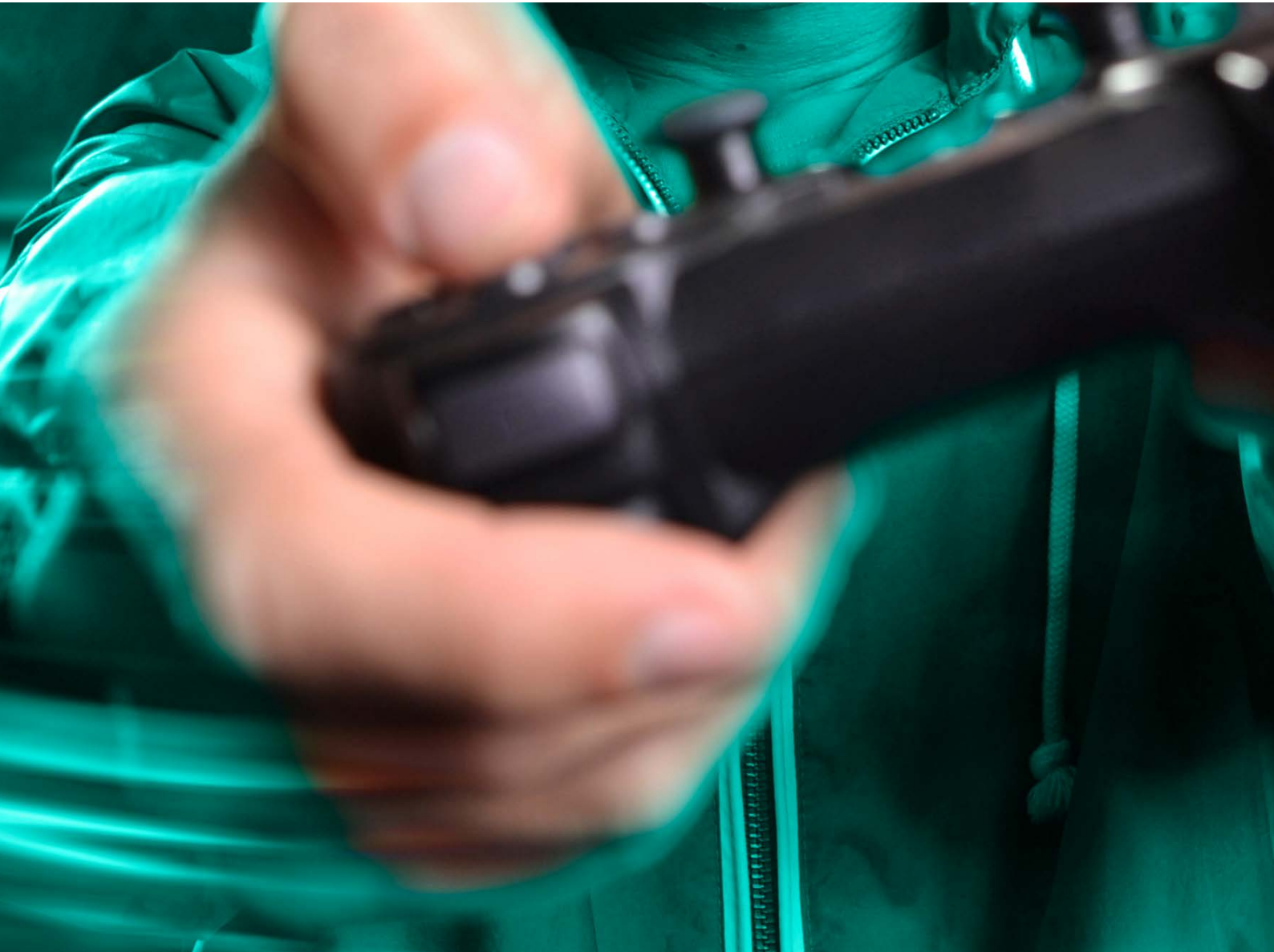


# TESSERACT INTERACTIVE SEIS FUND 6

INFORMATION MEMORANDUM



DAEDALUS PARTNERS



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### IMPORTANT INFORMATION

#### THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the content of this Information Memorandum (**Information Memorandum**) and/or any action you should take, you are strongly recommended to seek advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (**FSMA**) who specialises in advising on investment opportunities of this type. Nothing in this Information Memorandum constitutes investment, tax, legal or other advice by Daedalus Partners LLP (the **Manager**) and your attention is drawn to the section headed "Risks" on pages 22 – 25. An investment in the Tesseract Interactive SEIS 6 (the **Fund**) will not be suitable for all recipients of this Information Memorandum.

This Information Memorandum constitutes a financial promotion pursuant to Section 21 of the FSMA and is issued and approved by Daedalus Partners LLP, Hurst House, High Street, Ripley, Surrey GU23 6AY; registered in England and Wales as a limited liability partnership with the registered number OC365551 and authorised and regulated by the Financial Conduct Authority in the United Kingdom.

The Manager has taken all reasonable care to ensure that the facts stated in this Information Memorandum are true and accurate in all material respects and that there are no material facts in respect of which omission would make any statement, fact or opinion in this Information Memorandum misleading. Delivery of this Information Memorandum shall not give rise to any implication that there has been no change in the facts set out in this Information Memorandum since the date hereof or that the information contained herein is correct as of any time subsequent to such date. The Manager accepts responsibility accordingly. This document is not intended to constitute a recommendation or provide advice of any sort to any prospective investor.

Any references to tax laws or rates in this Information Memorandum are subject to change. Past performance is not a guide to the future performance and may not be repeated. The value of your investment can go down as well as up and you may lose part or all of your capital invested. You should consider an investment in the Fund as a medium to long term investment. Investments made by the Fund are likely to be illiquid.

No person has been authorised to give any information or to make any representation concerning the Fund other than the information contained in this Information Memorandum or in connection with any material or information referred to in it and, if given or made, such information or representation must not be relied upon. This Information Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase securities and, in particular, does not constitute an offering in any state, country or other jurisdiction where, or to any person or entity to which an offer or sale would be prohibited.

#### TESSERACT INTERACTIVE SEIS FUND 6

A Daedalus SEIS Fund

Managed by Daedalus Partners LLP

Promoted by RAM Capital Partners LLP

This Information Memorandum contains information relating to investment in the Fund. An investment may only be made on the basis of this Information Memorandum and the Fund Management Agreement. All statements of opinion or belief contained in this Information Memorandum and all views expressed and statements made regarding future events represent the Manager's own assessment and interpretation of information available to them as at the date of this Information Memorandum. No representation is made, or assurance given, that such statements or views 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 or views and no responsibility is accepted by the Manager in respect thereof.

RAM Capital Partners LLP (RAM), which is authorised and regulated by the Financial Conduct Authority (with firm reference 470347), is acting as Promoter in connection with the Fund and is not acting for anyone else and will not be responsible to anyone other than the Manager for providing the protections offered to customers of RAM. No liability is accepted by RAM for the accuracy of any information, appropriateness of the Fund structure, or opinions contained in or for the omission of any material information from this document. RAM is unable to give investment or taxation advice or advise on the suitability and appropriateness of the Fund.

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## PART 1: SUMMARY

The following is a summary of the key points pertaining to the opportunity for subscription to the Fund and should be read in conjunction with the full text of this Information Memorandum.

### Investment Opportunity

Tesseract Interactive SEIS 6 (the "Fund") provides investors with access to companies operating in the entertainment software sector. An attractive risk/return profile is achieved through a balanced selection of investments in high-growth, start-up companies with potential for significant equity returns, and other investments in small enterprises exploiting established franchises, brands and IP.

Capital will only be invested in companies that have received HMRC advance assurance and this has been granted for all applications made to date.

It is intended that all subscriptions to the Fund will be deployed into SEIS Qualifying Shares during the 2015/16 tax year. Investors should, subject to the annual investment limited, be able to treat part or all of their investment as if made during the 2014/15 tax year, with any balance available for offset in the 2015/16 tax year.

The Fund is managed by Daedalus Partners, a leading investor in the video games sector and financiers of *Lumo Deliveries Inc*, *LA Cops*, *Poppy Cat* and *the Bubble Volcano*, *Dino Dog* and *M3CH*.

### Benefits of the SEIS

The Seed Enterprise Investment Scheme (SEIS) comprises a variety of tax benefits available to UK tax paying individuals, subject to investments complying with the relevant conditions and requirements.

The tax benefits include the following:

- 50% income tax relief on qualifying investments of up to £100,000 per tax year
- 50% reinvestment relief against capital gains realised in any of the 2014/15 and 2015/16 tax years
- No CGT payable on gains realised on the disposal of the investment
- Ability to offset any capital losses realised against income or gains reducing capital at risk
- 100% relief from inheritance tax for investments held for more than two years, or immediately if investment qualifies as replacement property

### Key Features of the Fund

- Balanced investment strategy through careful blending of investment opportunities
- The fund management of your portfolio will be undertaken by a highly experienced investment team, with successful track records and access to Tier 1 video game opportunities on mobile, console and PC platforms.

### Offer Details

- Launch Date: 9.00am on 3 August 2015
- Closing Date: 5.30pm on 25 March 2016<sup>1</sup>
- Minimum Fund Size: £750,000
- Maximum Fund Size: £3,000,000<sup>2</sup>
- Minimum Investment: £10,000

### Costs

Charges include:

- Each Investee Company will pay a one-off initial fee to the Manager of 3.0% of capital subscribed plus an annual monitoring charge equivalent to £2,250;
- Annual custodian charges up to 0.50%
- Performance fee to incentivise the Manager equivalent to 37.5% of any distributions (or amounts realised/payable) to the shareholders of each Investee Company, subject to investors in the Fund first receiving 120p for every 100p invested (ignoring tax reliefs)
- Reasonable expenses incurred by, and costs of, the Manager and its affiliates in managing, administering and providing services to the Fund and its investments may be charged to the Fund or the Investee Companies, as appropriate

See page 21 for full details of the costs and fees applicable to the Fund and its investments.

### Risks

Investment in the Fund involves a high degree of risk. Past performance is not a guide to future performance and may not be repeated. The value of investments can go down as well as up and you could lose part or all of your capital invested. You should consider the Fund to be a medium to long term investment and that the investments made by the Fund are likely to be illiquid.

Investors are strongly advised to seek independent legal, financial and tax advice before making a decision to invest. Full details of the risk factors and associated mitigation strategies can be found on pages 22 – 25.

### How to Apply

After reading the Information Memorandum and Fund Management Agreement please complete the Application Form and return to Woodside Corporate Services, 4th Floor, Mark Lane, London, EC3R 7QR.

<sup>1</sup> Subject to the Manager's discretion to extend or shorten the Closing Date.

<sup>2</sup> Subject to the Manager's discretion to increase.

# TESSERACT INTERACTIVE SEIS FUND 6

## PART 2: INVESTMENT OPPORTUNITY

### 1. Summary

The Manager intends to invest in a portfolio of high-growth Investee Companies with the objective of maximising capital returns for clients of the Fund. Downside protection will be afforded to clients through portfolio diversification and the attractive tax benefits available under the new SEIS.

Daedalus Partners LLP (the **Manager**) specialises in the design, implementation and management of alternative investment opportunities, principally across the real estate, entertainment and telecoms sectors. The Manager currently manages in excess of £25.8 million of investments which qualify for the benefits of SEIS, of which £10.5 million pertains to previous Tesseract funds, plus a further £46.5 million that qualifies for benefits under the Enterprise Investment Scheme (**EIS**).

The Fund will benefit from the extensive knowledge and experience of the Manager in identifying a diverse selection of SEIS-qualifying companies each operating within the vibrant entertainment software industry.

The Manager is seeking to raise up to £3,000,000 of capital for the Fund, which will close on 25 March 2016.

### 2. Investment Objective

The Manager intends to invest in a portfolio of high-growth Investee Companies with the objective of maximising capital returns for investors in the Fund. Downside protection will be afforded to investors through portfolio diversification and the attractive tax benefits available under the new SEIS.

Investments will comprise a mix of new interactive entertainment applications and associated digital services leveraging recognised franchises/brands (sports, music, film and fashion), publisher led titles, renowned creative talent or existing games which could benefit from redevelopment, updating and wider exploitation (**Type A**) together with entirely original digital content and distribution ideas (**Type B**).

Type A Investee Companies will pursue a more conservative investment strategy such as licencing existing rights and trademarks for the purposes of creating new interactive entertainment applications or working with well-established and renowned creative teams. The advantage is twofold: lower costs associated with developing the title for commercialisation and access to an established user base.

Shares in Type B Investee Companies will involve a greater degree of uncertainty around future performance, but conversely with a higher potential to access significant growth and eventual capital returns. Suitable Type B investments will combine a strong management team with proven game technologies to commercially exploit new creative content across a range of digital distribution platforms such as the *PlayStation Network*, *iTunes*, *XBOX Live*, *GooglePlay* and *Steam*.

The Fund's remit will target specific areas of the interactive entertainment spectrum, namely applications for tablets and smartphones, online PC games and downloadable content for the console/handheld market.

The maximum investment by the Fund in any one Investee Company will be £150,000. Seed capital will be deployed into start-up ventures to originate and fully develop new entertainment software through to the point of commercial exploitation via international publishers and online distribution platforms or alternatively, invested in the marketing, testing, updating and exploitation thereof.

In order to qualify for SEIS Relief, shares will need to be held by investors for a minimum of three years from the date shares are issued by the Investee Company (the **Minimum Period**). Once this period has elapsed, the Manager will consider options for realising value from these investments.



### 3. Interactive Entertainment Sector

The Manager believes that there are a number of compelling and complementary trends making an investment in the interactive entertainment sector especially timely.

#### Overview

The global video game market was worth \$65.7bn in 2013 and is anticipated to rise by an average 6.3% a year to \$89.0bn by 2018<sup>3</sup>. At \$4.97bn in 2012, the UK is comfortably the largest interactive entertainment market in Europe and the 4th biggest consumer market in the world after North America, Japan and China respectively. The UK is forecast to expand by an CAGR of 5.1% to reach \$6.37bn by 2018<sup>4</sup>.

The UK is widely acknowledged as a world class location for the development of entertainment content boasting a deep and highly qualified talent pool of some 9,000 people, amongst the finest games studios in the world, technical as well as creative excellence, an ongoing ability to produce products that sell well internationally and the creativity to originate innovative intellectual property. It is home to renowned businesses that have developed seminal franchises such as *Grand Theft Auto* (the fastest selling entertainment product of all time), *Wipeout*, the *Fable* series, *Dirt*, *Burnout* and *LittleBigPlanet*, whilst contributing £1bn annually to UK GDP<sup>5</sup>.

The Manager believes that attractive investment opportunities will continue to exist driven by fast evolving consumer behaviour, technology advancements and government policy. For example, the global online gaming market, with its more flexible pricing structures and wide variety of games, is anticipated to expand by 7.4% a year to \$30.6bn by 2018. This reflects both the PC-centric online gaming boom in the Asia Pacific markets and the way they have embraced some subscription services and free-to-play games, as well as micro-transactions, compared with the Western model of highly priced console games. The *Puzzles and Dragons* phenomenon and host of professional gaming leagues based on games like *Starcraft* create a virtuous circle of social gaming and culture that draws in ever more players.

Further, the means by which consumers can now engage with entertainment applications is also rapidly changing. There is a continually evolving suite of digital hardware technologies available to end users with a different gaming experience and levels of interactivity – be it a PC, console, tablets and smartphones or virtual reality headsets.

Late 2013 saw the launch of next generation consoles in the form of the PlayStation 4 and Xbox One, each supported by a strong portfolio of gaming titles and additional features. The PlayStation 4 employs a traditional PC architecture, which will be easier to develop for than its predecessor, while the acquisition of Gaikai in June 2012 will enable Sony to stream PC games via almost any Internet-connected device. Functions like cloud gaming, media management and better-value subscription services will serve the console gamer well as volumes ramp up and hardware prices drop. Market share from PC games will gradually decline over the next 5 years despite impressive increases in digital games distribution. But innovative systems like Oculus Rift (bought by Facebook for \$2bn in 2014), Steam machines and Nvidia's Shield point to a new, potentially more exciting long term future for PC gaming.

In the long term, the expectation is that the console gaming experience will be enhanced by auxiliary equipment. For example, Microsoft Research showed a video of a system called Illumiroom at CES 2013 that would combine the Kinect and a projector to display content around the TV.

For the mobile gaming sector, app stores offer consumers a much broader spectrum of games than is typically available for PCs and consoles, and have helped introduce video gaming to a wider demographic.

Interactive entertainment on mobile often costs much less than on PC, or console, because games can be downloaded free or for as little as \$0.99. As smartphone penetration has grown, so has the mobile gaming user base. This growth has led to a decline in handheld console revenues since, for casual gaming, consoles cannot compete on price or choice. Indeed, industry analysts NewZoo estimate that mobile gaming revenues will surpass console game revenues in 2015.<sup>6</sup>

Mobile gaming will also be a major driver for spending on video games advertising. Although advertising on consoles is growing and is expected to increase faster after the release of the Xbox One and PS4, there is a limit to how much advertising can be displayed to gamers on consoles before it becomes intrusive. However, mobile gamers are significantly more tolerant of advertising, particularly in free games. It is also increasingly common to browse the Internet and play games on a tablet while watching TV, so mobile gaming advertising is expected to rise as marketers turn to mobile as a supplemental way of targeting the primetime TV audience.

<sup>3</sup> PwC Media & Entertainment Outlook 2014-2018

<sup>4</sup> ibid

<sup>5</sup> TIGA

<sup>6</sup> <http://www.newzoo.com/2014/global-mobile-games-revenues-top-25-billion-2014/>

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The start-up end of the interactive entertainment sector is the most exciting because this is often where innovation really occurs and the opportunity to realise significant capital returns. It is the small, independent companies that foster the right environment for creativity to flourish – small enterprises are dynamic, do not possess legacies to protect and therefore, can exploit the disruptive effects of new technology to maximum effect. *Supercell*, *Mind Candy*, *King* and many more besides were borne out of ideas and speed to market that simply could not have been executed by major video game studios.

Technological changes continue to remove industry barriers to entry by reducing costs and disaggregate traditional parts of the value chain. Consequently, even the most modest of investments can now comfortably deliver an entirely original, and highly playable, application for global publication.

With plethora of digital channels emerging, many developers are focusing on multi-platform titles as a means of maximising potential revenues. For example, *Candy Crush Saga* which grosses \$1 million a day<sup>7</sup> can be played on mobile, PC, and Facebook. Also, an increasing number of companies are adopting the “Nintendo Model”- becoming publishers or platform provider for third-party developers but retaining a focus on maximising first-party game revenues.

### Examples of Opportunities

Through its extensive network of industry relationships, the Manager intends to target prospective investments in the following segments:

#### Online Games

The PC platform was traditionally the only means to play games online, but consoles have made significant inroads into this lucrative market as consumers flock to living-room-friendly devices. The release of next generation consoles from both Sony, Microsoft and Nintendo is expected to heighten the impact on PC revenues, because each of these platforms supports online gaming through portals such as Xbox Live, PlayStation Network and Nintendo Network that enables gamers to download hardware compatible games and compete against other players anywhere via the internet.

The online platform has been seen as a solution to piracy, which is a particular problem in emerging markets, where games can be expensive and difficult to purchase by legal means. Some games are not sold at all in particular regions, and gamers can be frustrated by the long delays after European or North American releases for a game to be localized and released in their territory. The online subscription and “free-to-play” models allow greater flexibility in the amount the user spends on a game. Games that use these models are not typically pirated because they are free to download, and the gameplay experience is improved by the user purchasing a subscription or virtual goods within the game.

Sony’s PlayStation Network (PSN), which launched in 2006, is a free environment that provides online gaming, as well as means to download video game content and chat to friends. At its press conference for E3 2013, Sony announced it had 110 million registered users. In 2010, Sony launched a subscription service for the PS3 called PlayStation Plus at a cost of £40 annually under which users had free use of, and discounts on, a selection of titles normally available only for sale from PSN, as well as exclusive access to game demos and premium content. During the run up to the launch of the PlayStation 4, Sony claimed that multiplayer online access will require a PlayStation Plus subscription.

Similarly, Microsoft has two online services - Xbox Live Free and a Gold membership which costs £40 per annum. In March 2010, Microsoft introduced its Game Room for Xbox 360, a marketplace for retro arcade games. Unusually, in addition to downloading these games for \$3 per title, Game Room also permits players to pay a smaller sum to play the games only once instead of owning them. Microsoft claim to currently have 48 million registered users.

Consoles are transforming from pure gaming machines to dedicated living room entertainment devices through the development of robust ecosystems. Games as a service, in contrast to a product, are becoming more prominent – cloud gaming, downloadable content add-ons, day/date “phygital” releases and cross-platform play. Microsoft recently revealed new television and video partnerships for on-demand viewing, while introducing its Xbox SmartGlass system, which connects phones, PCs and tablets to the console.

In the PC market, Valve’s Steam service is the dominant distribution company in the market for legally downloading games. During late 2013, the company achieved a record 7.2 million concurrent users<sup>8</sup>. Steam has over 3,000 games available to download to its 65 million registered users worldwide. A potentially market-transforming announcement

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<sup>7</sup> Think Gaming

<sup>8</sup> Gamespot.com – December 2013

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was made when Valve revealed its partnership with micro-PC maker Xi3 to produce a machine aimed at competing with consoles in the TV market. Showcased alongside chip-maker NVidia's own TV-PC 'Shield' at the 2013 Consumer Electronics Show, the new devices are attracting the attention of gamer and retailers.

Games on social networks such as Facebook and Yahoo have also grown exponentially, as they can increase their recognition by encouraging users to spread the word among their social-networking contacts. In Japan, social games companies such as GREE and DeNA have grown significantly in recent years, with GREE gaining around 25 million users and DeNA around 47m<sup>9</sup>.

Social gaming has also brought with it controversial monetization models. For example, the 'complete gacha' game system was banned in May 2012 by Japan's Consumer Affairs Agency. Complete gacha or 'comp-gacha' games involve the player repeatedly purchasing items at random in order to complete a set and earn a reward. Since item allocation is random, the player might have to spend hundreds of dollars to receive the reward. As such, many consider complete gacha to be a form of gambling. Consequently, revenues declined because of the ban, but soon rose as games companies used alternative business models such as gacha games, where a rare prize was given after a certain number of items had been purchased. The controversy raised awareness of social games across all age groups and has ironically enticed more people to play.

Even the major developers have expanded into the online and social gaming market, with many adopting free-to-play with revenues coming primarily from micro-transactions. Massively multiplayer online game, *Guild Wars 2*, sold 3 million units within five months of launch, which was a drastic improvement on its original successful title where entire lifetime sales were only 6 million<sup>10</sup>. Meanwhile, downloadable phenomenon, *Minecraft* has seen lifetime sales of 20 million, and some reports suggested that cable companies are eager to get into online gaming, too.

Many of the applications available to play online rely on a simple user interface and graphics, preferring to instead concentrate on gameplay and the scope for interaction with fellow players. This Manager believes that significant opportunities exist for small, creative developers to quickly build and sustain highly scalable properties through modest levels of capital investment and partnering with experienced publishers and distributors.

### Wireless Games

Smartphone devices such as the Apple iPhone and Google Android OS phones, alongside tablets such as the iPad Air and e-readers such as the Kindle Fire, are almost universally internet enabled, enhancing the potential for downloading applications. Traffic trends indicate that consumers are spending more time on mobile handsets, including time spent on online gaming.

Many of the popular applications are casual games because they are quick to learn and easy to play. As a result, the most successful mobile titles are single-player matching games, word games and puzzles. These casual games have helped to broaden player demographics and such that more than half of wireless users are women who enjoy titles such as *Candy Crush Saga* and *Bejeweled*.

Historically, many handsets were embedded with games as a differentiator to drive sales of phone models, rather than being seen as a separate revenue stream. With the emergence of the app stores, such as App Store and Google Play devices, the market for wireless games has exploded. The App Store, which has now over 240,000 games and entertainment titles available for download, has dramatically improved the buying experience of consumers over mobile networks by incorporating better product descriptions, user reviews and often included free trials. Additionally, new forms of payment, such as iTunes Account, are facilitating the purchase of games.

The success of the mobile market can be seen in titles such as *Temple Run 2*, which saw more than 20 million downloads on the App Store in less than a week of being on sale. Its predecessor, *Temple Run*, saw lifetime downloads hits 170 million, across the App Store, Google Play and Amazon Marketplace, while match-three puzzle phenomenon, *Candy Crush Saga*, has been installed over 500 million times and generates upwards of a \$1 million a day according to its developer, King.

Success on this scale has led some traditional game publishers such as EA Mobile, to increase their investment in mobile gaming. The group's recent success with its free-to-play *The Simpsons: Tapped Out* led to executives suggesting that it will release more no-charge titles across mobile platforms, with app-based gaming identified as a key area of growth.

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<sup>9</sup> PwC Media & Entertainment Outlook – 2013-2017

<sup>10</sup> *ibid*

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Beyond casual games, more sophisticated applications are being developed for the wireless market as hardware technology advances. The introduction of the iPad Air, and its smaller incarnation, the iPad-mini, each with faster A7 processors and retina display, is driving demand in the market because of superior resolution, high end graphics and familiar ecosystem. Likewise, Android tablets, such as the Google Nexus 7 and Sony Xperia Tablet Z, have immeasurably improved the gaming experience.

Consequently, there has been a renewed focus on higher production values and quality for SNS and mobile gaming. Investor interest remains piqued on social/mobile developers such as 3 year old Supercell, who according to Reuters recently sold a 51% stake to Japanese tech and telecoms group SoftBank valuing the maker of "*Clash of Clans*" and "*Hay Day*" at \$3 billion.

The business model for wireless games has fundamentally changed. Originally, the market consisted of onetime payments for the downloading of games. Now many applications are offered for free ("F2P"), with micro-transactions and advertising providing the requisite revenues for publishers and developers. The hugely popular *Angry Birds* franchise began life as a paid download, but gained even more followers as a free advertiser-supported game. It has now been downloaded over 1.7 billion times across all platforms and in the process has, according to its CEO, transformed creator Rovio into a company with \$200 million in annual sales.

There are a growing number of wireless users, both because of the rising penetration by smartphones and tablets and because the games are significantly cheaper to develop so cost much less than console titles. Indeed, the mobile gaming market is forecast to rise globally from \$9.5 billion in 2013 to \$15.0 billion by 2018, a CAGR of 9.6%. Growth is expected to be particularly significant in Asia, where mobile spending is forecast to surpass that on console games in 2015 as mobile ownership is far more common than PC or console, or access to fixed-line broadband.

In December 2011, Microsoft introduced an Xbox Live app for Windows phones and Apple operated devices which enables users to track and compare their achievements and send messages to Xbox Live friends. Microsoft is also developing apps that will enable users to play Xbox Live games on their devices.

The Manager believes that the low barriers to entry for the consumer offer exciting opportunities for savvy, creative entrepreneurs to expeditiously bring ideas to market and exploit on a global scale, while also combating the effects of piracy. Furthermore, improvements in hardware technology provide scope to develop more sophisticated games incorporating element such as augmented reality and 3-D multiplayer to enhance the user experience.

#### 4. Financial Illustration

Investors' returns in the Fund will be derived predominantly through a realisation of shares in the SEIS Qualifying Companies. Following the expiry of a period of three years from the date of issuing the SEIS Qualifying Shares by the SEIS Qualifying Companies (the **Minimum Period**), the Manager will consider all options available to maximise the value of the Fund's portfolio.

Investors should be aware that the Fund will be invested in small, unquoted companies and consequently, the shares are likely to be highly illiquid, since there will be no active market in such securities. An investor therefore may not have access to their capital for at least 4 years. Furthermore, the Manager may determine that the optimum time for realising value in the SEIS Qualifying Shares is later than the end of the Minimum Period. For illustrative purposes, it has been assumed that a disposal of the shares occurs three years and six months after the Closing Date, based on an additional rate taxpayer who elects to treat 100 per cent of the amount invested as if made in the 2014/15 tax year.

Summary Financial Illustrations <sup>11</sup>	Base Case (£)	Target Case (£)
Cost of Investment	100,000	100,000
Less Income Tax Relief at 50%	(50,000)	(50,000)
Less Capital Gains Relief at 14%	(14,000)	(14,000)
<b>Net Investment<sup>12</sup></b>	<b>36,000</b>	<b>36,000</b>
Share Loss Relief at 45%	11,250	0
Investment Proceeds net of fees	38,707	260,259
<b>Total Return on net investment</b>	<b>38.8%</b>	<b>622.9%</b>
Average Annual Return	11.1%	178.0%
Average Gross Equivalent Annual Return <sup>13</sup>	20.2%	323.6%

The financial illustration assumes that the Fund invests 50% of its proceeds into Type A Companies and the balance into Type B Companies, although the actual mix may differ as much as 50% either way. It is intended that the financial illustration simply demonstrates the potential effect of tax relief on an investment in the Fund over a 42 month period. It makes certain assumptions about investment performance based on the past experience and industry knowledge of the Manager's investment team, each of whom have previously worked on an extensive portfolio of interactive entertainment software titles and associated services. It is important to note, however, that objective data in relation to SEIS Qualifying Shares of this nature is extremely difficult to obtain and consequently, the assumptions made should not be taken as a reliable indicator of the future performance of the Fund.

The Base Case assumes that all Type B investments fail, while Type A investments perform in line with their Base Case projections. The Target Case assumes that 25% of the portfolio performs in line with High Case projections, 50% at their respective Mid Case estimates and the remainder fail.

**The above returns are set out for illustrative purposes only and are not a reliable indicator of future performance. The calculations shown above are net of all related fees, charges, expenses and taxes. No warranty as to future outcome is implied or should 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 Part 5 of this Information Memorandum.**

**The Fund will be deployed into small, high risk start-up ventures and therefore an investor may not receive any Investment Proceeds and may lose the entirety of their investment.**

<sup>11</sup> For investments applied against an investor's 2014/15 and/or 2015/16 income tax and capital gains tax liabilities.

<sup>12</sup> On Net Investment, assuming Income Tax Relief, CGT Relief and Share Loss Relief have been claimed in full at the highest marginal rates.

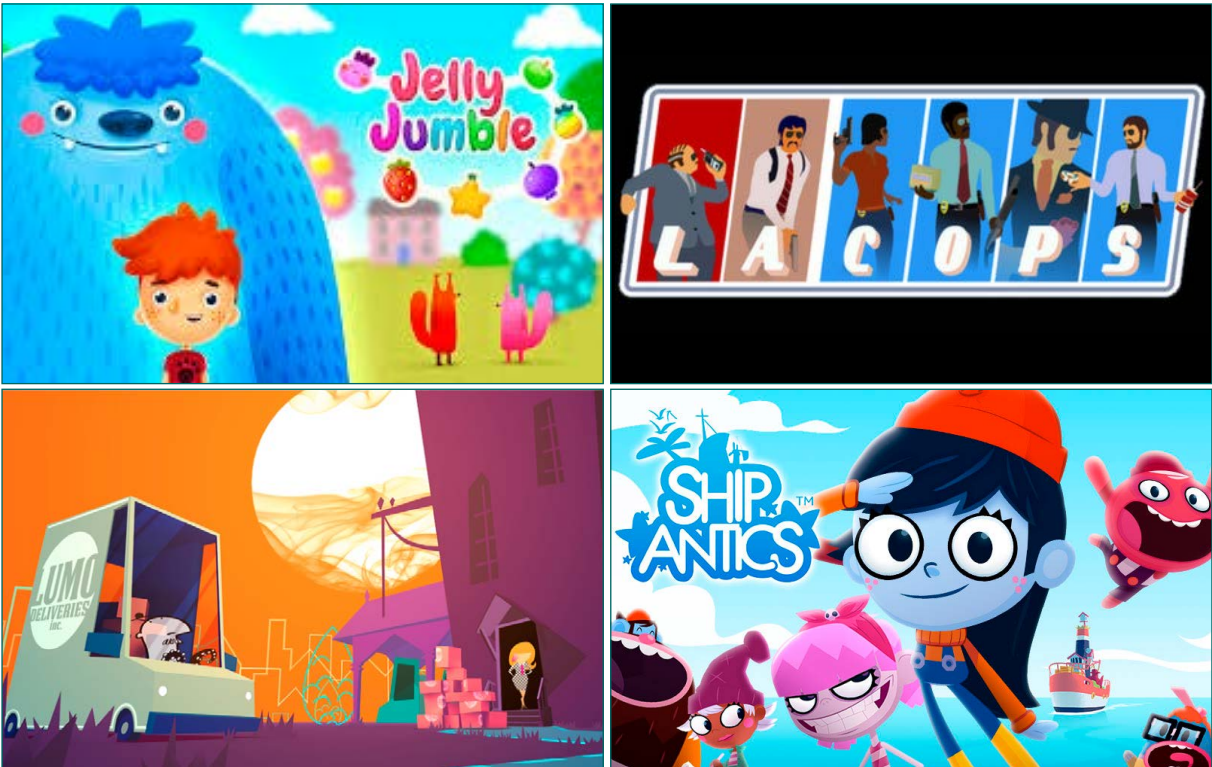
<sup>13</sup> The Gross Equivalent Annual Return is the rate of return that an investor would need to achieve from an equivalent investment (assuming a personal income tax rate of 45%) in order to obtain the same rate of return provided by the Fund. The illustration is based upon realisation of the SEIS Qualifying Shares after 42 months of trading.

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5. Why Daedalus?

The Manager is Daedalus Partners LLP, an FCA regulated investment manager specialising in the design, execution and management of alternative asset opportunities. The Manager currently manages in excess of £19.4 million of investments which qualify for the benefits of SEIS, of which £9.45 million relates to previous Tesseract funds, plus a further £17.6 million that qualifies for benefits under the Enterprise Investment Scheme (EIS).

The Manager is one of the UK’s leading investors in the independent video games development sector having directly backed in excess of 60 different titles over the past 2 years. Recent projects include the stunning Lumo Deliveries Inc (which enjoyed more than 1 million downloads on its first week of release), Poppy Cat and the Bubble Volcano (based on the popular children’s television character), Dino Dog, Jelly Jumble, the hugely anticipated LA Cops (published by Team 17) and M3CH (published by Electronic Arts’ Mobile Games subsidiary, Chillingo).



The Manager looks to invest in very early stage and growth capital opportunities. It focuses on high growth sectors, such as interactive entertainment, where relatively small investments can create new and highly scalable asset owning and exploiting businesses. To achieve this requires specialist knowledge, and in the specific case of the Fund, a detailed understanding of digital distribution and the video games sector. The Manager’s team combines direct expertise in working with small businesses in the creation, development and exploitation of intellectual property rights and realising value from such assets, with an in-depth appreciation of digital technologies, services, hardware and software applications, particularly with respect to their incremental impact on content production, distribution, consumption and e-commerce.

The Manager has identified a strong, well-diversified pipeline of attractive investment opportunities in the interactive entertainment sector, each managed by different, and highly experienced creative entrepreneurs. By partnering with the Manager, entrepreneurs not only gain access to vital risk capital but also to a range of commercial and professional skills to assist in the establishment and growth of their businesses. This frees up each of the entrepreneurs to focus precisely on those areas where they can most add value – utilising their expertise and creativity to originate and develop new intellectual properties or services for commercialisation and export.

### 6. Why Now?

The current economic environment across the UK and Europe presents a huge challenge for small enterprises seeking risk capital to establish and grow their businesses. Conversely, for investors there exists now an attractive opportunity to invest in strong management teams with sound business models, at historically-low valuations. The Fund provides investors the chance to gain access to a well-diversified portfolio of such investments.

The UK Government is a strong advocate of the video games sector and indeed, has recently introduced specific tax incentives to protect and develop the industry. The Manager believes that this represents a strong endorsement of the sector, as a key contributor to the UK economy and an important area of future growth.

### 7. Monitoring of Investments

The Manager will play an active role in monitoring and managing the performance of the Investee Companies and in ensuring that the rights and interests of the Fund are appropriately preserved and exercised, where applicable.

To achieve this, the Manager intends to appoint one or more representatives to the board of each of the Investee Companies. This will enable the Manager to directly influence the principal operating and strategic decisions of the business to ensure that they accord with the mandate of the Fund.

By partnering with the Manager, each of the Investee Companies will gain access to a team of qualified individuals experienced in strategy, marketing, finance, law and operations all of which are essential inputs for new ventures, but which entrepreneurs can little afford to pay for full time so are provided for a lot less than paying external consultants or hiring equivalent staff. This frees up each of the entrepreneurs to focus precisely on where they add the most value, which is utilising their specialist expertise and knowledge to create and develop new intellectual properties for commercialisation and export.

### 8. Tax Reliefs

An investment in the Fund is expected to benefit from the tax advantages offered by the SEIS. Investors should obtain income tax relief (by way of tax reducer) in respect of their proportionate share of each investment made by the Fund at 50% against their 2014/15 and / or 2015/16 income tax liabilities. While the Fund expects to make investments in SEIS Qualifying Companies during the 2015/16 tax year, there is a "carry-back" facility under SEIS, which permits an investor to elect to also claim income tax relief against their 2014/15 liability. This means, for example, that if an investor has taxable income of £10,000 in each of 2014/15 and 2015/16, an investment of £20,000 in the Fund would enable the investor to reclaim income tax of £5,000 against each of their 2014/15 and 2015/16 income tax liabilities by electing for £10,000 to be treated as if subscribed for SEIS Qualifying Shares in each of 2014/15 and 2015/16. The claim may be made in respect of each investment made by the Fund once each company has been authorised to issue a compliance certificate by HMRC and SEIS 3 claim forms have been supplied to each investor. This relief is limited to investments of up to £100,000 in total in SEIS Qualifying Companies in any one tax year. Gains realised on the first disposal of such investments are not chargeable to capital gains tax (CGT) providing they are held for at least three years from the date of share issue.

Capital gains realised by Investors on the disposal of other assets during the 2014/15 and/or 2015/16 tax years and reinvested in SEIS Qualifying Companies will benefit from a 50% reduction in capital gains tax liability provided the investments made by the Fund during the 2015/16 tax year on behalf of the Investor are at least equal the amount of such capital gains. CGT reinvestment relief can be claimed by an Investor who elects to treat the investment in SEIS Qualifying Shares as if subscribed for during the 2014/15 and/or 2015/16 tax years. The investor must have also claimed the available income tax relief in full in that same tax year.

Capital losses on investments can be offset against income in the year in which the loss is crystallised (and/or the preceding year), after taking account of the initial 50% income tax relief claimed (at the applicable rate).

The above section provides only a brief summary of the tax reliefs available under the SEIS. A more detailed explanation of the tax advantages and conditions pertaining to the SEIS is set out in Part 6. The value of the tax benefits will be contingent on each Investor's personal circumstances and may be subject to changes in those circumstances or to changes in tax law.

**The Manager does not provide tax advice and potential investors are strongly recommended to seek independent tax advice.**

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### 9. Liquidity

Each investor will have an interest in the Fund that is pro-rata to the investment they make. The Fund will use the investment proceeds to subscribe for SEIS Qualifying Shares in unquoted companies, where there will be no active market. As such, investors will most likely be dependent upon a realisation of the Fund investments by the Manager to redeem their investments. The Manager will consider options for realising value from the Fund portfolio, and returning funds to investors, from the end of the Minimum Period onwards.

### 10. Investment Suitability

This opportunity is likely to be suitable for UK resident individuals looking for a medium to long term investment and whose personal circumstances allow them to access the SEIS Reliefs, such that they are able to exempt or reduce capital gains and/or access the income tax relief, for example:

- an investor who has sufficient income tax liability to claim 50% income tax relief under the SEIS in the 2015/16 and/or 2014/15; or
- an investor wishing to exempt or reduce a capital gain, but who also possesses sufficient income tax liability to utilise the 50% income tax relief under the SEIS.

The minimum investment in the Fund £10,000.

Investors should note that the assets to be held by the Fund will be shares in small, unquoted companies (often very high risk) and that they may not have access to their capital for at least four years. Please note that the Manager may assess that the investment is not suitable for you.



### PART 3: THE MANAGER AND INVESTMENT DIRECTOR

#### The Manager

The Manager is Daedalus Partners LLP, an investment manager authorised and regulated by the Financial Conduct Authority in the United Kingdom which specialises in the creation, promotion and management of alternative investment funds across the fields of entertainment, real estate, telecoms and renewable energy. The Manager's principal investment team will be comprised of Gavin Harrison and Stephen Norton.

#### Gavin Harrison - Investment Manager

As a founder of Daedalus, Gavin is responsible for the implementation and management of investments.

He commenced his career at Arthur Andersen advising financial services clients, before moving into the entertainment sector where he worked as the Finance Controller for various film and music companies. More recently, Gavin was extensively involved in originating and structuring a wide range of media, real estate and renewable energy investments, including EIS-qualifying.

Gavin is a qualified chartered accountant.

#### Stephen Norton - Investment Manager

Stephen is a founder of Daedalus and is responsible for the sourcing and financial evaluation of investment opportunities.

Prior to forming Daedalus, Stephen was the Chief Operating Officer of a leading alternative investment firm, structuring opportunities in the entertainment, real estate and renewable energy sectors. He has also worked as the Head of Finance at FilmFour and held a number of senior posts with Channel 4 Television.

Stephen is a qualified accountant and holds an MBA from CASS Business School and is a member of the Chartered Institute of Securities and Investment.

#### Industry experts

The Manager will work in tandem with a team of wholly independent, sector specialists to implement the investment objectives of the Fund. Barry O'Neill will undertake an investment management role, working with a group of industry advisers where specialist knowledge or insights are required. If required, Advisers will negotiate separate remuneration arrangements to the Manager with the relevant Investee Company management teams.

#### Investment Director

##### Barry O'Neill - Investment Director

Barry has a 10 year track record in the games industry and specialises in value maximization of video game rights. Most recently, Barry headed up Japanese games giant Namco Bandai's European "networks" business. While there, he spearheaded the development and launch of high profile content such as *PAC-MAN*, *Dr. Kawashima* and *Tekken* on to new platforms including Facebook, iPhone, Android and PlayStation Network. Prior to this, Barry co-founded and was Chief Executive of Upstart Games, the Tokyo, New York and Dublin based mobile games publisher. Upstart Games was sold in 2006 for \$15M USD, delivering a return exceeding 3x for its original investors. Barry is currently the Chairman of Games Ireland and Chairman and Chief Executive of StoryToys, a venture capital backed enterprise which has successfully released a series of iPad interactive book-apps based on the Brothers Grimm fairy tales and well known children's characters such as *Elmo*, *Chugginton* and *The Very Hungry Caterpillar*.

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### Industry Advisers

Through prior investments made via previous Tesseract funds, a broad network of advisors has been established which the Manager and Investment Director can consult on an ad-hoc or formal basis. This group includes senior level executives from publishers such as *Team 17*, Electronic Arts' *Chillingo*, *Sony Computer Entertainment*, *Bandai Namco Games*, *Gameforge*, *Square Enix*, *Zynga* and others, as well as renowned game creators and designers that have been invested in directly through other Tesseract funds, or that have been engaged by investee companies. Together, this group represents a wide cross-section of some of the most successful games companies, creators, and developers globally.

Further, the Investment Director operates a closed-group social network for investees - enabling communication amongst the group, leveraging a wide group of companies for problem-solving, or gaining collective discounts on certain services such as localisation, testing or software licenses. This group can also be consulted by the Manager or Investment Director, should specialist advice be required.

### PART 4: PORTFOLIO STRUCTURE, OFFER DETAILS AND FEES

#### 1. Portfolio Structure

The Fund has been structured as an “unapproved investment fund” for the purposes of the SEIS legislation, but is not a separate legal entity in its own right. Rather, each investor enters into the Fund Management Agreement attached to this Information Memorandum. The Fund will be the client of the Manager for the purposes of the Financial Conduct Authority rules, notwithstanding the fact that it does not have a legal personality and any shares in the investee companies will be beneficially held directly by the investors.

The proceeds of the Fund will be aggregated for the purposes of making investments and the Manager will instruct the Custodian to subscribe for shares in Investee Companies on behalf of investors. Consequently, investors will hold, and be the beneficial owners of, SEIS Qualifying Shares in each Investee Company pro-rata to their subscriptions to the Fund. The shares will be held by the nominee. The Manager, on the other hand, will be responsible for discretionary decisions in relation to the selection of, and exercising the rights in relation to, such investments. An investor will not be able to require of the Manager to dispose of his or her interest in an Investee Company prior to realisation of the Fund’s overall holding. However, the Manager may, at its absolute discretion have regard to any requests made to it by investors to liquidate any individual shareholdings in the Fund (but such termination may result in a loss of income tax and capital gains re-investment tax relief).

#### 2. Subscriptions

The minimum individual subscription in the Fund is £10,000. While there is no limit on the maximum investment into the Fund, it should be noted that an investor may only claim income tax relief and capital gains re-investment tax relief on investments of up to £100,000 in any single tax year. Each spouse has his or her own annual limit of £100,000 and they are not aggregated. The limit applies to the aggregate SEIS investments made by an investor within the tax year.

The Fund intends to make investments in SEIS qualifying companies during 2015/16. An Investor should be entitled to elect to treat part or all of their investment as if made in the 2014/15 tax year, and therefore to claim income tax relief on subscriptions to the Fund of up to £200,000 in total. CGT reinvestment relief is available against gains arising in 2014/15 and/or 2015/16 at a rate of 50% and can be claimed by way of a carry-back election, which treats the investment as though made in the 2014/15 tax year.

If the amount of an Investor’s subscription is such that his pro-rata beneficial interest in a Company amounts to more than 30% of the capital, voting rights or assets on a winding up, he will be “connected” with the Company and will, therefore, not be entitled to income tax relief or capital gains re-investment tax relief in respect of that investment. There is no limit on the value of assets qualifying for Inheritance Tax Relief.

The minimum Fund size necessary to proceed is £750,000, subject to the discretion of the Manager to adjust this amount.

#### 3. Withdrawals

An investor is not permitted to make a partial withdrawal of his investment from the Fund. At the sole discretion of the Manager, an investor may be permitted to make an early withdrawal of his investment from the Fund, provided that he does so in full. Early withdrawal will result in termination of the Fund Management Agreement, in which case the relevant investor’s investments (whether SEIS Qualifying Shares and/or cash), will be transferred into the investor’s name. However, if a disposal of SEIS Qualifying Shares occurs before the end of the Minimum Period, that investor would have to repay the initial income tax relief and any capital gains re-investment tax relief (if either or both has been claimed). The Manager’s entitlement to the Performance Fee will survive any withdrawal.

The Manager will have a lien on all assets being withdrawn by an investor and will be entitled to dispose of some or all of the same and apply the proceeds in discharging such investor’s liability to the Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to the investor.

As there is no readily realisable market for the shares which the fund intends to hold in the investee companies, an investment in the fund should be considered to be illiquid and it may not be possible for the manager to facilitate an early withdrawal.

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### 4. Realisation Strategy

To qualify for SEIS Reliefs, investors must hold the SEIS Qualifying Shares acquired by the Manager for the Minimum Period. The Manager anticipates that all subscription proceeds will be deployed, and SEIS qualifying Shares issued during the 2015/16 tax year.

Assuming that all investments can be realised, the Fund has a target life of between three and four years, but there can be no guarantee of this and so investors should consider the Fund a medium to long term investment. The Manager will pursue a strategy of maximising returns for investors when considering the value and timing of SEIS Qualifying Share disposals.

Post realisation of the SEIS Qualifying Shares in each Investee Company, the net proceeds will be paid to investors. Consequently, it is possible that investors will receive distributions from the Fund over a period of time.

### 5. Offer Details

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Launch Date	9.00am on 3 August 2015
Closing Date	5.30pm on 25 March 2016
Minimum Fund Size	£750,000
Maximum Fund Size	£3,000,000

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### 6. How to Apply

Once you have read the Information Memorandum and Fund Management agreement, please complete the Application Form which accompanies this Information Memorandum and return it to John Rowe, Woodside Corporate Services Limited, 4th Floor, 50 Mark Street, London, EC3R 7QR. You will need to include as part of your application (i) the supporting documentation as requested therein; and (ii) cheque made out to "Woodside Corporate Services Limited [Account Name - TBC]", to arrive no later than 5.30pm on 18 March 2016 or, in the case of payment by bank wire transfer, to clear no later than 4.00pm on 25 March 2016 in the Custodian's client bank account.

### 7. Right of Cancellation

An investor may exercise a right to cancel his or her Fund Management Agreement by notification to the Manager within 14 days of the Manager receiving the investor's Application Form. This should be done by a cancellation notice sent to John Rowe as set out in this document. For convenience, a cancellation notice form is provided at the end of this Information Memorandum.

On exercise of the investor's right to cancel, the Manager shall refund any monies paid to the Fund by the investor, less any charges the Manager has already incurred for any services undertaken in accordance with the Fund Management Agreement (but not any initial fees paid to the Manager).

The Custodian is obliged to hold investment monies until satisfactory completion of checks under the Money Laundering Regulations 2007 (as amended from time to time). The investor will not be entitled to interest on monies refunded following cancellation.

The right to cancel under the FCA rules does not give you the right to cancel, terminate or reverse any particular investment transaction executed for your account before cancellation takes effect.

The Manager reserves the right to treat as valid and binding any application not complying fully with the terms and conditions set out in this Information Memorandum. In particular, but without limitation, the Manager may accept applications made otherwise than by completion of an Application Form where the investor has agreed in some other manner acceptable to the Manager to apply in accordance with this Information Memorandum and the Fund Management Agreement.

## **8. Charges and Fees**

The following fees will be chargeable by Manager (or an Associate thereof) in respect of the Fund:

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<b>Evaluation Fee</b>	A one-off fee equivalent to 3.0% of the amount subscribed to each Investee Company by the Fund (charged by the Manager on the date of subscription to each Investee Company).
<b>Administration Fee</b>	An annual fixed fee of £2,250 (charged by the Manager to each Investee Company quarterly in arrears from the Closing Date)
<b>Custodian Fee</b>	Annual Custodian charges of up to 0.50% of the amount subscribed to the Fund (charged by the Manager to each Investee Company monthly in arrears)
<b>Performance Fee</b>	An amount economically equivalent to a 37.50% share of any distributions (or amounts payable or realised) to holders of all share classes in each Investee Company, subject to the investors in the Fund first receiving back 120p per 100p invested.

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All fees and costs are exclusive of VAT, which will be charged where applicable. The Manager or any affiliated entity shall be entitled to recover reasonable expenses incurred in managing, administering and servicing the Fund and its Investee Companies. The reasonable costs of the Manager and any affiliated entity providing services to the Fund or the Investee Companies may be charged to the Investee Companies or the Fund (as appropriate), including legal, accounting, company secretarial, taxation, audit, insurance, administration, transactional, director and all other associated costs.

As a result of the fee structure, the Manager believes that its interests are therefore strongly aligned with those of the investors. For the Manager to meaningfully benefit from the proposed fee arrangements, the Fund must first, in priority, have yielded distributions to investors of 120p per 100 invested (ignoring tax reliefs).

Any fees such as an adviser charge due to an intermediary for providing investment advice to a retail investor should be paid directly by the investor or may be facilitated by the Manager on behalf of an investor prior to subscription to the Fund.

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### PART 5: RISK FACTORS

Investors must carefully consider all of the information contained in this Information Memorandum and whether an investment in the Fund constitutes a suitable investment for them in light of their personal circumstances, tax position and the financial resources available to them. The Fund will be investing in unquoted, high risk companies and may not be suitable for all types of investor. Potential investors are, therefore, strongly recommended to seek independent financial and tax advice from a suitably qualified professional adviser before undertaking investment in the Fund. If in doubt whatsoever, an investor should not proceed.

This section details the material risk factors that the Manager believes could adversely impact an investment in the Fund or the availability of tax reliefs to investors. If any of the following circumstances or events arise, the financial position and/or results of the Fund could be materially and adversely affected; as could the availability of tax reliefs to investors. In such circumstances, investors could lose all or part of their investment. Additional risks and uncertainties not presently known, or that are deemed to be immaterial, may also have an adverse effect on the Fund and the risks described below do not necessarily include all the risks associated with investment in the Fund.

#### 1. Investment Risks

- The value of SEIS Qualifying Shares and income from them can go down as well as up. An investor may not get back the full amount invested and may, therefore, lose some or all of their investment. Assumptions, projections, intentions, illustrations or targets included within this Information Memorandum cannot and do not constitute a definitive forecast of how the Fund and/or its investments will perform, but have been prepared on assumptions that the Manager considers commercially reasonable.
- All investments of the Fund will be in small, unquoted start-up trading companies. Such companies generally have a very high risk profile and may not produce the anticipated returns, which could affect an investor's ability to realise his or her initial investment. There may be difficulty in disposing of such investments at a reasonable price and, in some circumstances it may be difficult to sell them at any price even after holding the SEIS Qualifying Shares for the Minimum Period. Investments made by the Fund are unlikely to be readily available.
- Investor returns will be reliant on the commercial performance of the Investee Companies, the contractual terms entered into with transaction counterparties and advisers, the financial health and performance of such contractual parties, fluctuations in currency rates applicable to counterparty jurisdictions, changes in technology hardware and, to a lesser extent, the level of bank base rates from time to time.
- The performance of the Fund is contingent on the Manager being able to identify suitable Investee Companies which carry on, and continue to carry on, a SEIS Qualifying Trade for the Minimum Period. There is no guarantee that the objectives of the Fund will be met.
- The Manager intends to invest the Fund across a portfolio of Investee Companies. However, there is a risk that the Fund's investments may be still relatively concentrated and the total return to investors may therefore be adversely affected by the unfavourable performance of a small number of Investee Companies.
- In the event that the maximum size of the Fund is not raised, there will be less opportunity to diversify investments across a range of different projects, which may increase the volatility of returns.
- If the £750,000 minimum size of the Fund is not reached by the Closing Date, the Fund may not proceed and investors' monies may be returned without interest.
- Each investor should note that it is possible that other taxes or costs arise for the investor in connection with its investment in the Fund that are not paid via, or imposed by, the Manager.
- It may not be possible to meet the investment timetable, which would delay the availability of SEIS relief, or could result in monies being returned to investors, such that SEIS relief would not be obtained in respect of this part of the investor's subscription. Delays to the investment timetable could cause certain investors to lose the opportunity to obtain capital gains re-investment relief available during the 2014/15 tax year.
- The returns accruing to the Fund by way of holdings of cash deposits or money market services will principally be affected by fluctuations of interest rates. However, the latter are also influenced by changes in credit risk, interest rate risk and currency risk.

### 2. Taxation Risks

- Prospective investors should be aware that the various tax benefits described in this Information Memorandum are based on the Manager's understanding of the existing tax legislation and HMRC practice. Such interpretation may be incorrect and it is possible that tax legislation may change in the future which would adversely affect the performance of the Fund and/or the economic position of the investor.
- The amount of SEIS Relief an investor may gain from subscription to the Fund depends on their own personal circumstances. Therefore, SEIS Relief may not be available to all investors and/or may be lost by investors in certain circumstances.
- If Tax law is complex and investors should seek independent tax advice to determine and understand the suitability of investing in the Fund and any effect that this may have on their own position generally.
- The Manager will take all reasonable steps to obtain HMRC advance assurance that SEIS Relief will be available for all investments made by the Fund, but no guarantee can be given that this will be granted. Further, tax relief could subsequently be withdrawn or modified in certain circumstances and neither the Manager nor the Custodian accepts any liability for any loss or damages suffered by an investor or other person as a consequence of such relief being denied or withdrawn or reduced.
- An investor may lose some or all of the tax benefits derived under the SEIS if they fail to comply with the relevant legislation. Such situation might arise, for example, if an investor ceases to be UK tax resident during the Minimum Period or an investor receives value from an Investee Company, other than by way of an ordinary dividend, in the period commencing one year prior to the issue of SEIS Qualifying Shares to the Fund to the end of the Minimum Period.
- An investor whose pro-rata beneficial interest in an Investee Company amounts to more than 30% of the capital, voting rights or assets on a winding up will be deemed to be "connected" for the purposes of the SEIS legislation and in such circumstances will not be entitled to claim income tax relief in relation to that investment. Since investment will be through the Fund, this limit should only be breached where an investor holds a greater than 30% interest in the Fund.
- Provided that the Fund's capital is fully invested by 5 April 2016, Investors should be able to claim income tax and capital gains reinvestment relief for the tax year 2015/16, or/and elect to treat part of all of their investment as having been made in the 2014/15 tax year, enabling a claim for income tax relief and capital gains reinvestment relief to be made. While the Manager will take all reasonable steps to ensure that the Fund's capital is fully invested by 5 April 2016, it cannot guarantee that this will be achieved. In the event that investments were not made until 2016/17, this would prevent an election to carry back tax reliefs to 2014/15 from being made.
- Where an Investee Company ceases to carry on a SEIS Qualifying Trade during the Minimum Period, whether through the actions taken by the Investee Company or otherwise, its SEIS qualifying status may be adversely affected and therefore, so will the SEIS Relief accruing to investors. While the Manager will require various safeguards to be provided against this risk, the Manager cannot guarantee that all Investee Companies will retain their qualifying status.
- Any disposal of SEIS Qualifying Shares during the Minimum Period will crystallise an obligation to repay the income tax relief and capital gains tax relief claimed in respect of those shares and any capital gain accruing on such disposal will not be exempt from CGT.
- Investee Companies must employ all of the SEIS funds they raise in their qualifying trade within three years of issuing the relevant SEIS qualifying Shares. Failure to employ the funds within this time limit would be a breach of the SEIS rules and result in a withdrawal of tax relief on that investment.
- Investee Companies must submit an SEIS1 form to claim that it is a Qualifying Company and therefore, to establish that SEIS Relief can be claimed by investors. This can only be done when the company has either carried on the qualifying trade for at least four months or at least 70% of the money raised has been spent for the qualifying business activity for which it was raised.
- If an Investee Company fails to meet the SEIS qualifying requirements: (i) investors may, as a result, be required to repay 50% income tax relief received on a particular investment (along with any related interest); (ii) a liability to CGT may arise on the subsequent disposal of the relevant SEIS Qualifying Shares; and (iii) any investors may

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be required to repay capital gains re-investment relief received on a particular investment (along with any related interest).

- Any disposal of SEIS Qualifying Shares prior to the end of the Minimum Period will create a liability to repay the income tax relief and capital gains re-investment relief claimed (at the applicable rate) arising out of the investment in those SEIS Qualifying Shares. The investors would also have a liability to capital gains tax on any gains realised from the disposal of the Shares before the end on the Minimum Period.

### 3. Risks Relating to Type A Investments

- It is possible that the budgeted costs of a video game project may overrun. As part of risk mitigation measures, each Investee Company will be expected to incorporate a commercial allocation for contingency events, as well ensure that customary insurance policies, indemnities and warranties clauses have been negotiated, where appropriate.
- If an Investee Company does not complete a video game project to the specifications required by a publisher or distributor for commercial exploitation this could adversely impact the revenue earned. In order to mitigate this risk, the Manager will closely monitor the Investee Company's production of each video game project on an ongoing basis.
- The nature of the industry, and the fact that each Investee Company will be a small, start-up enterprise, gives rise to an inherently volatile environment for businesses operating in the video game sector. However, as described herein, each Investee Company will be expected to address these risks by targeting projects that incorporate recognised franchises/brands or previously released applications which could benefit from redevelopment, updating and wider exploitation.
- It is expected that receipts due to an Investee Company from a publisher or distributor will be contingent entirely on relative performance of the application. Consequently, forecast performance could vary from plan after the investment is made in them by the Fund.
- Where income from a video game project is reinvested by an Investee Company on similar terms, the same aforementioned risks are likely to apply to these additional activities.
- In order to mitigate any exchange rate risk associated with an Investee Company's revenue entitlements and expenditure obligations, it is anticipated that the Investee Company will ensure that receipts and costs are settled in sterling or appropriate hedging arrangements are implemented.

### 4. Risks Relating to Type B Investments

- Forecast revenues and costs for all interactive entertainment companies are subject to considerable uncertainty. As such, trading performance of these Investee Companies may vary from plan after an investment is made in them by the Fund.
- Investee Companies may have further funding requirements after investment by the Fund. In these circumstances, the Fund's equity shareholding in the Investee Company may be diluted.

### 5. Financial Services Compensation Scheme

- Both the Manager and the Custodian are covered by the Financial Services Compensation Scheme. The investor may be entitled to compensation from the scheme if either the Manager or the Custodian cannot satisfy any successful claims made against it by the investor, as described in greater detail in the Fund Management Agreement.
- Funds will be placed on deposit by the Custodian at the investors' own risk and neither the Manager, nor any person engaged by either of them to hold such funds as receiving agent or otherwise (Deposit Holder), nor any director or officer of any of them, will be liable to any investor in the event of an insolvency of any bank with which such funds are deposited, nor in the event of any restriction on the ability of any Deposit Holder to withdraw funds from such bank for reasons beyond the reasonable control of any of them.



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- The Manager, nor any director or officer of an associate, will be liable to any investor in the event of insolvency of the Custodian or an Investee Company, nor any restriction on the ability of an investor to withdraw funds or other assets from the Custodian for reasons beyond the reasonable control of it.

### 6. Forward-Looking Statements

- 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”, “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, the Manager undertakes 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 of the date of this Information Memorandum.

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### PART 6: TAX BENEFITS

The summary below provides an indicative guide to the tax implications stemming from an investment in the Fund and is based on current understanding of UK tax law and practice. It does not set out all of the rules or regulations that must be adhered to and should not be interpreted as the provision of tax, legal or financial advice. Investors are strongly recommended to seek independent professional advice on the tax consequences of acquiring, holding and disposing of SEIS Qualifying Shares before proceeding with an investment into the Fund.

The Fund has been structured to enable investors to claim SEIS Relief and IHT reliefs on the amount of their subscription, as described below. The amount and timing of these reliefs will depend on the individual circumstances of each investor and may be subject to change in the future. The illustrations included in this section are indicative purposes only and should not be construed as forecasts or projections of the likely performance of the Fund.

In order to access the tax reliefs described it is necessary to be a UK resident taxpayer and subscribe for SEIS Qualifying Shares. The summary below gives only a brief outline of the available tax reliefs and assumes that an investor is an additional rate taxpayer.

#### 1. SEIS Reliefs

##### Income Tax Relief

Qualifying investors can claim income tax relief of up to 50% on amount subscribed for SEIS Qualifying Shares, subject to the aggregate maximum annual limit of £100,000.

Income tax relief is given by way of a reduction in an investor's tax liability for the tax year in which the Fund makes investments in the respective Investee Companies, which is expected to be 2015/16. However, an investor may elect to have part or all of an issue of shares treated as though acquired in the tax year preceding that in which the shares were actually acquired, and may make a claim for tax relief in that preceding period, subject to the maximum annual investment limit for that earlier tax year.

The total income tax relief claimed cannot exceed an amount which reduces the investor's liability to nil.

<b>Income Tax Relief</b>	<b>(£)</b>
Gross Investment in Qualifying Shares	10,000
Less Income Tax Relief @ 50%	(5,000)
Net Cost of Investment	5,000

##### Capital Gains Re-Investment Relief

If an Investor disposes of an asset which would give rise to a chargeable gain in 2014/15 or 2015/16, and reinvests all or part of the amount of the gain in shares in respect of which he or she claims SEIS income tax relief in full for the relevant tax year of the chargeable gain, the amount so reinvested will attract capital gains relief at a rate of 50% of the full rate of capital gains tax otherwise payable. The £100,000 investment limit which applies for income tax relief also applies for capital gains re-investment relief.

The Fund intends to make investments in SEIS Qualifying Companies during the 2015/16 tax year. However, an Investor can elect under the carry-back rules to treat part or all of their investment as if made during the 2014/15 tax year and therefore, may in addition to the 2015/16 tax year benefit from capital gains re-investment relief to the extent that they have realised a chargeable gain in the 2014/15 tax year.

<b>Capital Gains Re-Investment Relief</b>	<b>(£)</b>
Gross Investment in Qualifying Shares	10,000
Less Capital Gains Re-Investment Relief @ 14%	(1,400)
Net Cost of Investment	8,600

### Capital Gains Disposal Relief

Where an investor has received SEIS income tax relief (which has not subsequently been withdrawn) on the cost of the Qualifying Shares, and the SEIS Qualifying Shares are disposed of through the Fund after the Minimum Period any capital gains are free from CGT. If no claim to income tax relief is made, then any subsequent disposal of the shares will not qualify for exemption from CGT.

Capital Gains Disposal Relief	(£)
Disposal Value After Three Years	11,000
Less Original Cost	(10,000)
Tax-Free Gain	1,000

### Share Loss Relief

Any capital losses realised on the disposal of SEIS Qualifying Shares (net of income tax relief attributable to the investment) qualify for share loss relief at an investor's marginal rate. The amount of the net loss may be set off against capital gains in the tax year of disposal or carried forward for tax relief against future capital gains. Alternatively, an investor may elect to set off the net loss against income arising in the tax year of the disposal or the previous tax year. In the case where no proceeds are received on disposal of the SEIS Qualifying Shares, the net loss after tax on an investment of £10,000 may be as follows for an additional rate taxpayer:

Share Loss Relief	(£)
Disposal Value of SEIS Qualifying Shares	Nil
Original Cost of SEIS Qualifying Shares	(10,000)
Income Tax Relief @ 50%	5,000
Loss net of Income Tax Relief @ 50%	(5,000)
Tax Relief @ 45%	2,250
Net Loss after Tax	2,750

By making a claim for both income tax relief and capital gains re-investment relief, an Investor can reduce the initial cost of their investment to 36p per 100p subscribed. When share loss relief is factored in, the potential cost of an investment in the Fund can be reduced to 13.5p per 100p subscribed.

An investor should be entitled to make a claim for share loss relief on a per investee company basis, rather than on realisation of a loss on Fund-wide basis.

## 2. Inheritance Tax Relief

On the basis that the investments undertaken by the Fund will be in SEIS Qualifying Companies, this should mean that 100% of SEIS Qualifying Shares will constitute "Relevant Business Property" (as defined in IHTA). Provided the SEIS Qualifying Shares are held for a period of not less than two years, or replace property which also constituted Relevant Business Property, the SEIS Qualifying Shares should qualify for 100% Business Property Relief, reducing any IHT liability arising on transfer of the SEIS Qualifying Shares to nil.

Should an investor die within the initial two year period and his or her spouse inherit the SEIS Qualifying Shares, the holding period of both the investor and the spouse would be combined in order to determine whether the two year holding period condition has been satisfied on death of the spouse.

On disposal of SEIS Qualifying Shares, entitlement to Business Property Relief in respect of that investment ceases.

## 3. SEIS Rules

There are a number of conditions to be met. These fall into two categories – those which must be met throughout the Minimum Period commencing with the issue of the shares, and those which must be met at the time the SEIS shares are issued.

## TESSERACT INTERACTIVE SEIS FUND 6

### Minimum Period Conditions

The Investee Company must, throughout the Minimum Period:

- not be under the control of another company or control another company other than a qualifying subsidiary (nor can there be arrangements for the Investee Company to be under the control of another company or control another company other than a qualifying subsidiary);
- either be a company which exists wholly for the purpose of carrying on a new qualifying trade (being a qualifying trade which commenced less than two years before the issue of the SEIS shares) or a parent company of a group which does not consist wholly or as to a substantial part in the carrying on of non-qualifying activities;
- carry on the new qualifying trade, prepare to carry on that trade or carry out research and development activities from which a new qualifying trade will be derived or from which a new qualifying trade will benefit either itself or through a 90% subsidiary
- have a permanent establishment in the UK.

### Issuing Conditions

#### *Unquoted*

The company must be unquoted and there must be no arrangements in place for it to cease to be unquoted.

#### *Gross Assets*

The company may not have gross assets of more than £200,000 immediately before it receives a subscription for eligible shares. If the company is a parent company, the value of the group's gross assets must not exceed £200,000 immediately before it receives the subscription for eligible shares.

#### *Amount raised*

The maximum amount that a company may receive from SEIS investors is £150,000 in any three year period ending with the investment then being made. Neither the investee company nor any subsidiary may have previously received any EIS or VCT investments.

#### *Number of employees*

Investee companies or groups must have fewer than 25 full-time employees at the date of issue of shares to SEIS investors.

#### *Financial health*

The Investee Company must not be in financial difficulty.

## 4. Claiming SEIS Relief

An investor cannot claim income tax relief until the Investee Company has submitted an SEIS1 form and HMRC has issued a compliance certificate to confirm that it is SEIS qualifying and can issue investors with SEIS3 forms. An application will be made to HMRC once an Investee Company has been trading for four months, or if earlier, when more than 70% of the SEIS monies have been spent on the qualifying activity. It anticipated that each the Manager will distribute SEIS3 forms to investors within 12 months after the Closing Date.

Relief must be claimed within five years after 31 January following the year of assessment in which each investment was made by the Fund. Investors are strongly recommended to seek professional tax advice on making claims for SEIS Relief as personal circumstances may differ.

### **PART 7: MECHANICS OF THE FUND**

#### **1. Nominee**

While the SEIS Qualifying Shares will be issued in the name of the Nominee, for SEIS purposes, they will be treated as if subscribed for by, and issued directly to, the investors who will retain the beneficial ownership over them throughout the life of the Fund. All distributions made by the Investee Companies during the term of the Fund will be paid onward by the Nominee to the investors. The Nominee will hold all documents of title.

#### **2. Custodian**

Upon completion of the Application Form, the prospective investor will, inter alia, be deemed to irrevocably agree to the Manager having appointed the Custodian on their behalf, to exercise the powers, and carry out the duties, on behalf of the investor in accordance with the Custodian Agreement. Investors are permitted to request a copy of the Custodian Agreement from the Manager. The Custodian is not an Associate of the Manager.

#### **3. Client Accounts**

The Custodian will hold investors' funds prior to investment in Investee Companies, or ahead of any distribution of disposal proceeds upon realisation, on client account in cash or cash equivalents or in money market services. The interest or return arising thereon will be paid to the Manager as an advance against its Evaluation Fee, Administration Fee and/or Performance Fee.

#### **4. Application of Funds**

Investors will be allocated SEIS Qualifying Shares in each investment pro-rata to their respective subscriptions in the Fund. There may be small variations to this rule where, for example, this would give rise to a requirement to issue fractional shares.

Should an investor die before his or her subscription is fully invested, all uninvested sums subscribed by him or her will be repaid by the Manager upon receipt of notice from the investor's personal representatives. Consideration will be given to liquidating the deceased investor's SEIS Qualifying Shares, subject to the Manager's absolute discretion.

#### **5. Reporting**

The Manager will report to investors on a semi-annual basis. Each report will detail the progress of the investments made by the Fund.

Furthermore, the Manager will distribute SEIS3 forms to investors in respect of each Investee Company, as and when issued by HMRC. An SEIS3 form is required by an investor to claim SEIS Relief for each investment made by the Fund, subject to an individual's personal circumstances.

#### **6. Conflicts of Interest**

The Manager is a very active investor, adviser, operator and fundraiser for individuals and entities operating in the renewable energy and interactive entertainment sectors. Consequently, there may potentially be occasions in the future where an investment approved by the Manager is connected in some way to the commercial interests of Daedalus. For example, a circumstance might arise where the Manager holds an economic interest in party who would be a stakeholder of an Investee Company. The Manager shall, at all times, ensure that any decisions in its capacity are undertaken without prejudice to the interests of investors and in accordance with the prescribed policies for dealing with conflict, as set out in the Fund Management Agreement.

#### **7. Complaints**

The Manager has established procedures in accordance with the FCA rules for consideration of complaints. Details of these procedures are available from the Manager upon request. Should an investor have a complaint, they should contact the Manager. If the Manager cannot resolve the complaint to the satisfaction of the investor, the investor may be entitled to refer it to the Financial Ombudsman Service.

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### **PART 8: PROMOTION OF THE FUND**

RAM Capital Partners is acting as Promoter to the Fund. RAM has raised over £685m of equity for EISs & VCT offers since 2007. RAM is unable to give investment or taxation advice or advise on the suitability and appropriateness of the Fund.

**PART 9: DEFINITIONS**

<b>Term</b>	<b>Definition</b>
Administration Fee	Has the meaning ascribed to it on page 21 of the Information Memorandum
Application Form	An application form to invest in the Fund completed by the investor in the form set out in this Information Memorandum
Associate	Any person or entity, which (directly or indirectly) controls or is controlled by another party or is under common control with that party. For the purpose of this definition "control" shall be deemed also to encompass any power to significantly influence the operating and financial policies of any person or entity;
Information Memorandum	Means this document
CGT	Capital Gains Tax
Closing Date	This is entirely determined by the Manager as the last date upon which the investor may make a Subscription to the Fund and, at the date of this Information Memorandum is 25 March 2016
Custodian	Such person as the Manager may appoint to provide, and with which the Manager has agreed terms for safe custody, custodial and nominee services in respect of the Fund and, at the date of this Information Memorandum, is Woodside Corporate Services Limited
Custodian Agreement	The agreement between the Custodian and the Manager setting out the agreed terms for safe custody, custodial nominee and administrative services to be provided by the Custodian in respect of the Fund
Daedalus	Daedalus Partners LLP, registered in England and Wales under company number OC365551, with its registered office at Hurst House, High Street, Ripley, Surrey GU23 6AY, which is authorised and regulated by the FCA and is registered on the FCA register with firm reference number 564221
Evaluation Fee	Has the meaning ascribed to it on page 21 of the Information Memorandum
FMSA	Financial Services and Markets Act 2000
FCA	Financial Conduct Authority
Fund	Tesseract Interactive SEIS Fund 6
Fund Management Agreement	The agreement detailing the terms on which the discretionary investment management services will be provided by the Manager to each client, as the terms set out in the Appendix
HMRC	HM Revenue and Customs
IHT	Inheritance Tax
IHTA	The Inheritance Tax Act 1984
Investee Company	A company in which the Fund is invested, which is a qualifying for SEIS purposes

## TESSERACT INTERACTIVE SEIS FUND 6

ITA	The Income Tax Act 2007
Manager	Daedalus Partners LLP
Nominee	Such nominee as the Custodian may appoint from time to time, and at the date of this document is WCS Nominees Limited
Performance Fee	Has the meaning ascribed to it on page 21 of the Information Memorandum
Promoter	RAM
RAM	RAM Capital Partners is a Limited Liability Partnership registered in England and Wales under company number OC329154, with its registered office at 4 Staple Inn, London Wc1V 7QH, which is authorised and regulated by the FSA and is registered on the FSA register with firm reference number 564221.
SEIS Qualifying Company	A company that meets the legislative SEIS requirements regarding income tax relief and capital gains tax deferral
SEIS Qualifying Shares	Ordinary shares in an Investee Company that meet the requirements to qualify for SEIS relief.
SEIS Qualifying Trade	Means a trade permitted by sections 257HF ITA, section 189 ITA and section 192 ITA
SEIS Relief	The tax reliefs available under the SEIS, including the income tax relief, capital gains re-investment relief and capital gains disposal relief.
TCGA	The Taxation of Chargeable Gains Act 1992

This Information Memorandum is dated 3 August 2015.



**CANCELLATION NOTICE**

You may cancel your Application and terminate the Fund Management Agreement at any time within 14 days of the Manager receiving your Application Form. If you wish to cancel your Application, please complete the details below and send this notice to: John Rowe, Woodside Corporate Services, 4th Floor, 50 Mark Lane, London, EC3R 7QR.

I hereby cancel my application to the Tesseract Interactive SEIS Fund 6.

Title:  Forename(s):  Surname:

Signature:

Address:

Postcode:

Date:



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### PART 10: FUND MANAGEMENT AGREEMENT

This Agreement is made between:

- (1) Daedalus Partners LLP, a limited liability partnership incorporated in England and Wales (registration number: OC365551), whose registered office is C/O Smith Pearman, Hurst House, High Street, Ripley, Surrey, GU23 6AZ (the "Manager"); and
- (2) The investors from time to time who have signed the Application Form attached which has been accepted by the Manager (the "Investors").

#### Recitals:

- (A) The Fund is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) and was set up to carry on the business of investing in SEIS qualifying companies providing telecom and data related services and, in particular (but without limitation), of identifying, negotiating, making, monitoring and realising investments and to carry out all functions and acts in connection therewith. This is the Agreement by which the Fund is constituted.
- (B) The Manager shall act as manager of the Fund and, in particular, admit Investors to the Fund and operate the Fund and manage its investment portfolio on the terms of this Agreement and the Manager has agreed to accept such appointment. The Fund shall be the Manager's client for the purposes of the FCA Rules.
- (C) The Manager has appointed the Custodian to act as custodian of the Fund and, in particular, to provide all safe custody and nominee services in connection with the Fund on the terms of the Custodian Agreement. The Custodian has agreed to accept such appointment and the Investors wish to ratify that appointment.
- (D) The Manager is authorised and regulated by the FCA (Financial Services Register number: 564221).

#### 1. Interpretation

- 1.1 Defined terms used in this Agreement shall have the meaning set out in Clause 20 (Defined Terms).
- 1.2 Any capitalised words or phrases not expressly defined in this Agreement shall have the meaning given to them in the Information Memorandum.
- 1.3 Words and expressions defined in the FCA Rules, which are not otherwise defined in this Agreement will, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.4 Any reference to a statute, statutory instrument or to rules or regulations are 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.
- 1.5 References to the singular also include the plural and vice versa and words denoting one gender also include any other gender.
- 1.6 Unless otherwise indicated, references to clauses are to clauses in this Agreement.
- 1.7 Headings to clauses are for convenience only and do not affect the interpretation of this Agreement.

## TESSERACT INTERACTIVE SEIS FUND 6

### 2.0 Term and Client Categorisation

- 2.1 This Agreement shall come into force and the Fund shall be established on the date that at least one Investor's Application Form is accepted by the Manager and shall continue in force until no Investor continues to be a party to the Agreement in accordance with Clause 9.
- 2.2 The Manager shall treat the Fund as a professional client for the purposes of the FCA Rules.

### 3.0 Investing through the Fund

- 3.1 The objective of the Fund is to invest securities in interactive entertainment applications and associated digital service companies that qualify for SEIS Relief. The specific details of the Fund and the Investment Objectives are set out in the Information Memorandum.
- 3.2 In managing the Fund, the Manager will at all times have regard to the Investment Objectives, and use reasonable endeavours to ensure that it invests only in SEIS Qualifying Shares on behalf of the Investors. However, the Manager is unable to guarantee that such securities are, or will remain qualifying for SEIS Relief. Whether Investors are entitled to SEIS Relief will depend on their individual circumstances and may be subject to change in future.
- 3.3 In order to invest in the Fund Investors must:
- (a) complete an Application Form in full and return it to Woodside Corporate Services Limited; and
  - (b) make a Subscription to the Fund of not less than £10,000 at the same time as submitting the Application Form.
- 3.4 Investors submitting an Application Form (or authorising an Intermediary to do so on their behalf) and the Manager accepting such application, constitutes a confirmation that Investors appoint the Manager to manage the Fund on the terms of this Agreement. The Application Form is accepted when recorded on the register of Application Forms maintained by the Manager. The Manager may, at its sole discretion, reject Application Forms for any reason.
- 3.5 Once Investors have made an initial Subscription, further Subscriptions may be made up to the Closing Date at the discretion of the Manager only and Investors will not be able to make any Subscriptions after the Closing Date.
- 3.6 In the event that the Manager cannot find an appropriate Investment for Investors, it may return any uninvested surplus of cash to Investors.
- 3.7 In the event that the Manager cannot find an appropriate Investment for Investors, it may return any uninvested surplus of cash to Investors.

### 4.0 Management of the Fund

- 4.1 From the Closing Date, the Manager will manage the Fund and will exercise all necessary powers in order to manage the Fund and acquire assets for the Fund which the Manager reasonably believes to be SEIS Qualifying Shares.
- 4.2 The Parties agree that the Manager will manage the Fund at its sole discretion and without prior reference to Investors or Intermediaries. The Manager will comply with the specific Investment Objectives and the restrictions set out in the Information Memorandum. As Manager of the Fund, the Manager will buy and/or sell one or more assets and otherwise act as it thinks appropriate in relation to the management of the Fund, but subject always to the provisions of this Agreement. Investors will be responsible for providing voting instructions to the Manager. In the absence of such instructions, the Manager will be entitled to instruct the Custodian to exercise such voting rights on the Investor's behalf using its discretion.

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- 4.3 The Manager will not, except as expressly provided in this Agreement or unless otherwise authorised by Investors or on an Investor's behalf, have any authority to act on behalf of or as agent of the Investors.
- 4.4 A copy of the Manager's Order Execution Policy is provided at Schedule 1 of this Agreement. Investors should ensure that they are familiar with this before completing the Application Form.
- 4.5 Where an Investor is advised on the suitability of an investment in the Fund by an Intermediary, the Intermediary shall, to the exclusion of the Manager and the Custodian, be responsible for assessing the suitability of the Fund for that Investor in light of the Investors' individual personal circumstances. The Manager may rely on the Intermediary's assessment of suitability in accepting Investors into the Fund for the purposes of complying with financial promotion restrictions.
- 4.6 The Manager will not borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions.
- 4.7 Any tax benefits referred to in the Information Memorandum are dependent on an Investor's own circumstances. Investors should take specific tax and financial advice based on their personal circumstances. No such advice is provided by the Manager.

### 5.0 How Money and Shares are held

- 5.1 The Custodian will deal with Investors' money and Shares in accordance with the client money and client asset regulations set out in the FCA Handbook. The Manager may instruct the Custodian to hold Investors' un-invested cash in a client bank account pending investment. The Custodian will not pay interest on money held in its client bank account unless it notifies Investors (through the Manager) otherwise.
- 5.2 The Manager will also appoint the Custodian to provide safe custody services in respect of Investors' Shares. A copy of the Custodian Agreement is available to Investors on written request.
- 5.3 Under the Custodian Agreement, the Custodian shall treat the Manager, acting as agent for the Fund, as its client for the purposes of FCA Rules.
- 5.4 Assets held on behalf of the Fund, including investment certificates, will be registered in the name of the Custodian's nominee company. The Manager and the Custodian will, in accordance with the Legislation and Regulations, keep records to show that each Investor is the beneficial owner of the relevant assets.
- 5.5 Investors acknowledge and agree that:
  - a) The Manager is authorised to enter into the Custodian Agreement as agent on their behalf, to give instructions to the Custodian and to agree any subsequent amendments to the Custodian Agreement on their behalf (provided that the Manager will notify any amendments to them in accordance with the FCA Rules);
  - b) they are bound by the terms of the Custodian Agreement;
  - c) and the Custodian is not obliged to seek or accept any instruction or direction directly from Investors in respect of any instructions given by the Manager and relating to the exercise of their rights in respect of the Investments.
- 5.6 The Manager will:-
  - (a) procure that the Custodian shall arrange for any Investor who so requests in writing ("Involved Investor") to receive details of any meeting of the shareholders of the Companies within their portfolio ("Investee Shareholder") and any other information issued to the Investee Shareholders in their capacity as such; and
  - (b) notify an Involved Investor that the Involved Investor is entitled to instruct us to direct a nominee to vote at any meeting of the Investee Shareholders as the Involved Investor may see fit in respect of such Involved Investor's portfolio and the Manager will act upon such Involved Investor's instructions accordingly.

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- 5.7 The Custodian will not borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions.
- 5.8 Fees due to the Custodian will be paid using the proceeds from the Custodian Fee.
- 5.9 After termination of this Agreement, the Manager may, subject to the Legislation and Regulations, instruct the Custodian to apply Investors' money at its own discretion if it remains unclaimed for a period of at least 6 years and provided that the Manager has taken reasonable steps to trace the relevant Investor and return the balance.

### 6.0 Regulatory classification

- 6.1 The contractual scheme set up under this Agreement in order to acquire shares in the Companies and comprising the Fund will constitute an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU). As required under the FCA Rules, the Manager will treat the Fund as its client for regulatory purposes.
- 6.2 The Manager will act in the interests of the Fund as a whole and individual Investors shall constitute corporate finance contacts of the Manager.

### 7.0 Fees

- 7.1 Full details of the fees and charges relating to the Fund are set out in the Information Memorandum. The Manager will receive the Performance Fee for managing the Fund and shall be entitled to assign the benefit of this Performance fee to an Associate or any other person it may choose.
- 7.2 The Manager and the Custodian will also charge fees to the Companies (including the Evaluation Fee, the Performance Fee, the Monitoring Fee and the Custodian Fee), as set out in more detail in the Information Memorandum.
- 7.3 Where applicable, fees as agreed between the Investor and the Intermediary in respect of advice in relation to investment in the Fund shall be set out in the relevant Application Form and Investors authorise the Manager to make such payment on their behalf.

### 8.0 Investors' right to cancel

- 8.1 Investors have the right to cancel their Subscription provided that they notify the Manager in writing at the address set out at Clause 18 of these terms. Investors can cancel their Subscription within 14 days of submitting their Application Form provided that their money has not already been committed to investment.
- 8.2 If Investors exercise their right to cancel pursuant to this Clause 8, the Manager will refund any monies paid less any charges that may have already been incurred for the Fund undertaken in accordance with the terms of this Agreement. Any sums paid by an Investor to the Manager for the purposes of paying an Intermediary may be retained by the Intermediary unless it has agreed otherwise with the Investor. It is the responsibility of Investors and their Intermediaries to agree their own cancellation arrangements and the Manager is not responsible for the recovery of such fees on behalf of Investors. The Manager will endeavour to arrange the return of any monies repayable under this clause 8 as soon as possible (and in any event, not more than 30 days following cancellation). Investors will not be entitled to interest on such monies.
- 8.3 Investors acknowledge that (subject to their right to cancel under this Agreement), they do not have the right to cancel, terminate or reverse any transaction executed on their behalf before the cancellation takes effect.
- 8.4 If Investors do not cancel their Subscription within 14 days of the Manager accepting their Application Form, Clause 9 will apply in respect of any termination of this Agreement by Investors.

### 9.0 Termination and withdrawal

- 9.1 If, at the Closing Date, there are in aggregate less than £750,000 Subscriptions to the Fund, the Fund Management Agreement will terminate and Subscriptions will be returned to Investors.
- 9.2 The life of the Fund is expected to be a period of not less than 42 months after the Closing Date, following which the Manager will notify Investors of the date on which it estimates that the Fund will come to an end and the Manager will begin to realise investments (depending on the liquidity of the particular investments).
- 9.3 This Agreement shall be binding upon each Investor from the date their Application Form is accepted and shall continue unless terminated early by the Manager on no fewer than three months' written notice (or immediately where required by the Legislation and Regulations or order of any competent regulatory authority),
- 9.4 Neither the Manager nor the Custodian will be required to dispose of the whole or any part of an Investor's interest in a Company prior to disposing of all SEIS Qualifying Shares in the Company which are attributable to the Fund.
- 9.5 Investors acknowledge and agree that prior to the Manager realising all Investments under this Agreement:
- (a) they may not withdraw or require the Manager to withdraw only part of their Investment from the Fund; and
  - (b) they may only withdraw their Investment from the Fund in full, by written notice to the Manager to the address below. In this case this Agreement will terminate and the provisions of Clause 9.8 will apply.
- 9.6 Investors acknowledge that they or the transferee (if applicable) may lose any potential tax benefits if the underlying assets are sold or transferred (in particular, SEIS benefits currently only accrues if Investors hold the investment for more than three years).
- 9.7 Where an Investor's adherence to the Agreement is terminated and only a gradual realisation of Investments is possible, the Manager may place the cash proceeds of realised Investments on deposit or invest it in government securities (or alternative investments with a similar risk profile). No interest will be payable on deposits or Investments under this clause.
- 9.8 On termination of an Investor's adherence to the Agreement:
- a) any unpaid fees, costs or expenses due under the Agreement in respect of that Investor or as set out in the Information Memorandum will be paid immediately, and any accrued rights survive termination;
  - b) any Investments (including any cash) in respect of that Investor will be transferred into the relevant Investor's name (or into the name of a third party as notified to the Manager in writing) and the Investor will be liable to pay the cost of any such transfers;
  - c) the Manager will use reasonable endeavours to complete expeditiously all transactions in progress at termination that relate to that Investor; and
  - d) the Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay outstanding liabilities of that Investor, including fees, costs and expenses payable under this Agreement.
- 9.9 Termination of the Agreement will not affect any accrued rights or commitments of Investors, and will be without penalty or additional payments (other than those referred to in Clause 9.8 above).

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### 10. Reporting

- 10.1 Investors will receive periodic statements once every six months.
- 10.2 Subject to appropriate valuations being available, these statements will comprise the cost and current value of all underlying assets within each Investor's portfolio. Due to the nature of investments in the Companies, valuations may not be available until a period of time into the life of the Fund. Any statements containing valuations will include an explanation as to the basis on which the valuation has been made.

### 11. Complaints handling

- 11.1 The Manager will endeavour to deliver a first-class service to the Fund, but there may be occasions when the Manager fails to meet expectations. If Investors have a complaint in connection with the management of the Fund, they may contact the Manager by post, marked for the attention of the Compliance Officer at: Daedalus Partners LLP, 71-75 Shelton Street, London, WC2H 9JQ.
- 11.2 Complaints relating to the Custodian Services should be notified to the Custodian by post (copied to us at the address in Clause 11.1 above), marked for the attention of the Compliance Officer at: Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London, EC3R 7QR.
- 11.3 Complaints made to the Manager or the Custodian will be dealt with in accordance with the FCA Rules and any complaints that the Manager or the Custodian are unable to settle to the Investor's satisfaction may be referred to the Financial Ombudsman Fund ("FOS"). The FOS is an independent service set up to resolve disputes between customers and businesses providing financial services. The FOS can be contacted at: South Quay Plaza, 183 Marsh Wall, London, E14 9SR and further information about the FOS may be found at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). Investors may request a copy of the Manager's or the Custodian's complaints handling procedure at any time.

### 12. The Financial Services Compensation Scheme

Both the Manager and the Investor's Intermediary (if the Investor has one) are covered by the Financial Services Compensation Scheme ("FSCS"). The Investor may be entitled to compensation from the FSCS if either the Manager or the Intermediary cannot fulfil any successful claim made against it by the Investor. At present, the maximum amount of compensation available for claims of this sort is £50,000 per eligible Investor. Further information about compensation arrangements is available on request from the Manager, or directly from the FSCS.

### 13. Delegation to third parties

- 13.1 Under this Agreement the Manager may employ Associates or competent (and if relevant, appropriately regulated) third parties of its choosing to perform such functions. The Manager may also delegate to other members of the Group who are suitably qualified. The Manager will give Investors written notice of any such delegation which involves the exercise of its discretionary investment management powers and will not, without the written consent of Investors, delegate the whole or substantially the whole of such powers to a third party.
- 13.2 The Manager and the Investment Director will act in good faith and use reasonable skill and care in their selection, monitoring and use of third party agents and delegates.

### 14. Conflicts policy

- 14.1 The Manager has implemented a conflicts of interest policy which is available on request. This conflicts policy identifies the types of actual or potential conflicts of interest which affect the Manager's business and sets out how these are managed.
- 14.2 The conflicts policy also includes details of any conflicts which the Manager could not effectively manage in the event they arose, and in which circumstances the Manager would not be in a position to provide our Services to the Fund.



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- 14.3 Investors agree that the Manager, the Investment Director or any Associate may effect transactions in which the Manager, the Investment Director or an Associate has directly or indirectly a material interest or a relationship of any description with another party which involves or may involve a potential conflict with the Manager's duty to the Fund. The Manager shall ensure that such transactions are effected on terms that are not less favourable to the Fund than if the conflict or potential conflict of interest had not existed.
- 14.4 Subject to the terms of the Manager's conflicts policy and subject to any contrary obligation under the FCA Rules neither the Manager nor any of its Associates shall be required to account to Investors for any profit, commission or remuneration made or received from or by reason of such transactions.
- 14.5 It is possible that the underlying activities in which Investor Subscriptions may be invested and the entities which they may fund may deal or co-invest with entities in which the Manager, its Associates or their clients have a financial interest or to which the Manager or its associates provide services. Investors acknowledge that the Manager or any member of its Group (including any Associate) may be entitled to gains, profits or fees from or in relation to such companies and entities.

### 15. Changes to the Agreement

- 15.1 The Manager may, at any time, change the terms of this Agreement by giving written notice to the Investors. Such amendment will take effect on the date specified in the written notice. For the avoidance of doubt, these changes may impact the Manager's fees and charges or the level of service provided.
- 15.2 Investors will be given at least 10 business days' written notice in respect of any changes to these terms, unless the specific circumstances require a shorter or longer period (including, without limitation, where required to do so under the Legislation and Regulations).
- 15.3 The Manager may also amend the terms of the Agreement to reflect changes to market practice, to its administrative processes and procedures, computer or database systems, client requirements or any other changes associated with managing the Fund.

### 16. Personal information

- 16.1 The Manager, the Custodian, and the Investment Director may keep records containing details of the name and certain personal information of Investors; including products and services they have purchased and use. The Manager, the Custodian, the Promoter and the Investment Director may keep a record of any correspondence with Investors and copies of any documents provided by an Investor or their Intermediary may be stored, including any documents provided for verifying Investors' identities such as passports or driving licences. By providing any personal information to the Manager, the Custodian, or the Investment Director, Investors acknowledge and agree to this clause and consent to the transmittal of their data outside of the EEA (for the purposes of the DPA).
- 16.2 The information collected about an Investor may be used for processing their application, verifying their identity, meeting the Manager's obligations under the Legislation and Regulations, managing the Fund, administering the Investor's account and for service quality, product analysis and market re- search purposes.
- 16.3 For the purposes of the DPA, the Manager (and where relevant, the Custodian, and the Investment Director will act as data controller (and in some circumstances, the data processor). Investors consent to us, the Custodian, and the Investment Director processing and using their personal data provided in connection with the Fund.
- 16.4 The Manager and the Investment Director may share certain information about Investors with Associates if they provide products or services to Investors, credit reference agencies and UK and overseas law enforcement agencies or regulatory authorities and other relevant bodies. The information held about Investors is confidential and will not be used for any purpose other than in connection with the provision of services to Investors, unless it is information that is already publically available.
- 16.5 Confidential information held about Investors will only be disclosed to third parties in the following circumstances:

## TESSERACT INTERACTIVE SEIS FUND 6

- (a) as stated already above;
- (b) to investigate or prevent fraud, money laundering, terrorism or any other illegal activity;
- (c) where required under the Legislation and Regulations, or if requested by any regulatory or competent authority having control or jurisdiction over us;
- (d) if it is in the public interest to disclose such information;
- (e) to any third party in or outside the European Union in connection with the management of the Fund;
- (f) to carry out identity checks; or
- (g) at the request or with the consent of Investors.
- (h) Investors have the right to receive a copy of any personal information held about them, subject to a fee of £10 as permitted by law. Investors should contact the Manager for more information at the address set out in Clause 18.
- (i) The Manager and the Investment Director and/or Associates may send information to Investors about their other products and services or those of Associates from time to time, unless an Investor notifies them otherwise. The Manager may provide this information by telephone, post, email, text message or other means, unless an Investor notifies the Manager that it should stop.

### 17. Liability and indemnities

- 17.1 The Manager will act in good faith and with due diligence in their dealings with the Fund. The Manager accepts responsibility for loss to an Investor only to the extent that such loss is due to its negligence, wilful default or fraud.
- 17.2 Investors agree to indemnify and keep indemnified the Manager against all losses, damage, claims, actions, liabilities, demands, costs and expenses arising from (a) any breach of any of the Investor's obligations, duties or representations which the Investor may be deemed to have given under the Agreement; or (b) any untrue, inaccurate or incomplete information being provided by an Investor.
- 17.3 Subject to Clauses 17.1 and 17.2, the Manager accepts no responsibility for any loss of tax benefits that an Investor may suffer as a result of any transactions that the Manager carries out in connection with that Investor's portfolio.
- 17.4 Neither the Manager, nor the Investment Director shall be liable for any consequential, indirect, special, incidental, punitive or exemplary loss, liability or cost which Investors may suffer or incur arising out of their acts or omissions however that loss, liability or cost is caused and regardless of whether it was foreseeable or not. This means that the Manager, and the Investment Director will not be liable for any losses that are indirectly associated with the specific incident which has caused Investors to claim (for example, loss they may incur from not being able to sell assets where the prices of such assets have fallen).
- 17.5 Subject to their respective duties to act in good faith and apply reasonable care when selecting and appointing agents and third parties, neither the Manager, nor the Investment Director shall be liable for the default of any counterparty, agent, banker, nominee, Custodian or other person or entity which holds money, investments or documents of title for the Fund.
- 17.6 Neither the Manager, nor the Investment Director shall be liable for any loss or damage of any direct or indirect nature caused by (a) changes in revenue law or practice as determined by HMRC from time to time; or (b) any other changes in the Legislation and Regulations since the date of the Agreement. Investors acknowledge that any advance assurance given by HMRC in respect of a Company does not guarantee the availability, timing or amount of income tax or capital gains tax relief.
- 17.7 Neither the Manager, the Administrator, nor the Investment Director shall be liable for any loss in value which an Investor's portfolio suffers, or for their failure to perform investment transactions for the account of an Investor's portfolio, in the event of any failure, interruption or delay in the performance of their obligations

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resulting from acts, events or circumstances that are beyond the Manager, the Administrator, or the Investment Director's reasonable control. Acts, events or circumstances that are not reasonably within their control, are including but not limited to: acts or regulations of any governmental, regulatory or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or system outside their reasonable control; and acts of war, terrorism, civil unrest or natural disaster.

- 17.8 The Investor and Intermediary acknowledgements contained in the Application Form, including the provisions setting out the responsibilities and liabilities of the parties, shall constitute binding contractual obligations under this Agreement.
- 17.9 The liability of the Manager and the Investment Director to an Investor under this Agreement, subject to the provisions of this Clause 17, shall be limited to remuneration received by them in connection with that Investor's Subscription.

### 18. Communications

- 18.1 The Manager may send any communications to Investors at the address provided in the Application Form (or to any other postal address as notified in writing from time to time). Notice sent by first class post to such address is deemed to have arrived on the second business day after posting. Notice sent by fax or email or hand delivered is deemed to be delivered immediately (or on the next business day if sent after 5pm on a business day or on a non-business day). Calls may be recorded.
- 18.2 All communications to the Manager should be addressed to:
- FAO: Stephen Norton
- Daedalus Partners LLP, 71-75 Shelton Street, London, WC2H 9JO.
- 18.3 All communications to the Custodian should be addressed to:
- FAO: John Rowe
- Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London, EC3R 7QR
- 18.4 The Manager may rely and act on any instructions or communications which purport to be given by an Investor or their Intermediary acting on their behalf, as authorised under the Agreement (and as subsequently updated and notified to us by Investors).

### 19. Law and interpretation

- 19.1 This Agreement is governed by and is to be construed in accordance with English law. The parties submit to the non-exclusive jurisdiction of the English courts in respect of any claim under the Agreement.
- 19.2 It is not intended that any term contained in this Agreement shall be enforceable, whether by virtue of Contracts (Rights to Third Parties) Act 1999, common law or otherwise, by any person who is not a party to this Agreement save that any Associates shall have the benefit of any provision of this Agreement expressed to be for the benefit of Associates.
- 19.3 Neither party intends any provision of our Agreement to be enforceable by any person other than themselves or their permitted successors or assigns unless provided expressly to the contrary under the Agreement. Save as otherwise provided under this clause, a person who is not a party to the Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
- 19.4 Any failure by the Manager to exercise or delay in exercising a right or remedy provided by the Agreement or by law does not constitute a waiver of other rights or remedies.
- 19.5 If any term or condition of this Agreement is held to be invalid, unlawful or unenforceable, such term will not affect the validity, legality or enforceability of the remaining provisions of this Agreement.

## TESSERACT INTERACTIVE SEIS FUND 6

19.6 This Agreement is supplied in English, and the Manager will only be required to communicate in English during the course of this Agreement.

### 20. Defined Terms

The defined terms used in this Agreement have the meanings set out in this Clause 20. Any reference in these terms to any statute, statutory provision, or rule includes reference to any statutory modification, or amendment of it or any re-enactment, or replacement that supersedes it, and to any regulation or subordinate legislation made under it. References to these terms, the Agreement, or to any other document shall include any variation, amendment, supplement to, or replacement of, such document(s). Any reference to a "Clause" is to a clause in these terms.

**"Act"** means the Financial Services and Markets Act 2000 and any amending or replacement legislation, which regulates the carrying on of investment or financial business in the United Kingdom. Reference to any section in the Act shall be to that section as amended from time to time and, if it is repealed and replaced, then to that new section which most closely corresponds to the original section;

**"Agreement"** means this Agreement and the relevant Application Form as set out in the Information Memorandum;

**"Application Form"** means an application form to invest in the Fund, in the form set out in the Information Memorandum to be completed by Investors or Intermediaries;

**"Associate"** means any person or entity, which (whether directly or indirectly) controls or is controlled by another party or is under common control with that party. For the purpose of this definition "control" shall be deemed to refer also to any power to exercise significant influence over the operating or financial policies of any person or entity;

**"Closing Date"** means 25 March 2016 or such date as is determined by the Manager as the last date upon which the Investor may make a Subscription;

**"Company"** means a company in which the Manager invests and is a qualifying company for purposes of the SEIS, as set out in Part 5 ITA 2007;

**"Custodian"** means Woodside Corporate Services Limited, registered in England under company number 6171085, with its registered office at 4th Floor, 50 Mark Lane, London, EC3R 7QR, which is authorised and regulated by the FSA and is registered on the FSA register with firm reference number 467652;

**"Custodian Agreement"** means the agreement between the Manager and the Custodian in respect of the Custodian Services for the Fund;

**"Custodian Fee"** has the meaning ascribed to it in the Information Memorandum, being up to 0.50% of the aggregate amount subscribed by the Fund for EIS Qualifying Shares per annum. The fee shall accrue from the Closing Date and be payable monthly in arrears by each Company to the Manager for the purposes of discharging fees due to the appointed Custodian;

**"Custodian Services"** means the Services provided by the Custodian under the Custodian Agreement in connection with the Fund;

**"DPA"** means the Data Protection Act 1998;

**"Evaluation Fee"** has the meaning given to it in the Information Memorandum, being equal to 3.0% of the amount invested by Investors in the Fund;

**"FCA"** means the Financial Conduct Authority;

**"FCA Rules"** means the rules of the FCA as set out in the FCA's Handbook of Rules and Guidance and any other rules and guidance issued by the FCA from time to time;

**"Financial Services Compensation Scheme"** has the definition given to it under the Act;

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**“Fund”** means the Tesseract Interactive SEIS Fund 6 being the contractually-based collective investment undertaking constituted pursuant to the terms of this Agreement;

**“Group”** means Daedalus Partners LLP and any Associate thereof from time to time;

**“HMRC”** means HM Revenue & Customs;

**“Information Memorandum”** means the Information Memorandum issued by the Manager in connection with the Fund;

**“Initial Fee”** has the meaning given to it in the Information Memorandum, being capped at 3.0% of the amount invested by the Investor in the Fund and payable to the Manager on Investment;

**“Interim Investments”** has the meaning given to it in Clause 3.6;

**“Intermediary”** means the appropriately qualified and authorised adviser that an Investor appoints from time to time to provide investment advice, or is a professional firm authorised by a designated investment body;

**“Investee Shareholder”** has the meaning set out at Clause 5.6;

**“Investment”** means an investment in SEIS Qualifying Shares acquired at the direction of the Manager by the Fund;

**“Investment Objectives”** means the investment objectives for the Fund as set out in the Information Memorandum;

**“Involved Investor”** has the meaning set out in Clause 5.6;

**“Legislation and Regulations”** means all legislation and regulation (including the Act, any statutory instruments made thereunder and the FCA Rules) insofar as it relates to the performance of the Fund;

**“Monitoring Fee”** shall mean a fee of £2,250 to be charged by the Manager to each Company quarterly in arrears from the date of subscription for SEIS Qualifying Shares;

**“Order Execution Policy”** means the order execution policy with which the Manager shall comply when managing the Fund and is set out at Schedule 1 to this Agreement;

**“Performance Fee”** has the meaning given to it in the Information Memorandum;

**“Promoter”** means RAM Capital Partners LLP, a limited liability partnership registered in England and Wales with the registered number OC329154 and holding its registered office at 4 Staple Inn, London WC1V 7QH, which is authorised and regulated by the FSA and is registered on the FSA register with firm reference number 470347;

**“Readily Realisable Investments”** means:

- (a) a packaged product (i.e. a life policy, a unit in a Regulated Collective Investment Scheme, an interest in an investment trust savings scheme, a stakeholder pension scheme or a personal pension scheme);
- (b) a government or public security denominated in the currency of the country of its issue;
- (c) any other security which is:
  - (i) admitted to trading on an exchange in an European Economic Area State; or
  - (ii) regularly traded on or under the rules of such an exchange; or
  - (iii) 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
- (d) a newly issued security, which can reasonably be expected to fall within (c) when it begins to be traded.

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**“Regulated Collective Investment Scheme”** means:

- (a) “an authorised open-ended investment company” as defined in Section 237(3) of the Act;
- (b) “an authorised unit trust scheme” as defined in Section 237(3) of the Act;
- (c) “an authorised contractual scheme” as defined in Section 237(3) of the Act;
- (d) “a recognised scheme” under Sections 264, 270 or 272 of the Act.

**“SEIS”** means the Seed Enterprise Investment Scheme as set out in Part 5A of ITA and in TCGA Sections 150A-150F and Schedule 5BB;

**“SEIS Qualifying Shares”** means ordinary shares in an Investee Company that meet the requirements to qualify for SEIS relief;

**“SEIS Relief”** means the tax reliefs available under the SEIS, including the income tax relief, capital gains tax reinvestment relief and share loss relief;

**“Shares”** means SEIS Qualifying Shares which are acquired at our direction as manager of the Fund;

**“Subscription”** means a subscription to invest in the Fund pursuant to Clause 3 of this Agreement;

**“US Person”** means US Citizens (including dual citizens), US passport holders, individuals born in the US who have not renounced their citizenship, permanent residents of the US and those with a “substantial presence” in the US as defined in US tax law.

## SCHEDULE 1

### Order Execution Policy

#### 1. Scope of Policy

The Manager will treat decisions to deal in investments for the Fund as 'orders' to execute transactions in Investments.

#### 2. Consent

The Manager is required to obtain Investor consent to this policy, and Investors will need to confirm that they have consented to its terms in the Application Form.

#### 3. Trading Venues

The Manager will not use third party execution venues and will deal directly with buyers, sellers and issuers of securities as it does not anticipate the existence of alternative trading venues in portfolio investments. The Manager will accordingly generally trade outside of a regulated market or a multilateral or organised trading facility.

#### 4. Execution factors and criteria

In meeting its best execution obligations the Manager will take into account the following execution factors: price, costs, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order.

Additionally, when executing a client order, when determining the importance of the execution factors, the best execution factors which the Manager will take into account are the characteristics of the client: client order, the financial instruments that are the subject of the order, and the execution venues to which the order can be directed (where relevant).

- 4.1 Further details on the structure of the Fund are set out in the Information Memorandum, which explains the restrictions which apply to the ability of Investors to dispose of an interest in a Company prior to disposal of the Fund's overall position in that company.
- 4.2 The Manager will endeavour to allocate each Investor shares in each Company according to the amount subscribed by that Investor on a pro-rata basis. It may occasionally be necessary for the Manager to allocate a different number of shares in one or more Companies where the amount subscribed by the Investor cannot be exactly allocated across the Fund. Such allocation differences are expected to be minimal and not to have a significant impact on interests in the Fund.

#### 5. Pricing factors

- 5.1 For the Fund, the best possible result will always be determined in terms of the "Total Consideration". The Total Consideration represents:
  - (a) the price of the financial instrument; and
  - (b) the costs related to execution, which will include any expenses incurred by the Investors, which are directly related to the execution of the order. This can include:
    - (i) execution venue fees;
    - (ii) clearing and settlement fees; and
    - (iii) any other fees paid to third parties involved in the execution of the order.

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- 5.2 Obtaining the best result in terms of Total Consideration will be prioritised over the other execution factors listed in paragraph 2.1 above. The other execution factors will only be given precedence over the immediate price and cost consideration where they are influential in delivering the best possible result in terms of the Total Consideration payable.

### **6. Changes to the Order Execution Policy**

- 6.1 The Manager reviews the effectiveness of this policy at least on an annual basis and will notify Investors of any changes.
- 6.2 This Agreement sets out the terms upon which the Manager agrees to manage the Fund.
- 6.3 The Application Form forms part of this Agreement. Upon acceptance of a signed Application Form, this Agreement, the Application Form and those parts of the Information Memorandum referred to herein will constitute the whole of the binding agreement between each Investor and the Manager in respect of the Fund.



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