invested before accounting to the Investor for the balance of such Distributions.

For example, if the gross cash Distributions were £4.00 the investor would receive $£1.60 + £1.92 = £3.52$ per £1 invested and SBS and the AIF Manager would receive in aggregate £0.48 per £1 invested.

If an Investor has received gross cash Distributions equal to £4 for every £1 (i.e., a return of 400%) of his or her Subscription to the Fund, net of any unpaid Transaction Charges, but after adding back the performance fee of 20% (the "Second Hurdle"), then in addition to the 20% performance fee, SBS and the AIF Manager in aggregate will be entitled to a further performance fee of 33% of the Surplus Distributions which exceed the Second Hurdle and this further performance fee shall also be paid to SBS and the AIF Manager by deduction from the Surplus Distributions above the Second Hurdle before accounting to the Investor for the balance of such Distributions.

For example, if the gross cash Distributions were £5.00 the investor would receive £1.60 + £1.92 + £0.67 = £4.19 per £1 invested and SBS and the AIF Manager would receive in aggregate £0.48 + £0.33 = £0.81 per £1 invested.

Cumulatively, the waterfall for the allocation of cash Distributions, net of unpaid Transaction Charges, can be illustrated in this way:

	Totals			
	£	%	Investor	SBS + AIF Manager
Gross Cash Distribution	5			
Waterfall				
Up to the First Hurdle	1.6			
Investor	-1.6	100	-1.6	
Up to the Second Hurdle	4			
excess Cash Distribution above the First Hurdle	2.4			
Investor	-1.92	80	-1.92	
SBS + AIF Manager	-0.48	20		-0.48
Sub total			-3.52	-0.48
				-4
Above the Second Hurdle	4			
excess Cash Distribution above the Second Hurdle	1			
Investor		67	-0.67	
SBS + AIF Manager		33		-0.33
Totals			-4.19	-0.81
				-5

These performance fees will be shared by SBS and the AIF Manager and will be paid as cash deductions from Surplus Distributions or by way of equity in an Investee Company or by a mix of the two and different investments may require different structures but will have an equivalent economic effect.

Where an Investor makes multiple Subscriptions to the Fund he or she shall be regarded as holding a separate Portfolio in respect of each calendar year in which he or she makes a Subscription and these Portfolios shall be

regarded as separate Portfolios for the purposes of calculating the success fee due in respect of each such Portfolio once the Investor has received Surplus Distributions which exceed the First Hurdle and/or the Second Hurdle in respect of the amount Subscribed in any such Portfolio.

Abort fees and Monitoring and Investee Director Fees:

The cost of all deals that abort will be borne by SBS who retain the right to charge (in addition to the Transaction Charge and Additional Transaction Charges noted above), monitoring fees, due diligence cost reimbursement, deal cost reimbursement and, where there is board representation, directors' fees to companies in which the Fund invests. Like the abort fees, the level of the Monitoring, due diligence cost reimbursement, deal cost reimbursement and Investee Director Fees cannot be determined at the outset.

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. No EIS tax relief will be received on this payment.

5: Governance and reporting

Fund Structure

The Fund is an EIS venture capital fund where the AIF Manager acts on behalf of all Investors in common by making and managing investments which fall within the common investment policy for the Fund described in this Information Memorandum.

In accordance with current FCA policy, the Fund is the regulatory client of the AIF Manager for the purposes of determining which provisions of the FCA Conduct of Business Rules will regulate the obligations owed by the AIF Manager to Investors in common. Accordingly, Investors will not be treated on an individual basis as clients of the AIF Manager for regulatory purposes. The Fund will be a per se professional client of the AIF Manager.

The Fund is an EIS fund for the purposes of FCA regulations. It is also a Complying Fund and is therefore not a collective investment scheme within the meaning of section 235 of the Financial Services and Markets Act 2000 ("FSMA") nor a 'non-mainstream pooled investment' as defined in the FCA's Conduct of Business Sourcebook.

The minimum investment for an individual Investor in the Fund is £25,000 per year (subject to the discretion of SBS and the AIF Manager to accept a lesser amount). There is no maximum investment although the maximum amount on which an Investor can obtain EIS Relief is limited to £2,000,000 for any tax year, including carry back claims. This limit includes the additional £1,000,000 per annum for "knowledge intensive" company investments. Each spouse has their own limit and they are not aggregated. This limit applies to all EIS investments made within a given tax year. This limit does not apply to capital gains tax deferral or IHT Relief which is unlimited.

SBS is aiming to raise £12 million in the Fund in 2019/2020 but will accept up to £30 million by year end 2021, which could be extended at the discretion of SBS. Investors' Subscriptions will normally be invested in a minimum three Investee Companies depending on when an Investor invests during the tax year, the amount of Subscriptions at the disposal of the AIF Manager, and the existing opportunities available to the AIF Manager.

Withdrawal Rights

Investors are entitled under the terms of the Investor's Agreement, to withdraw assets from their Portfolio from the Fund as follows:

- Cash: at any time;
- EIS shares: at any time after the expiry of seven years following the issue of the shares;
- EIS shares which are admitted to official listing in an EEA State or to dealings can be dealt in on a recognised investment exchange: at any time after the expiry of five-years following the issue of the shares;

- Non-EIS shares: at any time after the expiry of six-months following the date on which they ceased to be Qualifying Shares.

If an Investor terminates their Investor Agreement, this will lead to their investment in the Investee Companies being certificated into their own name. Investors may be permitted to continue to use the Nominee service at a cost agreed between them and the Nominee.

SBS and the AIF Manager will have a lien on all Investments being transferred into the Investor's name and shall be entitled to take or dispose of some or all of the Investments and apply the proceeds in discharging accrued but unpaid Transaction Charges. Any Transaction Charges paid by Investee Companies which exceed the accrued Transactional Charges on uninvested cash which is withdrawn from your Portfolio will be rebated to you by SBS provided however that Additional Transaction Charges and Monitoring and Investee Director Fees which are charged to Investee Companies will be retained by SBS.

Custody and Client Money Account

Your investments will be registered in the name of the Nominee which will provide nominee services to Investors in a fiduciary capacity.

Each time an investment is to be made by the Fund, the AIF Manager will direct the Nominee to purchase and hold a specific number of Investee Company shares on behalf of each Investor and all such investments and the rights attaching to them will be exercisable only on the instructions of the AIF Manager (with the approval of SBS) or the Investor pursuant to the terms of the Investor's Agreement.

Accordingly, the Nominee will be the registered owner of investments but for legal and tax purposes individual investors will be the beneficial owners of such shares and Investee Companies will never be subsidiaries of the Nominee. The AIF Manager will appoint (with the approval of SBS) a professional administrator to maintain records of Investors' beneficial interests in the Fund's investments and of their respective entitlements to any dividends, returns of capital or the proceeds of any exits. This administrator will initially be WCS Nominees Limited.

The AIF Manager will arrange for your Subscription to be placed on deposit at the Investors' own risk in a common bank account with a UK clearing bank where Investors money will be held on trust for and beneficially owned by Investors. This common client account will be operated by the Custodian or such FCA authorised custodian of whom the Investment Committee shall approve from time to time. This client account will have trust status so that all monies in it shall belong to Investors. However, any interest payable on credit balances held in the said account will be retained by the Custodian. Funds set aside to facilitate ongoing charges will be placed on deposit in a bank account with a third party corporate services provider pending payment to advisers. Neither the AIF Manager, nor the Custodian, nor any person engaged by it to hold such funds as receiving agent or otherwise nor any director or officer of any of them, will be liable to any Investor in the event of an insolvency of any bank. The AIF Manager will not be liable to any Investor in the event of insolvency of any Nominee or bank with whom any Investor's cash is held.

Allocations

The Nominee will maintain books of account for each Investee Company, which will be open to inspection by each Investor, showing the amount contributed by that Investor and the amounts invested or to be invested on that Investor's behalf. The number of shares in each Investee Company allocated to a particular Investor shall, so far as possible, be calculated by reference to the proportion which the Investor's Subscription bears to the total uninvested Subscriptions by all Investors in the Fund at the time the Investment is made. It is intended that monies received from each Investor will be invested on a pro-rata basis to his or her Subscription through the Fund, as investment opportunities arise. Variations to this standard procedure will occur to avoid the Investee Companies issuing fractions of shares, or if an Investor is subject to professional rules preventing them from making an Investment in a particular Investee Company.

Timing of investment

SBS intends to invest Subscriptions within 12 months of Investment. There is, however, no guarantee that this will be achieved. Should an Investor die before their Subscription is fully invested, all un-invested Subscriptions will be returned by the AIF Manager upon receipt of death certification and instructions from the Investor's personal representatives. Where the Investor has a preference to have their Subscription invested within a particular tax year, they should contact the AIF Manager.

6: Risk factors

This Investment may not be suitable for all Investors. Potential investors are recommended to seek independent financial and tax advice before investing. This section contains the material risk factors that SBS and the AIF Manager believes to be associated with a Subscription in the Fund but does not necessarily include all the risks associated with such an investment.

Capital at Risk

Capital at risk: While we target Investee Companies which have the potential to deliver high returns to the Fund and Investors, these returns are not guaranteed. Returns will depend on the value of the Investee Companies that the Fund will invest your money into, plus any income that is derived from them, and upon any charges to Investee Companies by SBS. There is a high risk the value of the underlying Investee Companies may fall as well as rise, which could result in Investors incurring a loss, or total loss, on their Investment. You should consider whether getting back less than you originally invested, or none at all, would materially impact your lifestyle before making the Investment.

Fund Risks

Length of Investment: 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 will be longer. Since an Investor's Portfolio has an expected life of eight years Investors may be unable to achieve a return on investments before that time.

Skill of SBS: The Fund is dependent on the skill and expertise of SBS (and in particular John Bailye) and chosen experts appointed to provide Investee Companies with specific skills and guidance to act as the investment adviser 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.

Conflicts of interest: Conflicts of interest may arise in relation to a number of factors and these conflicts will be managed by the Investment Committee.

Investment Objective: There can be no guarantee that the Investment Objective as stated on page 7 will be achieved.

Minimum Fund Size: If the Minimum Fund Size is not reached within six months of the date of this Information Memorandum, the AIF Manager and SBS may decide not to proceed with the Fund and, in that event, Investments will be returned (net of any adviser charges (see section 4: Charges) that may have already been paid).

AIF Manager role: SBS may, at its discretion, elect to terminate the AIF Manager's appointment and select a new person to act as the AIF Manager, which may be SBS ("**New AIF Manager**") on terms the same as, or substantially similar to, those contained in the Investor's Agreement in substitution for, and to the exclusion of,

the AIF Manager, provided that such New AIF Manager is sufficiently authorised under the Financial Services and Markets Act 2000 to discharge its duties of the AIF Manager. The AIF Manager also reserves the right to cease to manage the Fund in certain circumstances set out in the Investor's Agreement, in which event it will try to transfer its mandate to act as the AIF Manager to another AIF Manager authorised by the FCA, including, potentially, SBS itself or (with the consent of SBS) to terminate the Fund in an expeditious way. Otherwise there is no mechanism to remove or change the AIF Manager of the Fund other than by way of termination of the Investor's Agreement. The Fund should therefore be considered a captive investment and an Investor should assume that any investment in the Fund will be managed by the AIF Manager until realised. The Performance Fee (as per section 4: Charges) owing to the AIF Manager will survive any termination of the AIF Manager and will be based on the Surplus Distributions which an Investor receives from an Investee Company prior to the date of termination.

Investee Companies at risk: One or more Investee Companies may fail, their securities may be sold for substantially less than their acquisition cost, or those securities may be difficult to sell (especially as Investee Companies are not quoted companies where there is normally a liquid market between buyers and sellers).

Portfolio Risks

Skill of management: Investee Companies are early stage and relatively small. They will be dependent on the skills of a small group of key executives, the unavailability or loss of which may be particularly detrimental to those companies.

Minority rights: 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.

Technology risk: Products and technologies developed by Investee Companies may prove not to be commercially or technically successful.

Priority on insolvency: Investee Companies are very likely to need to borrow funds from third parties. This means that the Fund shareholders will rank as creditors behind lenders in an insolvency situation.

Investments to be realised as a whole: Investments will be made in companies whose securities are not traded on any public market or exchange. Accordingly, it is unlikely that an Investor will be able to sell any part of their investment prior to the investment being realised as a whole.

Value on IPO: 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.

Currency risk: Investment in Investee Companies will usually be made in Sterling. In the event of incomes from an Investee Company operation 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.

Brexit: On 23 June 2016 the UK 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 Investors.

Foster Investments: Some Investee Companies will be earlier stage capital opportunities (such as the Foster Investment companies). By definition these are high-risk situations which, if unsuccessful, may result in a total loss of the Investment.

Length of sale/winding down process: Investors should be aware that a sale/winding-down process could take in excess of a year and this should be considered before any investment in the Fund is made.

Valuation, Projection and other Risks

Past performance: The past performance of Investments dealt with by SBS or the AIF Manager, should not be regarded as an indication of the performance of future Investments made by the Fund.

Projected performance: This Information Memorandum provides details of projected performance that may or may not be achieved by the Fund.

Forward looking statements: This Investment Memorandum contains forward-looking financial statements and illustrations about the Fund. Such forward-looking financial statements and illustrations, by their nature, are not guarantees of future performance and involve risks and uncertainties, and the actual results may differ materially as a result of various factors, and therefore the Investor should not place reliance upon them.

No representation is made, or assurance given, that any statements, views or forecasts are correct or that the objectives of the Fund will be achieved. Prospective Investors must determine for themselves what reliance (if any) they should place on such statements, views or forecasts and no responsibility or liability (whether direct, indirect, consequential loss or other) is accepted by the AIF Manager or SBS or their respective members, directors and employees in respect thereof.

This Information Memorandum includes statements that are (or may be deemed to be) "forward-looking statements". These "forward-looking statements" can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "targets", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These "forward-looking statements" include all matters that are not historical facts. "Forward-looking statements" involve risk and uncertainty because they relate to future events and circumstances. "Forward-looking statements" contained in this Information Memorandum based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Subject to any requirement under Applicable Laws and regulations, SBS or the AIF Manager does not undertake to update or revise any "forward-looking statements", whether as a result of new information, future events or otherwise.

Investors should not place undue reliance on "forward-looking statements", which speak only as at the date of this Information Memorandum.

Follow-on Investments: 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.

Attainment of valuations: 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.

It may be difficult to obtain accurate information to determine at any given time the value of the Fund's Investments.

The AIF Manager will value the Investments, on a basis consistent with the valuation principles issued by the British Private Equity and Venture Capital Association. These principles may vary from time to time but normally will be based on either cost, the valuation achieved at the most recent fund raising or net realisable value. Investors should be aware that the value of shares in an unquoted company can fluctuate.

Not covered by FSCS: Whilst the AIF Manager is authorised and regulated by the Financial Conduct Authority, as the Fund is categorised as an Alternative Investment Fund participation in the Fund is not covered by the FSCS.

Statements of opinion or belief: All statements of opinion or belief contained in this Information Memorandum and all views expressed and statements made represent an assessment and interpretation of information available to SBS as at the date of this Information Memorandum.

Not an offer: 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 UK. 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 UK) to satisfy himself or herself as to full compliance with the 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.

Custody Risk

Your cash will be deposited 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 AIF Manager, the Nominee, the Custodian nor SBS (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 AIF Manager's ability to withdraw Funds from such bank for reasons beyond their reasonable control.

Tax risks – Investor

Length of Investment and connected parties: In order to qualify for EIS Reliefs you will need to hold your investment in the Fund for a minimum of three years from the date of investment in each Investee Company. EIS Relief will be withdrawn if an investment is not held for three years from the date of investment (or from the date of commencement of the Investee Company's trade if later), or if the Investor is connected with any Qualifying Company in which an investment is made either within two years before or three years after the date of Investment in the Investee Company.

Current laws: The information contained in this Information Memorandum makes reference to the current laws concerning EIS Relief, Business Relief and Capital Gains Tax ("CGT") deferral. Such information may be subject to change and is not guaranteed. The tax reliefs referred to in this Information Memorandum are those available at the date of this Information Memorandum and their value depends on individual circumstances.

Rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HMRC practice. These may change from time to time, are not guaranteed and may depend on the Investor's personal circumstances.

UK resident taxpayers: The Fund has been designed with UK resident taxpayers in mind. It may not be advantageous for persons not resident or ordinarily resident in the UK to invest in the Fund.

HMRC filings: Income tax relief available is subject to Investors making the proper filing of returns with HMRC within the required timeframe and reliefs may be lost if the necessary steps are not taken.

Qualifying Investors: There are circumstances in which an Investor could cease to qualify for the taxation advantages offered by the EIS. For example, if an Investor receives value from the Fund or one of the Investee Companies during the period beginning one year before the shares in the Investee Companies are issued and ending on the conclusion of the three-year period. Payment of a normal dividend would not typically be regarded as a receipt of value.

Tax Risks - Investee Company

Qualifying Companies: Whilst it is the intention of SBS that the Fund will invest in companies that qualify for EIS tax relief, SBS or the AIF Manager cannot guarantee that all Investments will qualify and, if they do so initially, that their status will be maintained. A failure to meet the qualifying criteria could result in adverse tax consequences for Investors.

Although advanced assurance will be sought from HMRC that the Investee Companies are expected to be Qualifying Companies and their activities should qualify under the EIS prior to making an investment, there is no guarantee that the formal EIS claims will be agreed or that such agreement will not be subsequently withdrawn.

In those circumstances, Subscription monies will not be returned to Investors. If an Investee Company fails to obtain Qualifying Company status, or if it is subsequently withdrawn, EIS income tax relief and capital gains tax deferral relief would not be available to Investors or could be withdrawn.

Continuing reliefs: Following an investment in a Qualifying Company, the continued availability of EIS Reliefs to the Investor depends on compliance with the requirements of the EIS legislation by both the Investor and Investee Company.

The dates on which initial income tax relief, capital gains tax deferral relief and inheritance tax relief relating to investment in EIS Qualifying Companies are available will vary depending on the date on which the Fund makes Qualifying Investments, and when the Investment is ultimately realised.

Where an Investor or a Qualifying Company ceases to maintain EIS qualifying status in relation to the Investment, this could result in a requirement to repay the income tax relief received together with interest, a liability to tax on capital gains on a disposal of the Investment, and any deferred capital gain crystallising.

Tax years: The Fund has an evergreen structure, when means that it can accept investments throughout 2019 and the following years. It is intended that the Fund will invest Subscriptions in Investee Companies primarily in the 2019/2020 and 2020/2021 tax years. There can be no guarantee that suitable investment opportunities will be identified, which may lead to Investors' Subscriptions not being invested in the 2019/2020 or 2020/2021 tax years and therefore EIS tax relief being deferred to later tax years or not at all. If a UK individual wishes to take advantage of the capital gains tax deferral relief, shares 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. Capital gains tax deferral relief will not, therefore, be available for individuals with gains that fall outside this period.

Main market: Following an Investee Company being admitted to the London Stock Exchange main market (but not to trading on AIM) or certain overseas stock markets, many of the previously available tax reliefs may cease.

Sale: A sale of shares in the Investee Companies within the three-year period will result in some or all of the 30% income tax relief available for those shares becoming repayable to HMRC and any capital gains on such shares and any deferred gain being subject to CGT. It is possible for Investors to lose their EIS Reliefs and/or capital gains tax deferral relief and/or Business Relief by taking or not taking certain steps. Investors are advised to take appropriate independent professional advice on the tax aspects of their investment.

The levels and bases of reliefs from taxation may change or such reliefs may be withdrawn. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.

7: EIS taxation benefits

1) EIS Tax Reliefs

To obtain the EIS tax reliefs described below, it is necessary to subscribe for Shares in 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 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.

(a) Income Tax Relief – 30%

Individuals can obtain 30% income tax relief on the amount subscribed for shares in Qualifying Companies (up to an annual maximum £1 million for the 2018/2019 tax year or up to £2 million provided amounts over £1 million are invested in one or more Knowledge Intensive Companies), although relief will be denied for investment into an Qualifying Company with which the individual is connected. Spouses and civil partners can each separately subscribe up to £1 million up to £2 million as noted above) 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".

EIS Relief will be withdrawn if your Investment is not held for three years from the date of investment (or from the date of commencement of the Qualifying Company's trade if later), or if the Investor is or becomes connected with any Qualifying Company in which an Investment is made either within two years before or three years after the date on which the shares are issued by in the Qualifying Company.

(b) Carry Back Relief

Carry back relief claims may be made for amounts subscribed for shares in 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 (over 2017/2018 and 2018/2019), or £3 million, provided at least £1 million has been invested in knowledge intensive companies in 2018/2019.

(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 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 Relief

Although not an EIS tax relief as such, an investment in a 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.

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 you subscribed to the Fund. The latest date you can file a claim for EIS relief is five years after 31 January following the tax year to which the claim relates.

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 UK.

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 AIF Manager nor SBS 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.

Definitions

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

TERM	DEFINITION
Additional Transaction Charges	Reasonable arm's length expenses and/or additional transaction fees charged to Investee Companies by SBS with the approval of the Independent Chairman, where SBS provides additional assistance in their development and growth.
Adviser Charge	A fee agreed between an Investor and their Financial Adviser and paid or payable by an Investor to a Financial Adviser.
AIF	An alternative investment fund for the purposes of the AIFMD.
AIFM	An alternative investment fund manager for the purposes of the AIFMD.
AIF 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.
AIFMD	The Alternative Investment Fund Managers Directive (2011/61/EU).
AIM	Alternative Investment Market operated by London Stock Exchange plc.
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 that is provided separately to this Information Memorandum.
Associate	Any person or entity that controls or is controlled by the AIF Manager or by SBS. "Control" refers to the ability to exercise significant influence over the operating or financial policies of any person or entity.
Business Relief or IHT Relief	Relief from IHT pursuant to sections 103-114 of the IHTA
CGT	Capital Gains Tax.
Closing Date	As the Fund is evergreen, the Fund can accept investments throughout 2019 and subsequent years, but the first closing date will be Friday the 31 st

May 2019 (or such other date as the AIF Manager may determine at its discretion).

See further information on page 8 above.

Complying Fund

An arrangement, specified in Paragraph 2(2)(b) of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 (SI 2001/1062), which is, in summary, an arrangement where: (a) the operator will, so far as practicable, make investments which, subject to each participant's individual circumstances, qualify for relief under Part 5 of the Income Tax Act 2007; and (b) the minimum contribution to the arrangements by each participant must be not less than £2,000.

Custodian

Woodside Corporate Services Limited, a company registered in England and Wales under the Companies Act with company number 06171085 and registered office at 4th Floor, 50 Mark Lane, London EC3R 7QR and authorised and regulated by the FCA with firm reference number 467652, or such other nominee or agent as the AIF Manager (with the approval of SBS) may appoint from time to time to be the receiving agent in respect of Subscriptions.

Distributions

Any amounts paid by way of dividends, tender offers, share buybacks, proceeds on a sale or liquidation of the Investee Company and any other further proceeds or value received, or deemed to be received by investors in the Investee Company in respect of their shares in that company, excluding any income tax relief and any other tax reliefs on Subscription.

EIS

The Enterprise Investment Scheme set out in ITA Sections 156-257.

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 or qualifying R&D activity, must commence within two years of share issue).

FCA

Financial Conduct Authority of 12 Endeavour Square, London E20 1JN or successor organisation(s).

FCA Rules

The FCA rules made under powers given to the FCA by the Financial Services and Markets Act 2000.

Financial Adviser or IFA	A person authorised under FSMA such as an independent Financial Adviser, Wealth Manager or FCA authorised intermediary who assesses either the suitability or appropriateness of the investment for an Investor.
First Hurdle	The receipt by an Investor of cash Distributions equal to £1.60 for every £1 (i.e., a return of 160%) of his or her Subscription to the Fund, net of any unpaid Transaction Charges.
Foster Investments	A company regarded by SBS as having real potential to become a Transitional Company.
Fund	The SBS Later Stage EIS Fund, an alternative investment fund for the purposes of the AIFMD, managed by the AIF 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 SBS Later Stage EIS Fund. The Nominee is the registered legal holder of investments on behalf of each Investor.
HMRC	HM Revenue & Customs.
IHT	Inheritance Tax.
IHTA	Inheritance Tax Act 1984.
Income Tax Act or ITA	The Income Tax Act 2007.
Intermediary	A person who promotes and markets the Fund to his/its clients and arranges the investment for the Investor, such as an IFA.
Investee Company	A company in which the Fund invests.
Investment	An investment in one or more Investee Companies on the terms of this Information Memorandum.
Investment Committee	A committee consisting of at least a senior member of the AIF Manager, a senior member of SBS and an independent chairman nominated by the AIF Manager.
Investment Objective	The investment objective for the Fund as stated in the Information Memorandum.
Investments Manager	The SideBySide Partnership International Limited, as defined below.

Investor's Agreement	The agreement to be entered into by each Investor on the one hand and SBS, the AIF Manager and the Nominee on the other hand the terms of which are set out in the Appendix of this Information Memorandum.
Investor	A person who enters into an Investor's Agreement and invests in the Fund.
Investment Restrictions	The investment restrictions of the Fund as detailed in Schedule 1.
Knowledge Intensive Company	<p>A company which satisfies the conditions referred to in section 252A of the Income Tax Act, including:</p> <p>First, the operating costs conditions: that in one of the three years preceding or succeeding the investment date, 15% of operating costs has been or will be spent on R&D or innovation or, alternatively, that in each of those preceding or succeeding years 10% of its operating costs has been or will be spent on R&D or innovation; and</p> <p>Second, the innovation condition: that the company creates intellectual property and expects the majority of its business to come from this IP within 10 years, or, alternatively, 20% of employees hold a relevant masters or higher degree and are engaged directly in research and development or innovation activities carried on the company or its qualifying subsidiaries.</p>
Mentoring Services	Services provided or procured by The SideBySide Partnership International Limited to Investee Companies including legal, taxation, marketing, accounting, public relations, due diligence, information technology and other areas in which start-up companies may need expert advice.
Minimum Fund Size	Aggregate Subscriptions of £750,000 unless increased or decreased at the absolute discretion of AIF Manager and SBS.
Monitoring and Investee Director Fees	Monitoring fees, and, where there is board representation, directors' fees to be charged by SBS to companies in which the Fund invests.
Nominee	WCS Nominees Limited, a company registered in England and Wales under the Companies Act with company number 06002307 and registered office at 4 th Floor, 50 Mark Lane, London EC3R 7QR or such other nominee or agent as the AIF Manager may appoint (with the approval of SBS) from time to time to be the registered legal holder of Investments on behalf of Investors.
Performance Fee	If an Investor has received cash Distributions equal to £1.60 for every £1 (i.e. a return of 160%) of his or her Subscription to the Fund, net of any unpaid

Transaction Charges (the "First Hurdle"), then SBS and the AIF Manager in aggregate will be entitled to a performance fee of 20% of the Surplus Distributions which exceed the First Hurdle up to £4.00 per £1 invested. This performance fee shall be paid to SBS and the AIF Manager by deduction from Surplus Distributions above the First Hurdle before accounting to the Investor for the balance of such Distributions; and

If an Investor has received gross cash Distributions equal to £4 for every £1 (i.e., a return of 400%) of his or her Subscription to the Fund, net of any unpaid Transaction Charges, but after adding back the performance fee of 20% (the "Second Hurdle"), then in addition to the 20% performance fee, SBS and the AIF Manager in aggregate will be entitled to a further performance fee of 33% of the Surplus Distributions which exceed the Second Hurdle and this further performance fee shall also be paid to SBS and the AIF Manager by deduction from the Surplus Distributions above the Second Hurdle before accounting to the Investor for the balance of such Distributions.

As illustrated by the table in the section entitled "Performance Fee:" commencing on page 26.

Portfolio

The Subscription monies an Investor contributes to the Fund in any calendar year plus all Investments made through the Fund which are allocated to an Investor and registered in the name of the Nominee on the Investor's behalf and which are subscribed out of such monies plus all income and capital profits arising thereon.

Professional Client

Means a professional client for the purposes of the FCA Rules.

Qualifying Company

A company that meets the requirements for EIS Reliefs.

Qualifying Investment

An Investment by a Qualifying Investor in a Qualifying Company which satisfies all the conditions for EIS Reliefs.

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.

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 an Exchange in an EEA State, regularly traded on or under the rules of such; 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 above categories when it begins to be traded. Note that this term does not include AIM or ICAP traded investments, nor does it include unlisted securities.

Relevant Shares

Shares in which the Fund has invested if and for so long as neither a claim for EIS tax relief made in accordance with chapter 5, part 5 of the ITA has not been disallowed nor an assessment has been made pursuant to Section 235 of ITA 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.

Risk Factors

The risk factors set out in section 6 of the Information Memorandum.

Second Hurdle

The receipt by an Investor of gross cash Distributions equal to £4.00 for every £1 (i.e. a return of 400%) of his or her Subscription to the Fund, net of any unpaid Transaction Charges, and after adding back the performance fee of 20% of the Surplus Distributions which exceed the First Hurdle up to £4.00 per £1 invested.

Share Loss Relief

Relief in respect of income tax for allowable losses pursuant to Chapter 6 of Part 4 ITA.

Sterling

The lawful currency of the UK, pounds sterling (GBP).

Subscription

A subscription in the Fund pursuant to the Application Form.

Surplus Distributions

Distributions received by an Investor which exceed his or her total Subscription to a Portfolio in any single calendar year. Where an Investor makes multiple Subscriptions to the Portfolio he or she shall be regarded as holding a separate Portfolio in respect of each calendar year in which he or she makes Subscriptions. These Portfolios shall be regarded as separate Portfolios for the purposes of calculating the performance fee due in respect of each such Portfolio as described on pages 26-27 once the Investor has received Distributions which exceed the amount Subscribed in any such Fund.

The SideBySide Partnership International Limited or SBS

A company registered in England and Wales under company number 10166558 with its registered office at Stag Gates House, 63/64 The Avenue, Southampton, Hampshire S017 1XS. The directors of The SideBySide Partnership International Limited are John Edward Bailye and Lyndall June Bailye.

Transaction Charges

The annual administration charge payable to SBS of 2% of each Investor's Subscription and the dealing charge is also payable to SBS of 0.5% on purchases and sales of shares.

Transitional Companies

A company with rapid growth prospects which is diversifying, broadening and strengthening the commercial functions necessary for it to succeed in its mainstream market, typically with existing or near term prospective annual revenues of around £4 million.

UK

The United Kingdom of Great Britain and Northern Ireland.

Appendix: Investor's Agreement

This Investor's Agreement (the "Agreement") sets out the terms and conditions for The SBS Later Stage EIS Fund.

1 Definitions, Construction and Interpretation

- 1.1 In this Agreement the definitions set out at page 42 to 48 of this Information Memorandum issued by the AIF Manager shall apply.
- 1.2 Words and expressions defined in the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.4 References to "you" or "your" are references to the Investor who enters into this Agreement with the AIF Manager. References to the singular only shall include the plural and vice versa.
- 1.5 Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.6 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2 Investing in the Fund

- 2.1 This Agreement between you as an Investor and the AIF Manager comes into force on the date on which the AIF Manager accepts your Application Form. Sapphire Capital Partners LLP enters into this Agreement for itself as the AIF Manager and as agent for and on behalf of The SideBySide Partnership International Limited (SBS) as the Investments Manager and WCS Nominees Limited as the Nominee. You will be notified by email (if you have provided an email address) if your Application Form is accepted. No notification will be provided if you have not provided a valid email address.
- 2.2 This Agreement enables you to appoint the AIF Manager as a discretionary manager to act on your behalf and, on the recommendation of SBS and with the approval of the Investment Committee to make venture capital investments in Qualifying Companies and to manage those investments in common on behalf of all Investors in accordance with the Investment Objective. The Fund will be a Complying Fund. You shall retain beneficial ownership of the assets in your Portfolio at all relevant times.
- 2.3 You, as an Investor, hereby appoint the AIF Manager, on the terms set out in this Agreement, to manage your Portfolio as one of a series of similar funds, which together constitute the Fund. The AIF Manager accepts its appointment and obligations on the terms set out in this Agreement. You, as the Investor, grant the AIF Manager full authority, at the AIF Manager's sole discretion and without reference to you, to enter the kind of transactions or arrangements for your account and to invest, on your behalf, in the type of

investments or assets set out in the Information Memorandum which are recommended by SBS as the Investments Manager and approved by the Investment Committee. Any Investments made on your behalf will be made on a restricted basis and limited to the types of investments detailed in the Information Memorandum.

- 2.4 You, as an Investor, acknowledge that the AIF Manager also has the authority to carry out administration and receiving agent services on your behalf but may appoint third parties including the Nominee and Custodian to do so which the AIF Manager considers suitable.
- 2.5 The AIF Manager is authorised and regulated by the FCA for the conduct of UK business.
- 2.6 In consideration of appointment of SBS as the Investments Manager, SBS shall be entitled to the fees expressed to be payable under this Agreement out of which it shall pay the fees due to the AIF Manager.
- 2.7 You confirm that you have expertise, experience and knowledge in the investment field relevant to the Fund and that you are an experienced investor in medium to high risk, unquoted companies and have suitable knowledge of the risks associated with non-Readily Realisable Investments such as to give reasonable assurance to the AIF Manager, in the context of the nature of the transactions or services envisaged, that you are capable of making your own investment decisions and understanding the risks involved in a participation in the Fund and that such participation is appropriate for you.
- 2.8 You confirm that you are not seeking advice from the AIF Manager or SBS on the merits of your Subscription and any investments made by the Fund.
- 2.9 You agree that the AIF Manager, and SBS may hold information about you and your affairs in order to verify your identity and financial standing or otherwise for the purposes of the performance of the services hereunder (among other things the AIF Manager and SBS may consult a credit or mutual reference agency, which may retain a record of the enquiry).
- 2.10 The AIF Manager has a duty to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "Anti-Money Laundering Regulations 2017") and the FCA Rules. The AIF Manager will therefore verify your identity and report suspicious transactions to the appropriate enforcement agencies. If you do not provide the identity verification information when requested, the AIF Manager may be unable to accept any instructions from you or provide you with any services or return proceeds to you.
- 2.11 The AIF Manager will comply with FCA conduct of business rule 11.2, as more particularly detailed in Schedule 3 to this Investor's Agreement.
- 2.12 SBS may, at its discretion, elect to terminate the AIF Manager's appointment (or any other AIF Manager appointed pursuant to clause 16.3) as your discretionary investment fund manager and as administrator under this Agreement and select a new person to act as your discretionary investment manager and administrator (the "**New AIF Manager**") on terms the same as, or substantially similar to, those under this

Agreement in substitution for, and to the exclusion of, the AIF Manager (or any other AIF Manager appointed pursuant to clause 16.3), provided that such New AIF Manager is sufficiently authorised under the Financial Services and Markets Act 2000 to discharge its duties as your discretionary investment manager. You, as an Investor, hereby appoint SBS as your attorney for the above purposes and to enter into on your behalf an investment management agreement on the same or substantially similar terms to this Agreement under which you appoint the New AIF Manager as your discretionary manager and for the avoidance of doubt, with the mandate to manage the Fund's Investments and any uninvested Subscription Monies and to appoint such person to act as the Nominee as the New AIF Manager may nominate. You, as the Investor, hereby also agree that the proportion of the Performance Fee owing to the AIF Manager agreed by SBS to be due to the AIF Manager will survive any termination of the AIF Manager and will be based on the Surplus Distributions which an Investor receives from an Investee Company.

3 Subscription

3.1 You, as an Investor:

- (a) must make a Subscription of not less than £25,000 (other than with the discretion of SBS and the AIF Manager) at the same time as submitting your Application Form to invest in the Fund; and
- (b) may make such greater Subscription (in multiples of £5,000) as you may decide.

subject to the discretion of SBS to accept your application to invest in part only. If your application to invest is scaled back the AIF Manager will refund to you the amount of your proposed Subscription which is not accepted in accordance with clause 3.4.

3.2 You may make a withdrawal from the Fund, or terminate this Agreement, pursuant to Clause 16 below.

3.3 Your Subscription Monies shall be deposited in a client account held by the Custodian pending the AIF Manager accepting your Application Form at which point such monies will be transferred into an interest bearing client account held by the Custodian pending the AIF Manager's investment through the Nominee. The Investor is aware that the Custodian's terms and conditions are available on request from either the AIF Manager or directly from Woodside Corporate Services Limited at info@woodsidesecretaries.co.uk. By signing an Application Form, the Investor confirms that he or she has read and understood the terms and confirms their acceptance to the terms and conditions of the Custodian.

3.4 The basis and extent of acceptance of your application will be determined by the AIF Manager in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The right of the AIF Manager is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application. Subscription Monies not accepted will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out in this Agreement. In particular, but without limitation, the AIF Manager may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions.

- 3.5 The Fund is categorised by the AIF Manager as the equivalent of an “as a professional client” and this Investor’s Agreement taken together with all other Investor’s Agreements constitute the “Client Agreement” between the Fund and the AIF Manager for the purposes of the FCA Rules.
- 3.6 You confirm that you are not seeking advice from the AIF Manager or SBS on the merits of any Investment into the Fund.
- 3.7 You confirm that you are suitably knowledgeable of the risks associated with non-Readily Realisable Investments and/or has been suitably advised of these risks.
- 3.8 The AIF Manager, the Custodian and SBS may retain information about you and your affairs in order to confirm your identity and financial standing (amongst other things the AIF Manager and SBS may make enquiries to a credit or mutual reference agency, which may retain a record of the enquiry). The Investor agrees that the AIF Manager, the Custodian and SBS may do this.
- 3.9 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 AIF Manager and SBS may be unable to accept any instructions from the Investor or provide them with any services.

4 Cancellation Rights

- 4.1 Following receipt of an Application Form, SBS will write to you acknowledging receipt of the application. If you wish to exercise your right to cancel, the Investor must notify the AIF Manager and SBS in writing within 14 calendar days of the acceptance of the application and receipt of the Subscription monies by writing to the AIF Manager and SBS at the address as printed on the “Principal Parties and Advisers” page of this Information Memorandum.
- 4.2 If you exercise your cancellation rights, the AIF Manager and SBS will refund any monies paid by the Investor less any charges SBS has already incurred for any service undertaken in accordance with the terms of this Agreement.
- 4.3 The AIF Manager and SBS will endeavour to arrange the return of any such monies 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 later). You will not be entitled to interest on such monies.
- 4.4 If you do not exercise this right to cancel within the requisite time period, you will still be entitled to exercise your right under Clause 16 below to terminate this Agreement, which is a separate right.
- 4.5 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.

5 Services

- 5.1 The AIF Manager will manage the Fund on the terms set out in this Investor's Agreement. The AIF Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this Investor's Agreement. For the avoidance of doubt this includes any conversion of shares, the amount of capital invested in an Investee Company, voting or other rights relating to such shares, and you hereby irrevocably authorise and empower the AIF Manager in this regard.
- 5.2 The Tax Advantages are dependent on your personal circumstances as well as the actual underlying Investments made by the Fund. In providing its services to you, the AIF Manager shall not be required to take into account taxation matters and the AIF Manager and SBS do not provide tax advice. Therefore, you should seek independent tax advice to determine and understand the suitability of investing in the Fund and any effect that this may have on your own position generally.
- 5.3 The AIF Manager will provide administration services for the Fund on the terms set out in this Agreement and the Nominee will provide nominee services in relation to the holding of Investee Company shares. The AIF Manager may appoint a third party to provide administration services to the Fund on such terms as may be approved by the Investment Committee.
- 5.4 You hereby authorise (and grant to the AIF Manager, Nominee, Custodian and SBS a power of attorney) the AIF Manager, SBS, Custodian and the Nominee or their agents to act on your behalf and in your name (or on behalf of your nominee and in their name) to negotiate, agree, execute and do all such acts, transactions, agreements and deeds as the AIF Manager (or SBS or Nominee acting with the authority of the AIF Manager) or their agents may deem necessary or desirable in connection with the Fund for the purposes of managing your Portfolio including making, and managing and disposing of Investments and cash on your behalf and generally fulfilling the objectives and purposes of the Fund (including facilitating the payment of agreed charges on behalf of Investors to their financial intermediaries). This authority (and power of attorney) shall be irrevocable and shall survive, and shall not be affected by, your subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution. This authority will terminate upon the Investor ceasing to hold any cash or other assets in the Fund.
- 5.5 The AIF Manager, SBS and Nominee shall not have any authority to act on your behalf or as your agent, except as expressly provided in this Agreement or as the AIF Manager and SBS may otherwise be authorised by you (or by an authorised person on your behalf) from time to time.

6 Investment Objective and Restrictions

- 6.1 In performing its discretionary investment management services, the AIF Manager shall have regard to and shall comply with the Investment Objective and the Investment Restrictions.
- 6.2 In performing its discretionary investment management services, the AIF Manager shall at all times have regard to:
- (a) the need for the Investments to attract the EIS tax reliefs; and

(b) all Applicable Laws.

6.3 Surplus cash held prior to investment in Investee Companies and, in the event of a gradual realisation of Investments prior to termination of the Fund under Clause 16.1, any cash proceeds of realised Investments, may be placed on deposit or invested in government securities or in other investments of a similar risk profile.

7 Terms Applicable to Dealing

7.1 In effecting transactions for the Fund, the AIF Manager will act in accordance with the FCA Rules.

7.2 Where relevant, it is agreed that all transactions will be effected in accordance with the rules and regulations of the relevant market or exchange and the AIF Manager and SBS shall take all such steps as may be required or permitted by such rules and regulations and/or by good market practice. All transactions in Investments will be subject to the rules and customs of the exchange or market and/or clearing house through which the transactions are executed and to all Applicable Laws so that:

- (a) if there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and
- (b) action may be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Laws.

You should, however, be aware that Subscriptions will be invested in a range of unlisted securities and there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms that can be secured.

7.3 Subject to the FCA Rules, transactions for an Investor may be aggregated with those for other Investors and may be aggregated with other customers of the AIF Manager, and of its employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but you should be aware that the effect of aggregation may work on some occasions to your disadvantage.

7.4 Generally investments will be allocated between Investors by reference to the proportion, which the Investor's uninvested cash bears to the total uninvested cash of all Investors.

7.5 When determining the price per share and number of shares to be allocated to an Investor in an Investee Company, the AIF Manager takes into account the following:

- (a) the timing of the Investments;

- (b) variations to prevent Investors having fractions of shares; entitlements to shares will be to the nearest whole share rounded down and the aggregate of fractional entitlements may be held by the Nominee for the AIF Manager; and
- (c) if one or more of the Investors has notified the AIF Manager that they are an accountant, lawyer or other professional person who is subject to professional rules preventing him/her from making an Investment in a particular Investee Company, then the number of shares provisionally allocated to that Investor or Investors shall not be acquired for any of their Portfolios in the Fund; and
- (d) whether the Investor is liable to pay their IFA (where the IFA treats the Investor as a Retail Client) adviser fees or (where the IFA treats the Investor as a Professional Client) commission (as applicable).

7.6 The AIF Manager and SBS will act in good faith and with due diligence in their 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.

8 Custody

8.1 Investments will be registered in the name of the Nominee. Investments within your Fund will therefore be beneficially owned by you at all times but the Nominee will be the legal owner of the Investee Company shares. The Nominee will not, save as set out in clauses 7.5 and 7.6, carry on any activity except as instructed by the AIF Manager or SBS acting with the authority of the AIF Manager.

8.2 The AIF Manager will hold any title documents or documents evidencing title to the Investments on behalf of the Nominee. Individual customer entitlements are not identifiable by separate certificate or other physical document of title. In the event of a default of the Nominee, those for whom it holds securities may share in any shortfall pro rata. On occasion, your Investments may be used to settle other person's transactions which will not affect the AIF Manager's record of your entitlements. The Nominee holds the Investments pursuant to a bare trust under which the interests of Investors are created or extinguished when the AIF Manager makes acquisitions or disposals in accordance with this Agreement. Pursuant to section 250(1) and 257HE Income Tax Act 2007 shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of the EIS and SEIS as subscribed for, issued to, held by or disposed of by the individual Investor. The AIF Manager shall maintain at all times a record sufficient to identify your beneficial interest in the whole number of shares allocated to your Portfolio and the cash within your Portfolio.

8.3 Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such title documents.

8.4 An Investment may be realised in order to discharge your obligations under this Agreement, for example in relation to payment of fees, costs and expenses.

8.5 The AIF Manager will arrange for you to receive details of any meetings of Investee Companies in which you are invested and any other information issued by Investee Companies if you at any time in writing request such details and information (either specifically in relation to a particular Investment or generally in respect

of all Investments). You shall be entitled, as a matter of right, to require the Nominee to appoint you as its proxy to vote as you may see fit at any meeting of shareholders in an Investee Company in which you are invested. If you are not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of an Investee Company, and upon the application of the AIF Manager to the Nominee, the Nominee may (but is not obliged to) appoint the AIF Manager as its proxy to vote at that meeting. In the case of variations in the share capital, receipts of a notice of conversion or proposal to wind up, amalgamate or takeover a company in which an Investment is held for you:

- (a) a bonus or capitalisation issue will be automatically credited to an Investor's holding;
- (b) otherwise (where appropriate) the AIF Manager will be sent a summary of the proposal and the required action to be taken (if any);
- (c) in the case of a rights issue or other proposed variation, the Nominee will send the AIF Manager such summary of the proposal and the required action to be taken (if any) as it may receive, and if no instruction is received from the AIF Manager, the Nominee will allow the rights to lapse. Lapsed proceeds in excess of £3 will be credited to you. Sums less than this will be retained for the benefit of the Nominee. However, if nil paid rights in a secondary market are acquired for you, such rights will be taken up, unless the AIF Manager provides contrary instructions;
- (d) all offers will be accepted by the Nominee only upon instructions from the AIF Manager;
- (e) entitlement to shares will be to the nearest whole share rounded down and the aggregate of fractional entitlements may be held by the Nominee for the AIF Manager;
- (f) if partly paid shares are held for you and are the subject of a call for any due balance and no instruction is received from the AIF Manager, the Nominee may sell sufficient of your Investments as (in its reasonable opinion) is necessary to meet the call; and
- (g) in the case of a proposal to wind up, amalgamate or take over an Investee Company the AIF Manager will be sent a summary of the proposal and the required action to be taken (if any).

8.6 Where applicable, you are responsible for complying with all requirements under the Takeover Code and to notify the FCA and the Takeover Panel of dealings in relevant shares during a takeover or merger.

8.7 The cash balance held for an Investor will be deposited with an authorised banking institution in a common call account with customer trust status, together with cash balances belonging to other Investors and the AIF Manager shall appoint a suitably authorised person to operate such account, save that, if and for so long as the AIF Manager is itself a suitably authorised person, it may provide such services itself. Initially, Investors' cash will be held in a segregated bank account operated by the Custodian which will act as receiving agent in respect of Subscriptions. Cash balances will not be actively managed and will only attract the interest rates (if anything) applicable to call accounts. Any interest earned on cash balances held for the Investor in the Fund will be retained by the Custodian.

8.8 The AIF Manager may decide to cease to treat as your money any of your unclaimed cash if there has been no movement in the balance in the bank account in a period of five years (notwithstanding any payments or receipts of charges, interest or similar items) and the AIF Manager has taken reasonable steps to contact you and to return the balance.

8.9 You confirm that in no event shall an investment counterparty dealing with the AIF Manager, SBS or Nominee with respect to any document signed or action undertaken for or on behalf of you in accordance with this Agreement be obliged to inquire into the necessity or expediency of any act or action of you, the existence or non-existence of any fact or facts which constitute conditions precedent to acts by you or any act or failure to act by you or as to any other matter whatsoever involving you. You declare that a person who deals with the AIF Manager, SBS or Nominee in good faith may accept a written statement signed the AIF Manager, SBS or Nominee to the effect that their appointment as such hereunder has not been revoked as conclusive evidence of that fact.

9 Reports and Information

9.1 You will be provided with contract notes by the AIF Manager for each transaction.

9.2 The AIF Manager shall send you a report relating to the Fund, complying with the FCA Rules, every year and online reports shall be made available every six months. Reports will include a measure of performance in the later stages of the Fund once valuations are available for the Investments.

9.3 The AIF Manager shall supply such further information which is in its possession or under its control as you may reasonably request as soon as reasonably practicable after receipt of such request.

9.4 Any contract notes, statements, reports or information so provided by the AIF Manager to you will state the basis of any valuations of Investments provided.

10 Fees and Expenses

10.1 SBS shall receive fees on the basis set out in Schedule 2 to this Agreement. SBS will arrange for Investee Companies to facilitate the payment of such fees if practicable as well as the adviser charges agreed by you and your IFA (or commission, where applicable) in accordance with Schedule 2 of this Agreement.

10.2 SBS may facilitate or procure the facilitation of payments in respect of charges which you have agreed with your financial Intermediary as detailed in the Information Memorandum and the Application Form. You confirm that any ongoing agreed charges payable to your financial Intermediary are and will be for ongoing services to you in relation the Fund. You have the right to cancel the facilitation of any ongoing charges at any time by notice in writing to SBS. You may also request that facilitation of ongoing charges to a new financial Intermediary who is advising you in relation to the Fund in place of a previous financial Intermediary. Any such request must be made by at least 30 days' notice writing to SBS. SBS may structure the funding and payment such payments at its discretion for legal, tax and regulatory reasons from time to

time. The administration of remuneration for financial intermediaries will be managed by SBS.

10.3 SBS shall be responsible for meeting all fees and expenses of the AIF Manager, the Nominee and of any administrator and custodian from time to time appointed (with the approval of SBS) by the AIF Manager.

11 Management and Administration Obligations

11.1 The AIF Manager shall use all commercially reasonable endeavours on the basis and with the resources available to it as described in the Information Memorandum to provide its services properly and efficiently and in compliance with the FCA Rules.

11.2 Except as disclosed in the Information Memorandum and as otherwise provided in this Agreement (for example on early termination) the AIF Manager shall not take any action which may prejudice obtaining the EIS tax reliefs save where the AIF Manager considers it to be in the best interests of Investors.

12 Your Obligations

12.1 Your Portfolio, which is to be established by this Agreement, will be established on the basis of the declaration made in your Application Form which includes the following statements in relation to your Subscription:

- (a) that you agree to notify the AIF Manager if any Investment is made in any company with which you are connected within the meaning of Section 163 and Sections 166 to 177 of the Income Tax Act 2007;
- (b) that you agree to notify the AIF Manager if, within three years of the date of issue of an Investment in an Investee Company, you become connected with the Investee Company or receive value from that Investee Company; and
- (c) that you will provide the AIF Manager with your tax district, tax reference number and National Insurance number.

12.2 You hereby confirm that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Investor's Agreement.

12.3 You must immediately inform the AIF 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 12.1 above refers.

12.4 In addition, you must provide the AIF Manager with any information which it reasonably requests for the purposes of managing your Portfolio pursuant to the terms of this Agreement.

13 Delegation and Assignment

The AIF Manager and SBS may employ agents and subcontractors, including associates, to perform any administrative, custodial or ancillary services to assist the AIF Manager and SBS in performing their services, in which case it will act in good faith and with due diligence in the selection and use of agents but (save where the agent, adviser or other persons are an Associate of the AIF Manager and SBS, for whom the AIF Manager and SBS will remain directly responsible to the Investor for all acts and omissions as if they were those of the AIF Manager and SBS) the AIF Manager and SBS will not be responsible for the acts and omissions of any such persons. For the avoidance of doubt the provisions of this clause shall apply if the AIF Manager appoints any person other than itself to be an administrator for the Fund.

14 Potential Conflicts of Interest and Disclosure

- 14.1 This Clause 14 list of potential conflicts of interest is not intended to be comprehensive. The AIF Manager and SBS may provide similar services or any other services whatsoever to any client and the AIF Manager shall not in any circumstance be required to account to you for any profits earned in connection therewith. So far as is deemed practicable by the AIF Manager and SBS they will use their reasonable endeavours to ensure fair treatment as between the Fund and such clients in compliance with the FCA Rules. However, the AIF Manager and SBS may provide advisory or discretionary fund management activities for other clients, including, without limitation, other arrangements similar to the Fund. The investment strategies employed for such other arrangements could conflict with the transactions and strategies employed in advising the Fund in respect of its portfolio and may affect the prices and other instruments in the underlying Investee Companies.
- 14.2 The AIF Manager and SBS and any Associate may, subject to FCA Rules, and without prior reference to you, recommend and/or undertake transactions in which they have, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with their duty to you provided however that the AIF Manager and SBS shall make a full and fair disclosure of any conflicts of interest which may arise to the Investment Committee and shall act in accordance with such directions and guidelines as they may provide. If the AIF Manager and SBS does this then neither the AIF Manager and SBS, nor any Associate, shall be liable to account to you for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions. For example, such potential conflicting interests or duties may arise because:
- (a) the AIF Manager and SBS or any Associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for you;
 - (b) the AIF Manager and SBS or any Associate may take an equity stake in a company whose securities are held for you at a price not below the issue price available to you. Additionally the AIF Manager and SBS may hold an equity stake in a company whose securities are held for you which was issued to the relevant member or members of the AIF Manager and SBS at an issue price which is less than the issue price available to you where the equity stake, or the entitlement to it is acquired before shares are issued to you;

- (c) the AIF Manager and SBS or an Associate provides investment services for other clients. In particular the AIF Manager and SBS may manage other funds and if investment opportunities are suitable for the Fund and other funds or accounts which they manage the AIF Manager and SBS will allocate those opportunities in accordance with their allocation policy as in place from time to time;
- (d) any of the AIF Manager and SBS's directors or employees, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any Investee Company whose securities are held on your behalf (save that any such securities held by the AIF Manager and SBS, or an Associate will not be capable of assignment, save to employees of the AIF Manager and SBS, or an Associate as relevant, for a period of three years following their subscription);
- (e) the transaction is in securities issued by an Associate of the AIF Manager and SBS or the client of that Associate;
- (f) the transaction is in relation to an Investment in respect of which the AIF Manager and SBS (or their Associates) may benefit from a commission or fee payable otherwise than by you and/or the AIF Manager and SBS or their Associate may also be remunerated by the counterparty to any such transaction;
- (g) the AIF Manager and SBS deals on your behalf with an Associate;
- (h) the AIF Manager and SBS may act as your agent in relation to a transaction in which they are also acting as agent for the account of other customers and Associates;
- (i) the AIF Manager and SBS may, in exceptional circumstances, deal in investments as principal in respect of a transaction for you;
- (j) the AIF Manager and SBS may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. the AIF Manager and SBS or an Associate may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them; or
- (k) the transaction is in the securities of an Investee Company for which the AIF Manager and SBS or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction.

You hereby authorise the Investment Committee, acting as a representative organ of the Fund in its capacity as a professional client of the AIF Manager, to approve transactions where the AIF Manager, SBS and any Associate may wish to undertake transactions in which they have, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with their duty to you.

15 Liability

15.1 The AIF Manager and SBS agree that they will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 15 shall exclude any duty or liability owed to you under the FCA Rules.

15.2 Neither the AIF Manager, SBS nor their partners, officers, employees and agents shall be liable to you for any direct or indirect loss, damage, costs, charges, expenses or other claims of whatsoever nature arising under, or in connection with, things done or omitted to be done by it pursuant to this Agreement, including (but not limited to) loss or damage incurred as a result of:

- (a) HMRC not granting EIS Reliefs or withdrawing EIS Reliefs previously claimed in relation to Investee Companies or any adverse tax implications of any transactions arising in connection with the AIF Manager and SBS's services under this Agreement;
- (b) third party claims;
- (c) any delay or change in market conditions before any transaction is effected on your behalf;
- (d) for any losses, costs, expenses, damages and liabilities, you may suffer because of anything outside the AIF Manager and SBS's reasonable control to prevent and the effect of which is beyond the AIF Manager and SBS's reasonable control to avoid, including, but not limited to: the introduction of any change to any law; acts or regulations of any governmental or supranational bodies or authorities currency restrictions, devaluations and fluctuations; acts of terrorism; war; civil unrest; lock-out or strike, market conditions affecting the execution or settlement of transaction of the value of assets; faults and interruptions in executing trades or investments made on your account or, where applicable, processing investment instructions including failure or malfunction of any telecommunications or computer service or services; the failure of any relevant exchange or clearing houses; and strikes and industrial disputes not within our reasonable control;
- (e) the solvency, acts or omissions of any third party we deal with on your behalf (other than an Associate of the AIF Manager and SBS) including any broker, nominee company, manager, settlement agent, depositary or other third party by whom or in whose control any of your investments (or documents of, or certificates evidencing, title thereto) may be held or through whom any transactions may be effected, or any other third party with whom the AIF Manager and SBS deals or transacts business or who is appointed by the AIF Manager and SBS in good faith on your behalf), unless the AIF Manager and SBS has been grossly negligent in selecting or dealing with them for you;
- (f) the AIF Manager and SBS not investigating any instruction from you that it reasonably believes may be genuine which turns out not to be genuine;
- (g) the AIF Manager and SBS not following an instruction from you in accordance with this Agreement where the AIF Manager and SBS reasonably believes that following such instruction

would give rise to a breach of any Applicable Laws; and/or

- (h) any error by you or your agents in sending any instructions to the AIF Manager and SBS or arising from you countermanding any outstanding instructions which has already given rise to binding rights or obligations.

15.3 The AIF Manager and SBS shall not be liable to you for any losses arising from any investment decision made or for other action in accordance with this Agreement (including loss of profit, loss of anticipated profit, loss of goodwill, loss of agreement or contract, loss of business opportunity, loss of anticipated savings or indirect, special or consequential loss howsoever arising), except to the extent that such loss is finally judicially determined to have been solely caused by the gross negligence or wilful default or fraud of the AIF Manager and SBS or any of its officers, employees or agents.

15.4 SBS accepts responsibility for holdings of Investee Company shares in the name of the Nominee and for the acts and omissions of the Nominee, provided, however, that SBS shall not be liable for any loss to you arising from any action it takes in accordance with this agreement, except to the extent that such loss is directly due to the gross negligence or wilful default or fraud of the AIF Manager and SBS or any of its officers, agents or employees.

15.5 Subject to Clauses 7.6 and 13, the AIF Manager and SBS shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Fund, other than such party which is their Associate.

15.6 In the event of any failure, interruption or delay in the performance of the AIF Manager and SBS's obligations resulting from acts, events or circumstances not reasonably within its control (including but not limited to acts or regulations of any governmental or supranational bodies or authorities) or breakdown, failure or malfunction of any telecommunications or computer service or systems, you acknowledge that the AIF Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by you.

15.7 The AIF Manager and SBS gives no representations or warranty as to the performance of the Fund. Investments in Investee Companies are high risk, 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. By entering into this Agreement, you confirm that you have considered the suitability of the Investment Objectives and Investment Restrictions set out in Schedule 1 to this Agreement, have read and understood the Information Memorandum and Key Information Document including, in particular, the risk warnings set out therein, and have taken your own independent advice. Nothing in this Clause 15 shall exclude the liability of the AIF Manager and SBS for their own fraud.

15.8 The AIF Manager and SBS, will not be liable to you for any consequent impact on the Fund or any consequent damage or loss suffered or incurred by you in respect of the circumstances set out in this Clause 15.

15.9 Nothing in this Agreement will operate to exclude or limit any liability of the AIF Manager and SBS, (i) in respect of fraud on the part of the AIF Manager and SBS, or (ii) in respect of death or personal injury arising from the AIF Manager and SBS's gross negligence, or (iii) which otherwise cannot lawfully be omitted or excluded (including any duty or liability owed to you under the FCA Rules), or (iv) which is finally and judicially determined to have resulted from their wilful default or gross negligence.

15.10 The AIF Manager and SBS total liability under or in connection with this Agreement shall be limited to foreseeable loss and not consequential loss.

15.11 You and your professional tax adviser remain responsible for the management of your affairs for tax purposes.

15.12 The AIF Manager and SBS reserve the right to put such controls and limitations on any account opened on your behalf as they in their reasonable discretion deems fit in response to the requirements of any duly constituted authorities including without limitation:

- (a) the orders of courts binding on the AIF Manager and SBS or duly recognised foreign courts;
- (b) HMRC; and
- (c) sanctions lists issued by the European Union, HM Treasury or any other similar body.

For the avoidance of doubt this Clause 15.12 shall permit the AIF Manager to freeze your account.

15.13 The AIF Manager and SBS are solely liable for the performance and observance of the terms of this Investor's Agreement. The individual members of the Investment Committee are appointed by the AIF Manager to provide advice and guidance to and generally to oversee the good corporate governance of the AIF Manager and the members of the Investment Committee do not owe you any duty of care or any other obligation to any other person and shall not have any personal liability to you whatsoever and howsoever arising.

16 Termination

16.1 The AIF Manager and SBS will seek to realise Investments within a period of five to eight years after the investment but realisations may take much longer given the type of investments envisaged. You acknowledge that there can be no guarantee as to the performance or value of Investments, or the achievability or timing of realisations. On termination of this Agreement, the AIF Manager and SBS shall endeavour to procure that all remaining Investee Company shares in your Portfolio will be sold or transferred into your name or as you may otherwise direct. Any cash within your Portfolio will (net of fees and costs, including bank charges) be paid to you.

16.2 Unless you agree otherwise with the AIF Manager and SBS, you are entitled to make withdrawals of Investee Company shares in your Portfolio at any time after the end of the period of seven years beginning with the date on which the shares in question were issued or withdrawals of Investee Company shares which have

become listed on a recognised investment exchange or official listing in an EEA State in your Portfolio at any time after the period of five years beginning with the date on which the shares in question were issued.

You are entitled to withdraw any uninvested cash in your Portfolio at any time before it has been committed to an Investee Company and subject to giving 10 days' notice in writing to the AIF Manager and SBS.

SBS and the AIF Manager will have a lien on all Investments being transferred into the Investor's name and shall be entitled to take or dispose of some or all of the Investments and apply the proceeds in discharging accrued but unpaid Transaction Charges. Any Transaction Charges paid by Investee Companies which exceed the accrued Transactional Charges on uninvested cash which is withdrawn from your Portfolio will be rebated to you by SBS provided however that Additional Transaction Charges and Monitoring and Investee Director Fees which are charged to Investee Companies will be retained by SBS.

If you make a withdrawal of shares pursuant to this clause you will be liable for a charge equal to a fair amount determined by SBS and the AIF Manager in compensation for their contingent entitlement to accrued Performance Fees.

This Agreement shall terminate upon the completion of the withdrawal from the Fund of all Investee Company shares and cash which you are entitled to receive under this clause 16.2. The balance of any sale proceeds and control of any remaining Investee Company Investments will then be passed to you.

16.3 If:

- (a) the AIF Manager gives you not less than one month's written notice of its intention to terminate its role as AIFM under this Agreement; or
- (b) the AIF Manager ceases to be appropriately authorised by the FCA or becomes insolvent (unless SBS has appointed a New AIF Manager pursuant to clause 2.12) the AIF Manager shall use its reasonable endeavours to make arrangements to transfer the Investments to another AIF Manager with the prior approval of SBS in which case that AIF Manager shall assume the role of the AIF Manager under this Agreement (*mutatis mutandis*), failing which the Agreement shall terminate forthwith and, subject to clause 16, the Investments held in your name shall be transferred into your name or as you may otherwise direct.

17 Consequences of Termination

17.1 On termination of this Agreement pursuant to clause 16, the AIF Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination (such as the Performance Fees) and will be without penalty or other additional payments save that you will pay fees, expenses and costs properly incurred by SBS which are due up to and including the date of termination and which are payable under the terms of this Agreement.

17.2 On termination, the AIF Manager may apply cash held for you, and may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay your outstanding liabilities, including fees, costs and expenses payable which are set out in Schedule 2 to this Agreement (if applicable).

18 Confidential Information and Data Protection

18.1 Neither the AIF Manager and SBS, nor the Investor, shall disclose to third parties or take into consideration for purposes unrelated to the Fund information: the disclosure of which by it would be or might be a breach of duty or confidence to any other person; or which comes to the notice of an employee, officer or agent of the AIF Manager and SBS or of any Associate but properly does not come to the actual notice of that party providing services under this Agreement.

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

18.3 The AIF Manager and SBS, will at all times keep confidential all information acquired in consequence of the services, except for information which: is in the public knowledge; or which they may be entitled or bound to disclose under compulsion of law; or is requested by regulatory agencies; or is given to their professional advisers where reasonably necessary for the performance of their professional services; or which is authorised to be disclosed by the relevant party, and shall use all reasonable endeavours to prevent any breach of this Clause 18.2.

18.4 The AIF Manager and SBS may verify your identity and assess your financial standing. In doing so, a credit or mutual reference agency may be consulted which will record a search.

18.5 All data which you provide to the AIF Manager and SBS, or the Nominee is held by that party subject to the General Data Protection Regulation 2018. You hereby agree that the AIF Manager and SBS and the Nominee, may pass personal data 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 and to the FCA and any regulatory authority which regulates them and in accordance with all other Applicable Laws.

18.6 In accordance with the General Data Protection Regulation 2018, you are entitled to a copy of the information the AIF Manager and SBS and the Nominee holds about you. In the first instance, you should direct any such request to the AIF Manager and SBS. You should inform the AIF Manager if any information the AIF Manager and SBS hold about you is inaccurate, so that the AIF Manager and SBS may correct it.

18.7 You may not require the destruction or deletion of any record pertaining to you unless the AIF Manager and SBS or the Nominee is required to destroy or delete such records by force of law or other regulatory requirement.

18.8 The AIF Manager and SBS and where relevant the Nominee will act as data controller (and in certain circumstances, data processor) within the meaning of the General Data Protection Regulation 2018. You hereby consent to the storage, processing and use by the AIF Manager and SBS, and where relevant the Nominee, and their respective agents and Associates of personal data (as defined in the General Data Protection Regulation 2018) given by you under this Agreement in connection with the provision of the services under this Agreement. You undertake to supply personal data to the AIF Manager and SBS in accordance with the provisions of the General Data Protection Regulation 2018.

18.9 Your personal data will be stored on a database, which is shared by the AIF Manager and SBS, the Nominee and their Associates. You agree that this personal data may be used by them and/or their Associates to send you details of new and existing products or other opportunities which may be considered of interest or relevance to you (including by e-mail) unless you notify them in writing that it may not be used in this way.

18.10 Please be advised that, by entering into this Agreement, you will be consenting to the transmittal of their data outside of the European Economic Area.

19 Complaints and compensation

The AIF Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from the AIF Manager on request. Should you have a complaint, you should contact either the AIF Manager or SBS.

20 Notices, Instructions and Communications

20.1 Notices of instructions to the AIF Manager and SBS or the Nominee should be in writing and signed by you, except as otherwise specifically indicated.

20.2 The AIF Manager and SBS or the Nominee may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by you under the Application Form or subsequently notified by you 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.

20.3 All communications with you shall be sent (whether postal or electronic) to the latest address you have supplied in writing to the AIF Manager and SBS or the Nominee and shall be deemed received by you on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by you shall be made in writing or (save as otherwise provided) by telephone to the AIF Manager and SBS or the Nominee, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by you will be deemed received only if actually received by the AIF Manager and SBS or the Nominee. The AIF Manager and SBS will not be liable for any delay or failure of delivery (for whatever reason) of any communication sent to you.

21 Unsolicited real time financial promotion

The AIF Manager and SBS may communicate an unsolicited real time financial promotion (i.e. interactive communications such as a telephone call promoting an investment) to you.

22 Amendments

The AIF Manager with the prior consent of SBS amend this agreement by giving you written notice with immediate effect if such amendment is necessary in order to comply with Applicable Laws including HMRC requirements, or in order to maintain the EIS tax reliefs or in order to comply with the FCA rules. Any other proposed amendments will be notified to you with the prior consent of SBS, and if you fail or omit to give notice of your rejection of the proposed amendment within 30 days of the date of the amendment notice, this Agreement shall be deemed amended accordingly.

23 Entire agreement

This Agreement, together with the Application Form and other documents mentioned in it, comprises the entire agreement of the AIF Manager and SBS with you relating to the provision of the services described therein. This agreement is personal to you and may not be assigned by you without the prior written consent of the AIF Manager and SBS. In the event of your death the AIF Manager and SBS will continue to deal with your personal representatives. SBS and/or the AIF Manager may assign the whole or part of its fees due in accordance with Schedule 2 to any Associate and/or, where permissible in accordance with FCA Rules, to any financial Intermediary representing an Investor and may also assign this agreement to an Associate or to any legal entity to which the business of SBS may be transferred or which may otherwise assume and continue the business of SBS by giving notice to you, and subject to any amendments required to this agreement to effect the assignment and subsequent operation by the Associate as amended pursuant to clause 22.

24 Rights of Third Parties

24.1 A person who is not a party to this Agreement has no right 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 such third party which exists or is available apart from that Act.

24.2 Notwithstanding any provision of this Agreement, this Agreement (and any provision of it) may be rescinded, amended or varied without the consent of any third party and section 2(1) of the Contracts (Rights of Third Parties) Act 1999 will not apply.

25 Severability

25.1 If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

25.2 If any provision of this Agreement is so found to be invalid or unenforceable in accordance with Clause 25.1 but would be valid or enforceable if some part of the provision were deleted or the period, area or scope of application of the clause were reduced, the clause in question will apply with any modification(s) that may be necessary to make it valid and enforceable.

25.3 The parties agree, in the circumstances referred to in Clause 25.1, and if Clause 25.2 does not apply, to attempt to substitute for any invalid or unenforceable provision a valid and enforceable provision which achieves to the greatest extent possible the same effect as would have been achieved by the provision which is invalid or unenforceable. The obligations of the parties under any invalid or unenforceable provision of this Agreement will be suspended while the parties attempt to agree the substitution.

26 Governing Law

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

Schedule 1:

Investment Objective and Restrictions of the Fund

Investment Objective of the Fund

1. To offer Investors the opportunity to invest in unquoted Qualifying Companies which carry on business or intend to carry on business of a type described in the Information Memorandum published by the AIF Manager and SBS on the 23rd of March 2019.

Investment Restrictions for the Fund

2. In carrying out its duties hereunder in respect of the Fund, regard shall be had, and all reasonable steps taken, by the AIF Manager and SBS to comply with such policies or restrictions as are required in order to attract the EIS tax reliefs as may be prescribed by HMRC from time to time.
3. In particular, but without prejudice to the generality of the above statements, the restrictions for the Fund is as follows:
 - (a) no more than 50% of the Subscription of an Investor will be invested in any one Investee Company at full fund raising provided that this shall not restrict the subsequent merger, acquisition or unitisation of Investee Companies with other Investee Companies; and
 - (b) each Investee Company in which Investments are made will, so far as the AIF Manager is aware at the time of the Investment, be a Qualifying Company.
4. You, as an Investor, should be aware that the Fund's Investments will include non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to deal in the Investments or to obtain reliable information about their value.

5. In the event of a gradual realisation of Investments prior to termination of this Agreement under Clause 15, the cash proceeds of realised Investments may be placed on deposit or invested in fixed interest government securities or other investments of a similar risk profile. Proceeds will be paid out on termination of this Agreement or in instalments in advance of termination, as determined by the AIF Manager, subject to HMRC approval (if necessary).

Schedule 2:

Fees and Expenses in respect of the Fund

The fees and charges payable in connection with the Fund are as set out in the section headed "Charges" on pages 26-27 of the Information Memorandum.

Schedule 3

Execution policy

The AIF Manager has an obligation when executing orders on behalf of the Fund to obtain the best possible outcome. The FCA requires various execution factors to be taken into account including price; cost; speed; market impact, likelihood of execution and settlement; size; or any other consideration relevant to the execution of the order. Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, the AIF Manager may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result. The AIF Manager will determine the relative importance of the execution factors by using its commercial judgment and experience in light of market information available and taking into account the execution criteria.

The execution criteria are defined as the characteristics of the client, order (orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some shares are more liquid than others, and illiquid shares will be less easily tradable in volume) and the execution venue.

The scope of activities undertaken by the AIF Manager does not currently include placing orders with brokers or dealers. Should the AIF Manager place orders with brokers or dealers for execution it will satisfy itself that the broker or dealer has arrangements in place to enable the AIF Manager to comply with its best execution obligations to its clients. Specific arrangements will be put in place such that brokers will confirm that they will treat the AIF Manager as a professional client and will therefore be obliged to provide best execution.

The AIF Manager may establish special purpose vehicles as investments. Investors will be issued shares in such SPVs. As shares in SPVs cannot be obtained from any other sources there is limited opportunity to apply some of the execution factors.

The AIF Manager will review the effectiveness of its execution policy and order execution arrangements on an annual basis. Whenever a material change occurs that affects the AIF Manager's ability to continue to obtain the best possible result for the Investors, the AIF Manager will notify the Investors of any material changes to its execution arrangements or its execution policy by posting an updated version on its website.

Consent

The AIF Manager is required to obtain your consent to this execution policy. This will be demonstrated by your submission of a completed Application Form to the AIF Manager.

Principal parties and advisers

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