

Earthworm EIS Fund





Important Notice

This document describes arrangements by which Investors may appoint Thompson Taraz Managers Limited, a private company registered in England and Wales with registered number 04482509 and whose registered office is c/o Thompson Taraz LLP, 4th Floor, Stanhope House, 47 Park Lane, London W1K 1PR (the “Manager”) to act as their common investment fund manager in making investments in EIS qualifying companies. The Manager is authorised by the FCA to act as an investment fund manager; its FCA registration number is 226978. In connection with its investment management services, the Manager will be advised by Earthworm Capital LLP, an English limited liability partnership with the registered number OC357150 and with its registered address at Unit 2 Rectory Court, Old Rectory Court, Alvechurch B48 7SX (“EW Cap”). These arrangements constitute the Earthworm EIS Fund (the “Fund”).

The Fund is a Complying Fund and so is not a UCIS. The Fund is not subject to the marketing restrictions introduced by FCA in respect of “non-mainstream pooled investments” and can be marketed to retail clients. However, participation in the Fund is restricted to investors who have been assessed by their independent financial adviser as having the expertise, experience and knowledge to make their own investment decisions regarding participation in the Fund and to understand the risks involved.

This Information Memorandum does not constitute an offer by the Manager or another person for you to enter into an agreement with the Manager to act as your fund manager or an invitation for you to make an offer to the Manager or another person for the Manager to enter into an agreement with you to act as your fund manager (a “direct offer financial promotion”). If your independent financial adviser confirms that they will comply with the FCA suitability rules in relation to an investment in the Fund then a direct offer financial promotion will be extended to you together with an Application Form. Alternatively, a direct offer financial promotion and an Application Form will be made available to you if you are certified as a ‘high net worth investor’, a ‘sophisticated investor’, a ‘self-certified sophisticated investor’ or a ‘restricted investor’ in accordance with FCA rules and your independent financial adviser confirms or we are able to assess that an investment in the Fund is appropriate for you having regard to your knowledge and experience of similar investments.

This document constitutes a financial promotion relating to the Fund and is issued and approved by RW Blears Capital Limited, who are authorised and regulated by the Financial Conduct Authority (FRN: 610217 for the purposes of section 21 of the Financial Services and Markets Act 2000 (“FSMA”).

This Information Memorandum does not constitute an approved prospectus within the meaning of section 85(7) of FSMA and it does not constitute an offer to the public in the United Kingdom or elsewhere.

This Information Memorandum should not be considered as a recommendation or advice in any form by the Manager, RW Blears Capital Limited, RAM Capital Partners LLP, EW Cap, or their respective subsidiaries, parent undertakings, affiliates (including their respective directors, shareholders, partners, officers, employees, agents or advisers) to invest, and each potential Investor must make his/her own independent assessment of the merits or otherwise of investing in the Fund and should take his/her own professional advice.

The opportunity described in this document is not suitable for all investors.

Key risks are explained on pages 28 to 30 of this Information Memorandum and should be carefully considered.

You should seek your own independent advice and then rely on your own independent assessment of the Earthworm EIS Fund; nothing in this document constitutes tax, legal or investment advice. The value of any investment may go down as well as up and an Investor may not get back all or any of the amounts originally invested.

Please note that applications may only be made, and will only be accepted, subject to the terms and conditions of the Investor’s Agreement, a copy of which can be found on page 34 of this Information Memorandum, and the terms and conditions of an Application Form which is available separately should you qualify for receipt of a direct offer financial promotion on the basis described above.

How To Apply

- Read this Information Memorandum
- Discuss the opportunity with your intermediary
- Request an application form from your intermediary

If you have any questions, please contact us:

T: +44 (0)203 3006 7530

E: taxsolutions@ramcapital.co.uk

W: www.ramcapital.co.uk

Welcome to EW Cap

Dear Investor,

Firstly, welcome to EW Cap. We have been investing in projects that make a positive impact to our environment since 2011. EW Cap, or Earthworm Capital as we were originally called, was established in 2010 and now manages over £35m of investors' capital and oversees investments in a range of sectors from waste management and recycling to renewable energy and power generation. Our journey began in 2008 when we decided to build our own recycling facility to provide a showcase for what we could do. From a blank sheet of paper we conceived the idea, business plan and financial model, obtained planning permission and an environmental permit, signed long-term waste contracts, funded, built and physically operated the plant and machinery. This 6 year journey from creation of the idea to receiving waste to the site has given us huge experience which we are applying in all of our investee companies.

By March 2017 we will have built 8 waste and renewable energy facilities. Of the 16 planning applications we have made since 2011, we have only had one refusal. We like to think we know our industry as well as anyone, particularly the practical, day to day issues relating to operating recycling and energy sites, in short:

- We are specialists in asset backed EIS environmental investment opportunities
- We have a proven track record: Our first EIS vehicle returned £1.15 per £1 invested over a 4 1/2 year period
- Hands-on management team – we are involved in the operation and management of all underlying investments



We are now preparing to build our next series of facilities which will create a portfolio of pre-identified, asset backed companies in the waste, recycling and environmental sectors.

- Tranche I includes over £11m of pre-qualified EIS opportunities ready for investment:
 - Recycling companies with mainly local authority contracts in place to provide composting or waste water treatment services
 - Planning consents secured on sites in question
 - Industrial processes and machinery underpinned by government legislation forcing local councils to increase the use of recycling facilities
 - High barriers to entry including demanding planning and environmental permitting obligations
 - Predictable upside potential
 - Low technology risk associated with both industrial processes
- Quarterly allotments allow the fund to be 'evergreen' and always available for investment
- Targeting a minimum tax free return of £1.20 over a 4-5 year period. Fund management fees are reduced significantly from year 5 onwards to help align shareholder interests by incentivising the management to secure an exit for investors promptly
- Targeting low or negligible gearing for investee companies thereby mitigating liquidity risk
- Prompt delivery of EIS3 certificates anticipated
- Ability to carry back to 2015/16 tax year for income tax purposes

I trust you will find our fund an interesting investment opportunity and I look forward to welcoming you to the fund and the EW Cap team.

Yours sincerely,



Ben Prior, Managing Partner

EW Cap

Investment Adviser to the Manager



Contents

Parties and Professional Advisers	07
Summary- Earthworm EIS Fund	08 - 10
Fund Strategy	08
Key Fund Features	08
Key Risks	08
Target Sectors	09
Target Returns	10
Investment Approach & Portfolio Examples	12 - 13
Existing Investment	12
Current Investment Opportunities	13
Meet the Team	14 - 15
Role of the Fund Manager	17
Conflicts of Interest Policy	18
Fees and Charges	20 - 21
Tax Advantages	22
How to Apply	23
Fund Mechanics	24
EIS Qualifying Conditions	25
Regulatory Information	26 - 27
Risk Factors	28 - 30
Definitions	32 -33
Investor's Agreement	34 - 47
Appendix 1 - AIFMD Disclosures	48 - 52

Parties and Professional Advisers

Fund Manager

Thompson Taraz Managers Limited
47 Park Lane
London
W1K 1PR

Depositary

Thompson Taraz Depositary Limited
47 Park Lane
London
W1K 1PR

The Manager of the Fund is Thompson Taraz Managers Limited, an independent firm providing fund management and administrative services based in London.

Established as a chartered accountancy practice in 1993, Thompson Taraz has grown to become one of the UK's largest independent providers of fund management and associated administration services to the collective investment scheme sector and has been instructed to administer investments totalling over £2 billion. Currently working with over 70 limited partnerships or similar undertakings and 300 independent financial advisers, Thompson Taraz looks after over 7,000 individual investors.

Promoter

RAM Capital Partners LLP
4 Staple Inn
London
WC1V 7QH

RAM Capital is the promoter and marketing adviser to the Fund. RAM Capital has a strong record in promoting and marketing EIS, VCT and SEIS products, having raised in excess of £900 million over the last nine years. RAM Capital is a member of the EIS Association and is authorised and regulated by the Financial Conduct Authority.

Requests for further copies of the Information Memorandum can be made by contacting RAM Capital by telephone on 020 3006 7530 or by emailing taxsolutions@ramcapital.co.uk No investment or tax advice can be given by RAM Capital.

Investment Adviser to the Fund Manager

Earthworm Capital LLP
Unit 2 Rectory Court
Old Rectory Lane
Alvechurch
B48 7SX

Legal and Tax Audit to the Fund

RW Blears LLP
29 Lincoln's Inn Fields
London
WC2A 3EG

Auditor to the Fund

Menzies LLP
1st Floor Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

Summary - Earthworm EIS Fund

Fund Strategy

Monies raised by the Fund will be deployed into EIS qualifying companies that are seeking to build and operate shovel-ready recycling and environmental facilities. This provides the underlying investments with significant asset backing combined with long term predictable revenue streams secured against reputable counterparts.

Once the underlying companies have demonstrated operational stability and revenue predictability it will be the intention of the management team to seek an exit either via a trade sale, management buyout or stock market flotation.

Key Fund Features

Exit time frame	The targeted exit time frame is 4 to 5 years.
First closing date	Friday 20th January 2017.
Diversification	Target of 3 investee companies per investor.
Liquidity	Once invested, it is likely that your capital will only be returned when the underlying Investments in Investee Companies are sold.
Tax advantages	If you are a UK investor you may be able to benefit from tax advantages provided by the EIS. See page 23 for details.
Minimum subscription	£10,000 (though lower subscriptions will be permitted at the discretion of the Manager). There is no maximum subscription.

Key Risks

Taxation	Tax rates, benefits and qualification criteria described in this document may change from time to time and are not guaranteed.
Liquidity	An Investment in the Fund should be considered a long term Investment in unquoted, illiquid companies which are higher risk than exchange traded securities.
Performance	There is no guarantee that the objectives of the Fund or the Investee Companies will be achieved and Investors may lose some or all of the amount invested.
Recycling, waste management and environmental sectors	The Investee Companies' revenue streams may be reduced by changes in legislation affecting subsidies, gate fees, landfill tax etc.

Please read carefully the Risk Factors set out on pages 28 - 30 before making your investment decision and confirm with your independent financial adviser that you do have the expertise, experience and knowledge to properly understand these risks of participating in the fund.

Target Sectors

The Earthworm EIS Fund targets investments focused on the processing of organic waste in the form of food, garden, wood and/or water waste. The Fund seeks to invest predominantly in facilities in the composting, waste wood recycling and waste water sectors. The money raised will only be deployed once planning has been achieved, with the aim of helping the UK reach its recycling targets of 50% by 2020.

Key sector attributes

There are several reasons why you might consider an investment in the fund.

Long term waste & revenue streams

Contracts are sought from local authorities, waste processors, waste management companies and waste logistics businesses. The number of customers and the length of contracts signed by those customers are intended to provide our investee companies with a diverse high quality customer base and predictable income streams.

Asset-backing

The Fund will be investing in businesses that are developing, purchasing and constructing buildings, plant and machinery. This should provide a significant level of asset protection to the Fund's portfolio of investee companies but Investors should appreciate that their capital is at risk and they should read carefully the Risk Factors set out on pages 28 - 30 before making their investment decision and confirm with their independent financial adviser that they do have the expertise, experience and knowledge to properly understand these risks of participating in the Fund.

Government supported sector

The recycling industry has undergone a fundamental shift in the last 10 years in the way waste material is treated. This shift is being driven by the UK government as it seeks to achieve its target of 50% recycling of municipal waste by 2020. However this target looks like it is going to be missed given the lack of recycling facilities available in the UK combined with the squeezing of council budgets in areas such as waste collections. This fund aims to invest in companies that will help the UK meet its future obligations and targets.

Legislation in favour of the recycling industry

In an attempt to meet the 50% target, the government introduced legislation to encourage waste producers to divert organic waste away from landfill. Landfill tax is a levy which charges waste operators £84.40 per ton for the disposal of organic waste to landfill. As a direct result of landfill tax there is now a significant financial advantage for those operators who offer an alternative means of waste disposal to landfill as they do not have to pay landfill tax.

High barriers to entry

Increasingly the recycling and waste management sectors have increasingly high barriers to entry in the form of environmental and planning legislation. Waste recycling sites with the benefit of planning permission and an environmental permit are by their very nature valuable assets which should continue to appreciate as the UK continues to transition away from disposal of waste to landfill.

Helping local authorities meet their budget targets

As local authority budgets continue to be squeezed, many are seeking the most cost effective forms of waste disposal. These now come in the form of facilities looking to treat and process waste as a resource rather than disposal of waste to landfill with the resulting landfill tax implications.

Using waste as a resource

With dwindling raw materials and ever increasing public consumption, the disposal of any goods which are discarded after primary use to landfill is now seen as a complete waste of the raw materials and energy used in their manufacture and also of the money which needs to be spent in their disposal.

Target Returns

The targeted return for investors in the Fund is £1.20 for every £1.00 invested after three years, ignoring the effect of tax reliefs obtained. Investor returns may be higher than £1.20 depending on the performance of the underlying companies but investors should note that achievement of the target return cannot be guaranteed.

Our management team is incentivised to maximize returns to investors via the performance fee equal to 30% of any distributions returned to investors above and beyond the target return. To ensure fairness to investors, this is based on the overall return delivered from the fund, not specific Investee Companies. Therefore, we only earn any form of performance fee once every investor has received the target return.

This ensures that our interests are aligned with those of our investors, the only other fees we charge in connection with your investment are:

- Initial fees on investment of 3% (excluding any Adviser Charges or commission).
- An annual management charge of 2% which reduces to 0.5% from year 5 to incentivise the team to achieve an early investor exit.

No other fees, such as deal fees, director fees, or other such hidden costs are charged by EW Cap or the Manager.

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

This performance fee may be satisfied by either a cash payment or by the issue of shares (or by a combination of both) at the discretion of EW Cap, and where Investors receive such a return by way of sale of their shares in the relevant Investee Company, by way of cash payment from the purchaser.

During the lifetime of the Fund's Investment in an Investee Company EW Cap or its Associates will not hold shares in the Investee Company unless required due to exceptional circumstances.



Investment Approach & Portfolio Examples

The EW Cap team have experience of running their own businesses in the recycling, waste management, power generation and renewable energy sectors and understand what it takes to conceive, develop and nurture early stage businesses.

We have experience of getting our hands dirty and physically operating businesses in these areas unlike many fund managers who have made a career out of being business experts without ever having gained the operating experience from running the types of businesses they invest into.

When we invest in a company we are involved with its progress daily. From an investor's perspective this means that we know far more about the businesses in which we are invested. When our investee companies succeed, we all benefit.

Included below are some examples of our existing investment portfolio and then examples of current investment opportunities for this fund (subject to approval by the Manager).

Existing Investment

Earthworm Operations Limited

Earthworm Operations Ltd is a single company EIS for which the management team raised £2m of EIS funds in 2011 to conceive, design, build and operate an IVC (In Vessel Composting) facility in Daventry, Northamptonshire. This plant started operating in 2012 receiving a combination of garden and food waste via a long-term local authority contract.

The facility utilises vertical stainless steel composting chambers that occupy a relatively small area and can process a mixed waste input incorporating both food, green and wood waste. The system does not require agitation of the waste, biofiltration, external heating or air injection to promote the composting process.

The VCU (Vertical Composting Unit) system is a simple re-engineering of the natural composting process. It operates continuously on a 'plug flow' principle allowing for a constant feed of mixed food and green waste into the top of the vessel as raw compost is continuously harvested from the bottom. Heat generation creates a natural chimney effect with hot air rising within the vessel, drawing in cool air at the bottom. This aerates the material within the chamber, a key requirement in the composting process. Additionally, the heat generated produces temperatures of up to 70 degrees centigrade towards the top of the vessel which sterilises the waste and ensures compliance with regulations on the processing of animal by-products with respect, in particular, to the elimination of pathogens. The output of this process is a commercially valuable PAS 100 compost product used by a variety of end customers, from farmers to garden centres.

Current Status

Earthworm Operations Limited has achieved an exit with its EIS investors at £1.15 for every £1 of initial investment in October 2016, not including any tax relief.

Current Investment Opportunities

Beechwood Recycling Limited

Beechwood Recycling is a waste management company which has secured its first site in Warwickshire and secured a planning permission for the operation of a waste facility where it will compost organic waste in concrete tunnels, as well as process wood waste. Beechwood has negotiated a fixed price design and build contract for the facility, alongside a 30,000 ton per annum organic waste contract for food and garden waste.

Current Status

Beechwood's first facility starts construction shortly with completion due in March 2017. It is also currently working on planning permission for its second facility in the Midlands on a former landfill site which will enable it to grow its operations to service the Warwickshire market.

Henley Biomass Limited

Henley Biomass is a development company focusing on projects in the biomass, recycling and waste management sectors and has recently been successful in achieving planning permission for a waste water treatment plant in Northamptonshire. Henley Biomass has engaged a third party contractor under a fixed price design and build contract to redevelop the existing site.

Current Status

Henley Biomass is already a trading company that will focus on developing a range of waste management facilities predominantly in the Midlands.

Astwood Energy Limited

Astwood Energy is an operator of a waste water treatment facility. This facility processes waste water in an environmentally responsible manner rather than the usual method of chemical treatment. The company will be treating around 30,000 tons of waste water per annum from a range of suppliers, including some of the major landfill owners in the UK who are responsible for the disposal and processing of over 1.3m tons of waste water per annum.

Current Status

The company is already trading and the facility is under construction and due for completion and commencing operations in Q2 2017. This has been done under a fixed price design and build contract.

TW Composting Limited

TW Composting is seeking to develop a waste management business focusing on the development of open windrow composting sites in order to serve local authorities and other commercial businesses. This market is of particular interest as the UK endeavors to move away from the disposal of waste to landfill which currently accounts for over 55% of the total waste disposed in the UK.

Open windrow composting is an aerobic decomposition technique proven for the treatment of garden waste. It involves the decomposition (in the presence of oxygen) of organic garden material through microbial action to residual solids (a stabilized dried material, or compost), using heat, carbon dioxide and water. In its simplest form, the composting takes place in the open air in large elongated uniform prism shaped 'piles' of waste known as windrows.

Current Status

TW Composting has already secured 3 sites with planning permission and environmental permits, alongside the associated waste contracts for organic waste. It is now seeking investment to further purchase specialist equipment and commence operations on these sites.

Meet the Team

Ben Prior - Managing Partner

Ben has been operating in the tax-efficient space for 16 years and has raised over £485m for several industry leading managers. Starting at Noble & Company in 2001, Ben then spent 5 years at Brewin Dolphin before co-founding RAM Capital Partners in 2007. RAM is now one of the most successful independent fundraisers of tax-efficient products in the UK.

Ben left RAM in 2010 in order to establish the first Earthworm project, a composting facility in Daventry, Northamptonshire. Ben co-founded this business with Spencer Burnham (see profile below). Together they developed the facility from inception involving conceiving, capitalising a £2m single EIS company, building and operating the facility which now processes 30,000 tons of organic waste per annum. Ben and Spencer then ran the daily operations of this business through to investor exit.

Subsequently, Ben also led the fundraising for Midlands Planning Services Limited and Earthworm Energy Limited, both companies providing professional development and planning services. These companies attracted £3.5m of investor investment and have since gone on to achieve 15 successful planning applications.

Mike Capewell - Director of Operations

Mike has a strong background in the development, monitoring and due diligence of large scale environmental and infrastructure projects.

An experienced consultant with the firm Deloitte, he worked alongside national and international clients (including the UK Ministry of Defence, National Health Service, various UK Councils, Evergreen and AstraZeneca) to assist them with major capital programmes and transformation projects. Mike provided expert resource for programme management, cost and financial modelling long term projects (life span of 20-30 years) and management and tracking of capital deployment.

Following a spell with Deloitte Consulting, Mike founded his own specialist financial modelling consultancy and advised the NHS, MoD and provided due diligence on over 20 renewable energy schemes with a combined value of £65m.

Spencer Burnham - Project Development & Investment Oversight

Spencer is a co-founder of the original Earthworm recycling facility in Daventry, Northamptonshire. Having spent 5 years in the City with Dresdner Kleinwort Benson and Ernst & Young corporate finance, Spencer left to help set up the first Earthworm project, an organic waste recycling facility, with Ben in Northamptonshire in 2011, he and Ben then ran the day to day operations of this business. He has been involved in the waste and recycling industry since 2008. He is also a co-founder of Earthworm Energy, a developer of waste, recycling and renewable energy facilities.

Tony Webhy - Project Development & Construction

Tony has 25 years' experience in the construction industry. He has overseen a number of complex construction projects with large UK contractors including ISG, Carillion and most recently as director of Anglo Holt Construction. Tony is a Fellow and formerly Chairman of the Chartered Institute of Building (CIOB) in the Midlands. Tony works closely with clients and contractors in the West Midlands as a director of WMCCE, and is Chairman of the Construction Industry Partnerships Centres in Warwickshire.

Tony's experience in construction is important to the majority of EW Cap's investee companies who seek to build and operate infrastructure in order to realise their plans and he is instrumental in working with local planning authorities to identify suitable locations for EW Cap's investment opportunities.

Phil Stephens - Project Development & Investment Oversight

Phil has a strong track record in the electricity sector having held numerous senior roles in the energy and infrastructure marketplace. This includes a major UK generator, where he was responsible for the businesses transition from a national electricity generator to working for a premium low carbon energy supplier. As partner in global consulting firms, Phil's background is in energy utilities, leading practices and projects in North America, Europe and Asia Pacific. He has worked with large and small organisations in roles as diverse as interim strategy director to commercial due diligence and post-acquisition value realisation for private equity investors. Phil is currently a director of a STOR business, building a 20MW plant in South West England, and has held numerous senior roles in the energy and infrastructure market, including: Head of commercial – British Energy Group plc, Group commercial director – Mears Group plc and Asia Pacific Energy & Utilities Leader – PA Consulting Group.

Neil Drake - Project Development

Neil spent a number of years at EDF Energy where he held positions forming commercial strategies for both corporate and B2B functions. Between 2009 and 2011 Neil oversaw the development and delivery of EDF's strategy for the commercialization of nuclear power; a project that culminated in the launch of Blue, the company's most successful product in both B2B and residential markets. More recently, Neil has held strategy roles in EDF's energy services and export services and supply functions; creating commercial propositions for the UK's largest business consumers and independent generators. Neil has also acted as a national level spokesperson for EDF, led influencing initiatives with Ofgem, Defra and DECC and represented EDF Group on the internationally as part of the World Resources Institute's working group on carbon accounting.

Richard Nuth - Project Development

Richard has extensive experience leading project teams in high technology and aerospace sectors, for commercial and military applications. He began his career at Rolls Royce, working on a wide variety of engine blade programs within the turbine department. After successful execution of a number of high profile programs, Richard worked for leading airlines in Scandinavia; where he was responsible for the maintenance program within aircraft and engine management.

Richard was appointed to a position at an aerospace market leader, a subsidiary of Cranfield University, in rapid prototyping. Head of the Office of Airworthiness and Certification, Richard specialised in achieving approval for many complex projects (including surrogate unmanned aerial vehicles and volcanic ash detection aircraft).

Charlie Morgan - Project Development

Charlie has spent the previous twenty-five years working in the global debt and equity markets for various banks and brokers in differing roles resulting in him living in Paris, Hong Kong and Johannesburg at different times his career. In 2009 he was a founding partner of Parkwalk Advisers, which is one of the most successful EIS Funds in the country. Parkwalk specialised in investing in early-stage technology emanating from UK Universities and it was during this time that he developed a keen interest in the Clean Technology sector. One of the outstanding investments made was in Xeros, a virtually-waterless washing business.



reception

Role of the Fund Manager

The Manager of the Fund is Thompson Taraz Managers Limited, an established real estate, venture capital and EIS discretionary investment manager with 20 years of experience. The Manager has an in-house risk management and regulatory compliance capability. The Thompson Taraz group also provides fund administration, AIFMD depositary, and fund establishment services.

Based on the recommendations of EW Cap, the Manager will make investment selections in accordance with strict investment criteria, benchmarked against best practices and designed to minimise overall capital risk. The selection and initial due diligence processes carried out by EW Cap include assessment of a business' prospects, employees, plant and inter alia machinery, customers, accreditations and premises.

EW Cap will prepare an investment proposal and submit it to the Manager for its approval. Once investment opportunities have been approved, then confirmatory due diligence is carried out by EW Cap with the assistance of legal counsel on the financial and legal aspects of the proposed investment in parallel with negotiation of the transaction documents with the relevant project team. If material changes are identified, the project is referred back to the Manager for further consideration. The results of the informal and formal due diligence processes are then summarised in the final investment documentation and submitted to the Manager for independent consideration and execution.

Investment Monitoring and cash management pending investment

The Manager, supported by EW Cap, will continue to closely monitor investments for their ongoing performance and recouping potential. The six monthly and annual reports will be provided to Investors in accordance with the Investor's Agreement with details of Investments, underlying values and other relevant information on the Investment's return potential.

In addition to providing Investors with fund management services, the Manager will also open and maintain a client account with an authorised and reputable banking institution in its own name with client trust status. Once an Investor's application has been approved by the Manager, his or her Subscription Monies will be transferred by the Administrator to this account to be held pending investment. This process will happen once every quarter, ahead of the Fund's quarterly closing date. In addition, all dividends, returns of capital and proceeds of sale of Investments pending their distribution will be deposited by the Manager in this account. The mandate for operation of the account shall be held by the Manager.

Conflicts of Interest Policy

Should a situation arise where the interests of Investors conflict with the interests of the Manager or Investment Adviser, EW Cap, several policies are in place in order to ensure that Investors' interests are protected.

Policy 1: First Refusal

Any business interest, proposed site or development that is of interest to both an existing full funded EIS company and an EIS company currently seeking investment, will always be offered on first refusal basis to the company currently seeking investment.

Policy 2: Independent Valuation

No business interest, proposed site or development from an EIS company seeking investment will be sold on to an existing full funded EIS company without an independent valuation by a third party with the relevant expertise and authority.

Policy 3: Independent Directors

EW Cap and the Manager will seek to ensure that the Fund invests only in companies with an independent chairman appointed to their respective boards to represent Investors' interests.

Policy 4: General Conflicts of Interest

In addition to the policies above the Manager operates a general conflicts of interest policy in accordance with FCA Rules.



Fees and Charges

In total EW Cap will charge fees of the following:

- **Initial Charges:** Up to 3% (exclusive of any adviser charge or commission)
- **Annual Management Charges:** 2% subject to a reduction from year 5 to 0.5%

No other fees will be charged by EW Cap, the Administrator, or Manager to Investee Companies in connection with your investment in the fund.

Adviser Charges and, in certain limited situations, intermediary commission, both up front and on-going, may be facilitated by EW Cap as described in more detail below:

Fundraising Charge (Adviser Charge payable)	EW Cap fee of 3% of an Investor's Investment plus the agreed Adviser Charge (EW Cap will settle Adviser Charges).
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Fundraising Charge (Commission payable)	EW Cap fee of 3% plus up to 3% initial commission on investment, relevant intermediaries will also be entitled to annual trail commission of 0.5% pa (payable by the Investee Company) for a maximum of 4 years.
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Adviser Charges to be facilitated by EW Cap will be deducted from the gross amount subscribed by the Investor in question and only the net subscription amount will be invested in the Investee Companies and will attract EIS relief. Any other Fundraising Charges should not reduce the EIS Relief available to Investors. The Fundraising Charges will, however, reduce the value of Investors' holdings as the Investee Companies will be required to pay out these amounts at the point of investment.

****Please note that were an Investor requests EW Cap to facilitate on-going Adviser Charges, this arrangement can be cancelled at the Investors request at any time****

EW Cap will pay the costs of establishing the Fund, including legal and taxation costs, the initial costs of the Manager, the preparation of this Information Memorandum and any other direct expense incurred.

Fundraising Charges will not be payable to the extent that EW Cap returns any uninvested monies to an Investor.

Annual Fund management charges

Annual management charge	2% of the amount invested in Investee Companies
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EW Cap will bear the direct costs of running the Fund, including legal and taxation costs, and the ongoing costs of the Manager and the Administrator.

EW Cap will bear any legal, accounting and other fees incurred by the Fund in connection with potential Investments that do not proceed to completion.

EW Cap can facilitate trail commission to be paid to your financial intermediary where permitted (up to a maximum of 0.5% per annum). Such amounts will be held by the Manager under the instruction of the Investee Company and paid out annually for a maximum of 4 years from date that is the first anniversary of the original investment.

Performance Fees

EW Cap will be entitled to a performance fee pursuant to which EW Cap will charge Investee Companies a fee of 30% of Distributions returned to the Investors above and beyond the target return of £1.20.

This performance fee may be satisfied by either a cash payment or by the issue of shares (or by a combination of both) at the discretion of EW Cap, or where investors receive such a return by way of a sale of their shares in an Investee Company, by a cash payment from the purchaser.

VAT will be added where applicable.

Adviser Charges and Intermediary Commission

FCA regulations require financial intermediaries who provide advice to retail clients on certain investment products, such as the Fund, to agree their charges with their client rather than receive commission from the product provider.

An investor categorised by his/her financial intermediary as a “retail client” may specify in the Application Form the amount of any such charges (for advice) he/she has agreed with his/her financial intermediary in connection with the Fund and request payment to be facilitated by EW Cap.

Where advice is provided to a professional investor, the adviser can still be remunerated through commission. Also, financial intermediaries who provide execution only services may be permitted to receive commission. In such permitted situations, financial intermediaries will be paid initial commission, usually at the rate of up to 3% (plus annual trail commission at the rate of up to 0.5% for a maximum of four years) of amounts invested (inclusive of VAT).

Shares in Investee Companies will be issued to each Investor at varying subscription prices based of the formula and worked examples set out below. The Investee Company will then settle amounts owing to those Investor’s financial intermediary. Please note that this arrangement is not possible in respect of Investors who have requested the facilitation of Adviser Charges.

Formula for Share Price

$$\text{Share Price} = \frac{\text{Amount invested}}{\text{Amount invested less Fundraising Charges (other than Adviser Charges)}}$$

Worked Examples

Example 1

Mr Jones is a retail client who has received advice from his intermediary and made an investment of £30,000 in the Fund. He has agreed an Adviser Charge of £600 with his intermediary. His investment is also subject to a fundraising fee payable to EW Cap of £900.

The Fund reaches first closing and the Manager decides to make three equal investments into three Investee Companies. The base cost of a share in each Investee Company is £1.00. EW Cap instructs the Manager to settle the Adviser Charge of £600, leaving £29,400 net to be invested.

For each Investee Company, the price Mr Jones will pay for one share, following the formula above, is £1.0315. He will therefore receive a total of 9,500 shares in each Investee Company for his £9,800 investment in each. The Investee Companies will then settle remaining Fundraising Charges of £600 through payments to EW Cap.

Example 2

Otherwise following the same facts as Example 1, this time Mr Jones has invested in the Fund through an execution-only intermediary who is entitled to receive commission. The intermediary, in this case however, has elected to waive 2% of its usual 3% commission in lieu of additional shares for Mr Jones.

This time, Mr Jones will pay £1.0417 per share in each Investee Company and will receive a total of 9,600 shares in each. Again, the Investee Companies will pay EW Cap’s fundraising charge and EW Cap will settle his commission payment.

Example 3

Otherwise following the same facts as Example 1, this time Mr Jones has invested in the Fund through an execution-only intermediary who is entitled to receive commission. The intermediary will receive the usual 3% commission and an additional 0.5% trail commission for 4 years (totalling 2%).

This time, Mr Jones will pay £1.087 per share in each Investee Company and will receive a total of 9,200 shares in each. Again, the Investee Companies will pay EW Cap’s fundraising charge and EW Cap will settle his commission payment.

Tax Advantages

By investing in the Fund, UK taxpayers may be able to benefit from the reliefs provided by the Enterprise Investment Scheme (EIS). In addition, Investors will qualify for loss relief should they realise a loss on any of the Investments (net of income tax relief received) made on their behalf through the Fund and, should an Investor die, provided he/she has held his/her Investments for two years at the time of death, his/her Investments should be free from inheritance tax though this tax relief may be scaled back if, at the date of death, the Investee Companies hold capital in excess of needs.

Investors should be aware of the risks in relation to EIS investing and it is important that they read the “Risks Factors” section on pages 28 - 30 of this Information Memorandum.

Tax Relief	Amount and Description
EIS Income tax relief	<p>You can offset your 30% of the amount invested into Investee Companies against income tax, in the tax year in which investments into the underlying Investee Companies are made, or you can carry back to the previous tax year.</p> <p>It is intended that the Fund will always invest all of its Subscriptions in the tax year of its Closing Date to allow Investors to off-set, where possible, taxable income in the tax year preceding the Fund’s Investments.</p>
CGT deferral relief	<p>You can defer the payment of CGT on chargeable gains (or recover CGT already paid) where you invest the amount of the gain in an EIS qualifying company. The deferral lasts for the lifetime of your investment. Gains made up to three years before and one year after the investment can be deferred in this way.</p> <p>Gains will come back into charge on realisation of the investment or where the investor becomes non-UK resident. If an investor dies holding EIS shares on which a gain has been deferred, the tax charge dies with them.</p>
Tax free gains	<p>Any profits from the disposal of your EIS shares to third parties will be exempt from CGT, as long as you have owned them for at least three years following the date of investment in the underlying Investee Company or, if later, following the date on which its trade commenced.</p>
Loss relief	<p>If any Investee Company shares in your Portfolio are disposed of at a loss (net of income tax relief received), you may be able to claim loss relief at your marginal tax rate. Losses may be offset against capital gains or taxable income where available. Where you are able to offset losses against taxable income at the highest rate on your taxable income (in addition to income tax relief under the EIS), you risk only 38.5p on a £1 investment.</p>

How to Apply

If you wish to invest in the Fund you must complete and return the following:

1. The Application Form*

2. Payment

You must make payment of the amount you wish to invest by sending a cheque which should be made payable to “City Partnership (UK) Limited – Earthworm EIS Fund”. Alternatively, a payment can be made directly to the following bank account:

Sort code: 80-22-60

Account No: 15400962

Account Name: City Partnership - Earthworm EIS Fund

Fund Bank: Bank of Scotland

Bank transfer should be referenced with your surname and initials.

Queries

If you need any assistance completing the Application Pack or have any questions about the application process you should contact your Authorised Financial Intermediary in the first instance. Additionally, you can contact City Partnership (UK) Limited on 0131 243 7210.

PLEASE ENSURE YOU HAVE SIGNED AND DATED THE APPLICATION FORM

*Available separately subject to your Authorised Financial Intermediary confirming that they will comply with the FCA suitability rules in relation to an investment in the Fund or if you are certified as a ‘high net worth investor’, a ‘sophisticated investor’, a ‘self-certified sophisticated investor’ or a ‘restricted investor’ and your authorised financial intermediary confirms or we are able to assess that an investment in the Fund is appropriate for you having regard to your knowledge and experience of similar investments.

Fund Mechanics

The Administrator and Receiving Agent

The City Partnership (UK) Limited (the “Administrator”) has been appointed as the administrator and receiving agent of the Fund. Its role will comprise receiving and processing Application Forms from prospective Investors, carrying out anti-money laundering checks and holding prospective Investor’s Subscription Monies until such time as the Investor’s application has been accepted by the Manager. Once an Investor’s application has been accepted by the Manager, the Administrator will transfer their Subscription Monies to the Manager’s client account.

The Administrator will maintain virtual records of Investors’ beneficial interests in the Fund’s Investments, taking into account any adviser fees facilitated by EW Cap or the Investee Companies and Investors’ respective entitlement to any dividends, returns of capital or the proceeds of any exits.

The Nominee

Nominee services will be provided to Investors through TT Nominees Limited (or such other nominee company appointed by EW Cap, including an associate) (the “Nominee”). Each time an Investment is to be made by the Fund, the Manager will direct the Nominee to purchase and hold a specific number of investee company shares. The Nominee will then be the registered owner of the Investee company shares, but for legal and tax purposes individual Investors will be the beneficial owners of such shares.

Reporting and Valuation

Investors will receive a six monthly client statement electronically (unless otherwise requested) each year from the Administrator together with a report from EW Cap. In addition, Investors will be kept informed of any significant events concerning Investee Companies within their Portfolio, such as a proposed sale. All investments in the Fund will be valued according to best practice as set out under the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines. Prudence and fair value are central concepts to these valuation guidelines. All portfolio company investments will be valued on a half-yearly basis.

Fundraising Process and Investment Process

As an unapproved Fund, the Fund may have multiple closing dates. The first Closing Date will be on 20th January 2017.

The number of shares in Investee Companies which will be issued to the Nominee Company on an Investor’s behalf will be calculated by reference to the proportion that his or her subscription to the Fund bears to the total subscriptions of all participants in the same Set after adjustment for the amount of any fundraising charges (or where applicable, commission) payable on the basis described on pages 20 to 21 above.

EIS Qualifying Conditions

For Investors to obtain any of the Tax Reliefs under the EIS and to reduce the risk of these being withdrawn by HMRC, a number of conditions need to be satisfied. Some of these conditions relate to the Investee Companies, some to the Investors themselves and others are applied generally. A non-exhaustive list of some of the key conditions follows below.

EIS Qualifying Investors

To be an EIS qualifying investor, the Investor must:

- not generally be a director or employee of an Investee Company or a Qualifying Subsidiary;
- be independent of the Investee Company (that is, not be an existing holder of non-EIS shares in the Investee Company which are not subscriber shares);
- not be the recipient of a loan which would not have been made or would have been made on different terms if he or she had not subscribed for the shares;
- not have a substantial interest in the Investee Company at any time from the company's incorporation nor within three years of their Investment in that company. A substantial interest includes a 30% shareholding in the Investee Company or its subsidiaries, or the ability to control 30% of the votes in the Investee Company. For the purposes of calculating whether an Investor has a substantial interest in the Investee Company, any rights of the Investor's spouse, children, parents and certain other relatives in the Investee Company are aggregated with those of the Investor; and
- be subscribing for shares in the Investee Company through the Fund for genuine commercial reasons and not as part of a scheme or arrangement whose main purpose is to avoid tax.

EIS Company Qualifying Conditions

Each Investee Company in which the Fund invests must initially (i.e. at the time of issue of the shares) not be listed on a recognised stock exchange (as defined for the purposes of EIS Relief) and there must be no "arrangements" in place for it to become so listed. In addition, throughout the three-year holding period, it must not be a subsidiary of, or be controlled by, another company and there must be no "arrangements" in existence for the investee company to become a subsidiary of, or be controlled by, another company.

Investee Companies must either exist wholly to carry on one or more qualifying trades or else be the parent company of a group whose activities do not consist wholly or as to a substantial part in the carrying on of non-qualifying activities (being non-trading activities and certain excluded trades). Group for EIS purposes is a group in which, directly or indirectly, more than 50% of the shares of each subsidiary are held by another member of the group, but any subsidiary employing any of the money raised by the issue of shares must be a qualifying 90% subsidiary. The qualifying business activity for which the money is raised by the issue of shares must be a trade carried on by a company with a permanent establishment in the UK. There must also be no "disqualifying arrangements" in existence (i.e. broadly tax avoidance arrangements). It is also a requirement that a company must not be "in financial difficulty" when shares are issued. A prospective Investee Company will not be treated as "in financial difficulty" within three years of its formation or if it is able to raise funds from existing shareholders or the market.

Shares only qualify for EIS Relief if they are ordinary shares which do not, at any time during the three year holding period, carry any present or future preferential right to dividends (save where the amount and date of payment of the dividend is not dependent on the decision of any party and provided that the dividends are not cumulative) or to a company's assets on its winding up, or any present or future right to be redeemed.

EIS Shares must be issued to raise money for the purposes of the growth and development of the relevant company's business.

Timing Conditions

Key to an Investor being able to obtain EIS Relief is that they do not dispose of an Investment for a minimum of three years following the date of investment in an Investee Company or the commencement of its trade if later. If an Investment is sold within three years any relief claimed will be repayable to HMRC. For an Investee Company to be able to apply for EIS Relief for its investors, the Investee Company must have been trading for at least 4 months.

Regulatory Information

The Fund is an EIS venture capital fund where the Manager acts on behalf of all Investors in common by making and managing investments which fall within the common investment policy for the Fund described in this Information Memorandum. In carrying out its investment management services, the Manager will be supported by EW Cap in its capacity as the Manager's Investment Adviser.

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

The Fund is an EIS Fund for the purposes of FCA regulations and is not a collective investment scheme or a non-mainstream pooled investment and is not subject to the marketing restrictions introduced by the policy statement published by the FCA on 4 June 2013 and known as "PS13/3".

Withdrawals

Investors are entitled unless otherwise agreed with the Manager, under the terms of the Investor's Agreement, to withdraw their portfolio from the Fund as follows:

- Cash: at any time.
- EIS shares: at any time after the expiry of seven years following the issue of the shares;
- EIS shares which can be dealt in on a recognised investment exchange: at any time after the expiry of five years following the issue of the shares; and
- Non-EIS shares: at any time after the expiry of six months following the date on which they ceased to be EIS shares.

Participation in the Fund

Though as indicated above, the Fund will be the client of the Manager for regulatory purposes rather than individual Investors, applications will only be accepted from Investors who in the opinion of the Manager have the necessary experience, expertise and knowledge to be able to make their own investment decisions and understand the risks of investing in the Fund. Were these Investors to be clients of the Manager for regulatory purposes, they would be categorised as elective professional clients.

As part of the Application Pack, each Investor will separately enter into an Investor's Agreement with the Manager and the Administrator.

The Investor's Agreement provides that the Manager is responsible for approving investments into suitable Investee Companies and investing Subscription Monies in them. The Manager, always consulting EW Cap, will have total investment discretion with regard to selecting, monitoring and realising Investments in accordance with the specified investment objectives and restrictions and in particular the need to comply with the rules set out in the Income Tax Act 2007 with a view to ensuring that the Tax Reliefs accrue to each Investor subject to their personal circumstances.

These arrangements together constitute the Fund. The Fund is not a separate legal entity in its own right. The Fund is an Alternative Investment Fund within the meaning of the AIFMD and therefore is not subject to MiFID.

HMRC Status

The Fund has not been approved by HMRC under Section 251 of the Income Tax Act 2007. The effect of this is that Investors can (subject to their personal circumstances) obtain EIS relief in the tax year in which the Fund makes its investment in the underlying Investee Companies or carry back their EIS relief to the tax year before that in which the Fund invests in an Investee Company. Where possible, it is intended that the Fund will make all of its investments in the same tax year in which it closes with the intention of allowing Investors to carry their tax relief back a year if required.

EW Cap have already lined up a number of prospective Investee Companies for immediate investment and HM Revenue & Customs have already issued their Advance Assurance that qualifying investors will be entitled to EIS tax reliefs if the Fund invests in these companies (subject to their personal circumstances).

When an Investment has been made in an Investee Company and that company has been trading for at least four months, the Administrator will submit an EIS1 form to HMRC. Once accepted and processed, the Administrator will be able to send Investors an EIS3 Certificate. The EIS3 Certificate will be used by an Investor to claim EIS Relief in respect of the amount invested in that company. The EIS3 Certificate will state the amount of the EIS qualifying investment the Investor has made through the Fund and is required when claiming EIS Relief through a personal taxation return or through an adjustment to the investor's PAYE tax code. Relief must be claimed no later than 5 years after 31 January following the year of assessment in which the investment was made.



Risk Factors

Potential Investors are recommended to seek independent financial and tax advice before investing. Please note that the Manager is unable to provide you with advice about whether you should invest in the Fund.

RW Blears Capital Limited and EW Cap have taken all reasonable care to ensure that this Information Memorandum is fair, clear and not misleading, but the statements of opinion or belief contained in this document regarding future events constitute their own assessment and interpretation of information available to them at the date of issue of this document and no representation is made that such statements are correct or that the objectives of the Fund will be achieved. Additionally, some information contained in this document has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information. Accordingly, each prospective Investor must determine for himself/herself what reliance (if any) he/she should place on such statements and information and no responsibility is accepted by RW Blears Capital Limited and EW Cap in respect thereof. The information and illustrations in this document are stated as at 01/10/2016. The information contained in this Information Memorandum makes reference to the current laws of England and Wales concerning EIS Relief and associated tax benefits as at the date of the Information Memorandum. The levels and bases of relief may be subject to change. The Tax Reliefs referred to herein are those currently available and are of summary nature only. The application and value of such Tax Reliefs depends upon individual circumstances of each Investor. Accordingly the Tax Reliefs may or may not apply to any specific individual depending on their circumstances, and may change or be withdrawn by the government or the taxation authorities. If you are in any doubt as to your position, you are strongly advised to consult your professional adviser before making an investment.

An investment in the Fund is subject to a number of risks and prospective Investors should consider carefully whether an investment in the Fund is suitable for them in the light of the information in this document and the financial resources available to them. Additional risks and uncertainties relating to the Investee Companies that are not currently known to the Manager, or that the Manager currently deems immaterial, may also have an adverse effect on the Investee Companies' businesses, financial condition, operating results or share price. The value of the Investments made by the Fund could be substantially reduced as a result of any of these risks and Investors may lose all or part of their Investment in the Investee Companies. Past performance is not necessarily a guide to the future. The following lists of potential risks are not intended to be comprehensive.

Investors may not receive back the full amount that they have invested. The value of each Investment made by the Fund

may fall and may even lose all of its value. The rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HMRC practice and are summaries only. Stated rates may change from time to time and are not guaranteed.

General Risks

In common with other enterprises across the UK, companies in the environmental, waste management and recycling sectors have the normal commercial risks, bad debts, bad marketplace etc as other trading companies. There are also several technical risks associated with the industry, such as securing planning permission and keeping the equipment operating efficiently. Environmental, waste management and recycling companies own machinery which can break down, causing delays, and sometimes suppliers fail to deliver on time, which in turn affects the output of the facilities for which the Investee Companies may suffer reduced revenues or performance penalties. EW Cap will endeavor to ensure that the Investee Companies in which the Fund invests have robust procedures in place to deal with technical and mechanical issues, but there will always be a residual risk of equipment breakdown or other business interruption.

Investment in smaller, unquoted companies, by its nature, involves a high degree of risk. Proper information for determining such companies' value or the risks to which they are exposed may also not be available. Investment in such companies can offer good investment returns but the market for unquoted shares is often illiquid and uncertain by its nature. Consequently, such investment involves a higher degree of risk than a portfolio of quoted shares. In view of the nature of the proposed trading activities of the Investee Companies, an investment in the Fund should not be regarded as a short-term investment and interests in the Companies will not be Readily Realisable. In addition, the EIS rules require minimum holding periods or the EIS Reliefs may be withdrawn. It is therefore very unlikely that any exit will occur during the statutory three year minimum holding period of an Investment. The Fund may not be able to arrange liquidity in the underlying Investments. There can be no guarantee that any appreciation in the value of any of the Investee Companies will occur or that the commercial objectives of the Investee Companies will be achieved. Investments in small companies are acknowledged widely to be high-risk investments. Such companies fail for many reasons and such failure often leads to a total loss of the investment monies. EIS investments are to an extent protected

against such risks because of the Tax Reliefs which attach to such investments.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments in general and the Investee Companies' prospects in particular.

The shares of the Investee Companies will not be publicly traded and there will not be any other liquid market. As such, an Investment by the Fund will not be readily realisable. The Investments' value will, therefore, be very difficult to determine. Additionally, an Investment in the Investee Companies will be inherently more risky than an investment in a publicly traded company and will be highly illiquid such that Investors may be unable to realise their Investment or may only be able to do so at a significant loss. Prospective Investors should also be aware that the reporting and disclosure requirements that apply to publicly traded companies will not apply to private companies and accordingly, shareholders may receive less detailed information about the financial and commercial progress of the Investee Companies in which the Fund invests.

Risks Relating to the Performance of EW Cap

The performance of the Fund is dependent on the ability of EW Cap to source and complete suitable environmental, waste management and recycling investments using the skills and experience of EW Cap and the relationships it has forged with prospective customers and suppliers.

As such, were a key partner, consultant or employee of EW Cap to leave, this might reduce the pipeline of possible investee companies in which the Fund can invest and also the smooth-running of the businesses in which the Fund has already invested.

Risks relating to Conflicts of Interest

Conflicts of self-interest may arise between EW Cap and Investee Companies if EW Cap, or an Associate contracts with an Investee Company. EW Cap has undertaken to the Manager that if it or an Associate has or may have any material interest in relation to an Investee Company that conflicts with the interests of the Investors in that Investee Company then, as soon as practicable after that material interest is foreseen or has arisen, EW Cap shall engage the Manager with details of all material information relating to the nature and extent of the material interest in question and such further information concerning directly or indirectly the matters referred to in the submission as the Manager may reasonably require and, further EW Cap has undertaken that

it and its Associates shall not do any act or transaction in relation to the matter in respect which the conflict of interest arises without the consent of the independent chairman of the Investee Company and also of the Manager. In addition, EW Cap will also abide by the conflicts of interest policy statements set out on page 18. If EW Cap should become the discretionary investment manager of the Fund, it will appoint an independent advisory board to fulfil the same function as the Manager.

Risks Relating to the EIS

There are several circumstances in which an Investor could cease to qualify for any of the Tax Reliefs and as a result any tax which would have been payable to HMRC, but for the Investor obtaining the relevant Tax Reliefs, could become payable. These circumstances may relate to an Investee Company ceasing to be an EIS Qualifying Company or the Investor himself/herself failing or ceasing to qualify for EIS Relief. For example, an Investor could cease to qualify for full EIS Relief if he or she receives value from one of the Investee Companies during the period beginning one year before the shares in the Investee Companies are issued and ending on the conclusion of the three year holding period.

If an Investee Company ceases to carry on business of the type prescribed for EIS Qualifying Companies during the three-year holding period, this could prejudice its qualifying status under the EIS. The situation will be closely monitored with a view to preserving the Investee Company's qualifying status, but this cannot be guaranteed. A failure to meet the qualifying requirements for the EIS could result in:

- Investors being required to repay the 30% income tax relief received on subscription for the shares in the Investee Companies; and
- a liability to tax on capital gains on disposal of the Investee Companies' shares;

Although provisional approval will normally be sought from HMRC that the Investee Companies and their activities should qualify under the EIS, there is no guarantee that the formal EIS clearance will be granted or that such clearance will not be subsequently withdrawn. In those circumstances, Subscription Monies will not be returned to Investors. If an investee company fails to obtain EIS Qualifying Company status or if such status were to be withdrawn, EIS Relief would not be available to Investors or could be withdrawn.

The rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HMRC practice and may change from time to time and are not guaranteed.

Risks on Returns

The value of the Fund Investments depends on the performance of the Investee Companies and other market factors outside the Manager and EW Cap's control. There can be no assurance that the Fund or the Investee Companies will meet their objectives or that suitable investment opportunities will be identified by EW Cap.

Fund Issues

The Manager reserves the right to cease to manage the Fund in certain circumstances set out in the Investor's Agreement, in which event it will try to transfer their mandate to act as Investors' investment manager to another fund manager authorised by the FCA, including, potentially, EW Cap itself or (with the consent of EW Cap) to terminate the Fund in an expeditious way. The Manager as advised by EW Cap will seek to realise Investments in an orderly fashion over a period of three to five years from the date of investment but it cannot be guaranteed that the Investments made can easily be realised within this period and, even where they can be realised, that this can be done on an advantageous basis. Generally, the Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested. There can be no guarantee that market conditions will be propitious in respect of the sale of any shares at the time the Fund has targeted such a sale. This may significantly delay the targeted exit. It may be difficult to predict when an exit may take place and there can be no guarantee that an exit will ever take place. Accordingly, Investors may potentially lose the total amount of their Subscription.

It may be difficult and time-consuming for an Investor to terminate his/her Investor's Agreement or dispose of his/her Investments made by the Fund due to the illiquid nature of the Investments. The Fund may not be able to realise such Investments quickly, at a reasonable price or, in some circumstances, at any price.

Although the fund will aim to invest all Investors' funds in a target of 3 Investee Companies special circumstances may apply to certain investors which may mean that they hold investments in fewer Investee Companies than this. Such investors will not benefit from the same diversification, and consequently, their investment in the Fund will carry a higher risk.

The timing of any realisation cannot be predicted and proper information for calculating the current value of the Fund's Investments or the degree of risk posed may not be available. EW Cap may, at its discretion, elect to terminate the Manager's appointment as the manager and select a new person to act as the manager, which may be EW Cap ("New Manager") on terms the same as, or substantially similar to, those contained in the Investor's Agreement in substitution for, and to the exclusion of, the Manager, provided that such New Manager is sufficiently authorised under the Financial Services and Markets Act 2000 to discharge its duties as your discretionary investment manager. Otherwise there is no mechanism to remove or change the Manager of the Fund other than by way of termination of the Investor's Agreement. The Fund should therefore be considered a captive investment and an Investor should assume that any investment in the Fund will be managed by the Manager until realised. Investee Companies may fail, as may the assets they own or operate, and Investments in Investee Companies may be realised for substantially less than the acquisition cost or may be impossible to realise at all.

Forward Looking Statements

Investors should not place reliance on forward-looking statements. This Information Memorandum includes statements that are (or may be deemed to be) "forward looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "seeks", "intends", "may", "will", "would", "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.

Custody Risk

Your cash and assets deposited with, and held by the Administrator (in its capacity as receiving agent), the Manager and EW Cap (to the extent it or an Associate provides nominee services to Investors) shall be held at Investors' risk and neither the Manager, the Administrator nor EW Cap (including their respective directors, shareholders, partners, officers, employees, agents or advisers), will be liable to any Investor in the event of insolvency of the bank in which your cash and assets are held, nor in the event of any restriction on the Administrator and Manager's ability to withdraw funds from such bank for reasons beyond their reasonable control.



Definitions

Administrator City Partnership (UK) Limited, a private limited company incorporated in Scotland with the registered number SC269164 and whose registered address is Thistle House, 21 Thistle Street, Edinburgh, EH2 1DF;

Adviser Charge in accordance with COBs 6.1A, the charge agreed to be paid by a retail client Investor to his or her financial intermediary in relation to the provision of a personal recommendation to invest in the Fund expressed as a percentage of the amount subscribed by the retail client Investor;

AIFMD Alternative Investment Fund Managers Directive 2011/61/EU;

Alternative Investment Fund a CIU which raises capital from a number of investors with a view to investing it with a defined investment policy for the benefit of those investors and which is not a UCITS, in accordance with paragraph 1 of the AIFMD;

Applicable Laws all relevant UK laws, regulations and rules, including those of any government or of the FCA;

Application Form the application form to invest in the Fund which is contained in the Application Pack;

Application Pack the application pack which will be sent to prospective Investors and by which prospective Investors will invest in the Fund;

Associate any person, partnership or entity which (whether directly or indirectly) controls or is controlled by another person, partnership or other entity. For the purpose of this definition “control” shall refer to the ability to exercise significant influence over the operating or financial policies of any person or entity;

CGT capital gains tax;

CIU under the ESMA AIFMD key concepts guidelines, an undertaking which exhibits all the following characteristics:

- (a) the undertaking does not have a general commercial or industrial purpose;
- (b) it pools together capital raised from its investors for the purpose of investment with a view to generating a pooled return for those investors from investments; and
- (c) the unit holders or shareholders of the undertaking – as a collective group – have no day-to-day discretion or control;

Closing Date 20th January 2017 (and any subsequent date determined by the Manager and EW Cap);

Complying Fund an arrangement, specified in Paragraph 2(2)(b) of the Schedule to the Finance Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 (SI 2001/1062), which is, in summary, an arrangement where:

(a) the operator will, so far as practicable, make investments which, subject to each participant’s individual circumstances, qualify for relief under Part 5A of the Income Tax Act 2007; and

(b) the minimum contribution to the arrangements by each participant must be not less than £2,000;

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

EIS the Enterprise Investment Scheme, as set out in Part 5A of the ITA 2007;

EIS Qualifying Company a company whose shares qualify for EIS Relief under the ITA 2007;

EIS Relief relief from income tax (and, where relevant, CGT) under the ITA 2007;

EW Cap Earthworm Capital LLP an English limited liability partnership with the registered number OC357150 and with its registered address at Unit 2 Rectory Court, Old Rectory Lane, Alvechurch B48 7SX;

Execution-Only (Investor) a transaction which is executed by a financial intermediary upon the specific instructions of a client where the firm does not give advice relating to the merits of the transaction or make a personal recommendation (and ‘Execution-Only Investor’ shall mean an Investor who invests in the Fund in such a manner);

FCA the Financial Conduct Authority or any successor authority;

FCA Rules the rules of the FCA, contained in the FCA Handbook of Rules and Guidance;

FSMA the Financial Services and Markets Act 2000 (as amended);

Fund or Earthworm EIS Fund the aggregate of all the investment management agreements pursuant to which Investors have appointed the Manager as their investment manager to make investments in EIS Qualifying Companies pursuant to the investment policy and objectives set out in the Information Memorandum;

Fundraising Charges the charges set out in the table on pages 20 - 21 of this Information Memorandum;

HMRC HM Revenue & Customs;

IFA or financial intermediary a person authorised by the FCA to provide: i) financial advisory services; and/or ii) execution-only services to Investors and prospective Investors. For the avoidance of doubt this includes independent financial advisers and investment brokers;

IHT inheritance tax;

Independent Director an independent director of an Investee Company who is not connected to EW Cap or the executive management team of an Investee Company and who will be responsible for material decisions where his or her fellow directors have a conflict of interest;

Information Memorandum this document;

Investee Company an unquoted private limited company in which the Fund will make investments intend to qualifying for tax relief under Part 5A of the; ITA 2007 the Income Tax Act 2007 (as amended);

Investment an investment in securities subscribed for by the Nominee on behalf of Investors in the Fund on the direction of the Manager in accordance with the investment policy and objectives set out in the Information Memorandum;

Investment Objective as set out in schedule 1 of the Investor's Agreement;

Investment Restrictions as set out in schedule 1 of the Investor's Agreement;

Investor an individual (or certain trustees) who completes an Application Form which is accepted by the Manager and so enters into an Investor's Agreement and invests through the Fund;

Investor's Agreement the agreement entered into by each Investor with the Manager pursuant to that Investor's investment in the Fund, as set out on page 34 onwards;

Manager or Fund Manager Thompson Taraz Managers Limited advised by EW Cap;

Nominee TT Nominees Limited (or such other nominee company appointed by EW Cap, including an associate) being the registered holder of shares, stocks, securities and cash held as safe custodian on behalf of the Investors as beneficial owners;

Offer the offer to invest in the Fund in accordance with the terms of the Investor's Agreement and this Information Memorandum;

Portfolio the Subscription Monies an Investor contributes to the Fund plus all Investments made through that Fund which are allocated to an Investor and registered in the name of the Nominee on the Investor's behalf and which are subscribed out of such monies plus all income and capital profits arising thereon;

PS13/3 a Policy Statement by the FCA setting out restrictions on the retail distribution of UCIS and close substitutes published on 4 June 2013;

Readily Realisable (Investment) a government or public security denominated in the currency of the country of its issuer or any other security which is:

1. admitted to Official Listing on an Exchange in an EEA State;
2. regularly traded on or under the rules of such an exchange;
3. 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
4. a newly issued security, which can reasonably be expected to fall within the above categories when it begins to be traded. Note that this term does not include AIM traded investments, nor does it include unlisted securities;

Set all those Portfolios attributable to Investors who have invested before the same Closing Date;

Subscription(s) the investment made by an Investor in the Fund in accordance with the terms of the Offer;

Subscription Monies the amount invested by an Investor in the Fund;

Tax Reliefs the tax reliefs available to EIS qualifying Investors who have made EIS qualifying Investments; and

UCITS undertakings for collective investment in transferable securities as defined in EU Directive 85/611 as amended, being investment vehicles that can be marketed across the EU.

Investor's Agreement

This Agreement sets out the terms and conditions for the Earthworm EIS Fund.

1. Definitions, Construction and Interpretation

- 1.1. In this Agreement the definitions set out at pages 32 and 33 of the Information Memorandum issued by the Manager shall apply.
- 1.2. Words and expressions defined in the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3. Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.4. References to "you" or "your" are references to the Investor who enters into this agreement with the Manager and EW Cap. References to the singular only shall include the plural and vice versa.
- 1.5. Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.6. Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. Investing in the Fund

- 2.1. This Agreement between you, as an Investor, the Manager and EW Cap comes into force on the date on which the Manager accepts your Application Form. The Administrator will notify you by email (if you have provided an email address) if your Application Form is accepted. No notification of acceptance will be provided if you have not provided a valid email address.
- 2.2. This Agreement enables you to appoint the Manager as a discretionary investment fund manager to act on your behalf to make venture capital investments in EIS Qualifying Companies and to manage those investments in common on behalf of all Investors in the Fund in accordance with the Investment Objective. The Fund will be a Complying Fund.

- 2.3. You, as an Investor, hereby appoint the Manager, on the terms set out in this Agreement, to manage your Portfolio as one of a series of similar portfolios, which together constitute the Fund. The Manager accepts its appointment and obligations on the terms set out in this Agreement. You, as the Investor, grant the Manager full authority, at the Manager's sole discretion and without reference to you, to enter into the kind of transactions or arrangements for your account and to invest, on your behalf, in the type of investments or assets, as are set out in the Information Memorandum. Any Investments made on your behalf will be made on a restricted basis and limited to the types of investments detailed in the Information Memorandum. The Investor hereby authorises the Manager, EW Cap or their respective agents to act on its behalf and in the name of the Investor or his/her nominee to negotiate, agree, execute and do all such acts, transactions, agreements and deeds as the Manager or its agents may deem necessary or desirable in connection with the Fund for the purposes of making, and managing and disposing of Investments and cash on behalf of the Investor and generally fulfilling the objectives and purposes of the Fund (including facilitating the payment of agreed charges on behalf of Investors to their financial intermediaries) and this authority shall be irrevocable and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution of the Investor. This authority will terminate upon the Investor ceasing to hold any cash or other assets in the Fund.
- 2.4. You, as an Investor, acknowledge that the Administrator will be appointed to carry out administration and receiving agent services on your behalf.
- 2.5. The Manager is authorised by the FCA and regulated by the FCA for the conduct of UK business. EW Cap is not authorised and regulated by the FCA. Should EW Cap be deemed to be carrying out regulated activities, to the extent it is doing so, it will be doing so in its capacity as the appointed representative of the Manager in accordance with Financial Services and Markets Act 2000 (Appointed Representatives) Regulations 2001 (SI 2001/1217) and subject to its contractual arrangements with the Manager.
- 2.6. You, as an Investor, acknowledge that in relation to the Fund, EW Cap has been appointed as the Manager's adviser. This Agreement is entered into by the Manager on behalf of itself and on behalf of EW Cap, the Administrator and the Nominee. In consideration of EW Cap's appointment as an appointed representative of the Manager, EW Cap shall be entitled to the fees expressed to be payable to EW Cap under this Agreement. Accordingly

references to the Manager in this Agreement shall be deemed to also be references to EW Cap save as the context otherwise requires or where an obligation may only properly be accepted by the Manager under FCA Rules.

- 2.7. You confirm that you are an experienced investor in medium to high risk, unquoted companies and you have suitable knowledge of the risks associated with non-Readily Realisable Investments.
- 2.8. You confirm that you are not seeking advice from either the Manager or EW Cap on the merits of your Subscription and any investments made by the Fund.
- 2.9. You agree that the Manager, EW Cap, the Administrator and the Nominee may hold information about you and your affairs in order to verify your identity and financial standing or otherwise in the performance of the services hereunder (among other things the Manager and the Administrator may consult a credit or mutual reference agency, which may retain a record of the enquiry).
- 2.10. The Manager has a duty to comply with the anti-money laundering provisions of the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007 and the FCA Rules. Both the Manager and the Administrator therefore verify your identity and report suspicious transactions to the appropriate enforcement agencies. If you do not provide the identity verification information when requested, the Manager and the Administrator may be unable to accept any instructions from you or provide you with any services or return proceeds to you.
- 2.11. The Manager will comply with FCA conduct of business rule 11.2, as more particularly detailed in Schedule 3 to this Investor's Agreement. Investors should note that the provision by counter-parties of guarantees of minimum contractual levels of return may be more important than price in obtaining the best possible execution result in the context of achieving the investment objectives set out in Schedule 1 to this Investor's Agreement.

3. Subscription

- 3.1. You, as an Investor:
- (a) must make a Subscription of not less than £10,000 (other than with the discretion of the Manager) at the same time as submitting your Application Form to invest in the Fund;
- (b) may make further Subscriptions subject to such Subscriptions being accepted by the Manager.
- 3.2. You may make a withdrawal from the Fund, or terminate this Agreement, pursuant to Clause 15 below.

- 3.3. Your Subscription Monies shall be deposited in a bank account held by the Administrator pending the Manager accepting your Application Form at which point such monies will be transferred into a client account held by the Manager pending their investment.
- 3.4. The basis and extent of acceptance of your application will be determined by the Manager (after consultation with EW Cap and the Administrator) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The right of the Manager is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application. Subscription Monies not accepted will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out in this Agreement. In particular, but without limitation, the Manager (after consultation with EW Cap) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions.
- 3.5. Unless otherwise agreed between the Manager and the Investor, the Investor may be categorised by the Manager as the equivalent of an "elective professional", or as the equivalent of a "retail client" in which case this Investor's Agreement will constitute a "Client Agreement" for the purposes of the FCA Rules.
- 3.6. You confirm that you are not seeking advice from the Manager or EW Cap on the merits of your Subscription in the Fund and any Investments it makes.

4. Services

- 4.1. The Manager will manage the Fund on the terms set out in this Agreement. The Manager, acting with the advice of EW Cap, will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this Agreement. For the avoidance of doubt this includes any conversion of shares, the amount of capital invested in an investee company, voting or other rights relating to such shares, and you hereby irrevocably authorise and empower the Manager in this regard. The Manager will also hold Investors' monies both prior to their being invested and any income, returns of capital and proceeds of sale from any investee company. Neither the Administrator nor the Nominee is an Associate of the Manager.
- 4.2. The Tax Reliefs are dependent on your personal circumstances as well as the actual underlying Investments made by the Fund. In providing its services

to you, the Manager shall not be required to take into account taxation matters and the Manager, EW Cap and the Administrator do not provide tax advice. Therefore, you should seek independent tax advice to determine and understand the suitability of investing in the Fund and any effect that this may have on your own position generally.

4.3. The Administrator will provide administration services for the Fund on the terms set out in this Agreement and EW Cap will arrange for the Nominee to provide nominee services in relation to the holding of investee company shares.

4.4. You, as an Investor, hereby authorise the Manager (and grant to the Manager a power of attorney) to act on your behalf and in your name to negotiate, agree and do all such acts, transactions, agreements and deeds as the Manager, acting with the advice, and taking into account the recommendations of EW Cap, may deem necessary or desirable for the purposes of managing your Portfolio including making, managing and disposing of Investments on your behalf and this authority (and power of attorney) shall be irrevocable and shall survive, and shall not be affected by, your subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution. This authority (and power of attorney) will terminate only upon your complete withdrawal from the Fund.

4.5. The Manager and the Administrator shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on your behalf or as your agent, except as expressly provided in this Agreement or as the Manager may otherwise be authorised by you (or by an authorised person on your behalf) from time to time.

5. Investment Objective and Restrictions

5.1. In performing its discretionary investment management services, the Manager shall have regard to and shall comply with the Investment Objective and the Investment Restrictions.

5.2. In performing its discretionary investment management services, the Manager shall at all times have regard to:

(a) the need for the Investments to attract the Tax Reliefs

(b) all Applicable Laws; and

(c) the advice of EW Cap.

5.3. Surplus cash held prior to investment in investee companies and, in the event of a gradual realisation of Investments prior to termination of the Fund under Clause 15.1, any cash proceeds of realised Investments, may be placed on deposit or invested in government securities or in other investments of a similar risk profile.

5.4. EW Cap has no capacity to bind the Manager. At no time is the Manager bound to act on the advice that it receives from EW Cap. Investment decisions are taken at the sole discretion of the Manager but the Manager may only invest in Investments introduced by EW Cap.

6. Terms Applicable to Dealing

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

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

(a) if there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and

(b) action may be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Laws.

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

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

- 6.4. The Manager will make Investments in Investee Companies using Investors' Subscription Monies. The amount of an Investor's Subscription Monies allocated to a particular Investee Company and the timing of the Investment will be at the discretion of the Manager taking into account the recommendation and advice of EW Cap.
- 6.5. When determining the price per share and number of shares of an Investor's allocation of an Investment in an Investee Company, the Manager takes into account the following:
- (a) the timing of the Investments
 - (b) variations to prevent Investors having fractions of shares; entitlements to shares will be to the nearest whole share and may be rounded up or down on a fair basis; and
 - (c) if one or more of the Investors has notified the Manager that they are an accountant, lawyer or other professional person who is subject to professional rules preventing him/her from making an Investment in a particular investee company, then the number of shares provisionally allocated to that Investor or Investors shall not be acquired; and
 - (d) whether the Investor is liable to pay their IFA (where the IFA treats the Investor as a retail client) adviser fees or (where the IFA treats the Investor as a professional client or acts on an execution-only basis) commission (as applicable).
- 6.6. EW Cap will pay commission and facilitate Adviser Charges through fees payable by Investee Companies on the basis described in the Information Memorandum.
- 6.7. The Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- ## 7. Custody
- 7.1. The Manager shall provide services for the safe keeping of cash comprised in the Fund from time to time.
- 7.2. Investments will be registered in the name of the Nominee. Investments within your Portfolio will therefore be beneficially owned by you at all times but the Nominee will be the legal owner of the Investee Company shares.
- 7.3. The Nominee will hold any title documents or documents evidencing title to the Investments on behalf of the Nominee. Individual customer entitlements are not identifiable by separate certificate or other physical document of title. In the event of a default of the Nominee, those for whom it holds securities may share in any shortfall pro rata. On occasion, your Investments may be used to settle other person's transactions which will not affect the Administrator's record of your entitlements. The Nominee holds the Investments pursuant to a trust under which the interests of Investors are created or extinguished when the Manager makes acquisitions or disposals in accordance with this Agreement. Pursuant to section 250 Income Tax Act 2007 shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of the EIS as subscribed for, issued to, held by or disposed of by the individual Investor. The Administrator shall maintain at all times a record sufficient to identify your beneficial interest in the whole number of shares allocated to your Portfolio and the cash within your Portfolio.
- 7.4. You may not lend Investments or title documents to a third party and nor may you borrow against the security of the Investments or such title documents.
- 7.5. An Investment may be realised in order to discharge your obligations under this Agreement, for example in relation to payment of fees, costs and expenses.
- 7.6. The Administrator will arrange for you to receive details of any meetings of Investee Companies in which you are invested and any other information issued by Investee Companies if you at any time in writing request such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). You shall be entitled, as a matter of right, to require the Nominee to appoint you as its proxy to vote as you may see fit at any meeting of shareholders in an Investee Company in which you are invested. If you are not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of an investee company, and upon the application of the Manager to EW Cap, the Nominee may (but is not obliged to) appoint the Manager as its proxy to vote at that meeting. In the case of variations in the share capital, receipts of a notice of conversion or proposal to wind up, amalgamate or takeover a company in which an Investment is held for you:
- (a) a bonus or capitalisation issue will be automatically credited to an Investor's holding;
 - (b) otherwise (where appropriate) the Manager will be sent a summary of the proposal and the required action to be taken (if any);

(c) in the case of a rights issue or other proposed variation, the Nominee will send the Manager such summary of the proposal and the required action to be taken (if any) as it may receive, and if no instruction is received from the Manager, the Nominee will allow the rights to lapse. Lapsed proceeds in excess of £3 will be credited to you. Sums less than this will be retained for the benefit of the Nominee. However, if nil paid rights in a secondary market are acquired for you, such rights will be taken up, unless the Manager provides contrary instructions;

(d) all offers will be accepted by the Nominee only upon instructions from the Manager;

(e) entitlement to shares will be to the nearest whole share rounded up or down on a fair basis;

(f) if partly paid shares are held for you and are the subject of a call for any due balance and no instruction is received from the Manager, the Nominee may sell sufficient of your Investments as (in its reasonable opinion) is necessary to meet the call; and

(g) in the case of a proposal to wind up, amalgamate or take over an Investee Company the Manager will be sent a summary of the proposal and the required action to be taken (if any).

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

7.8. Unless otherwise agreed, the Manager will be responsible for holding your cash in accordance with the client money rules of the FCA. The cash balance held for Investors in the Fund will be deposited with an authorised banking institution in the name of the Manager and customer trust status together with cash balances belonging to other customers of the Manager. The Manager may debit or credit the account for all sums payable by you or to you (including dividends receivable in cash and fees and other amounts payable by you) and make adjustments:

(a) in respect of sums received by you otherwise than as a result of credits properly made to the account initiated by the Manager under this Agreement; and

(b) to effect settlement in respect of Investments.

Share dividends shall not be receivable under this Agreement otherwise than in cash. Interest will be

payable on all credit balances on the bank account and shall be paid to EW Cap as a contribution towards the cost of establishing and maintaining the Fund.

7.9. The Manager may decide to cease to treat as client money any of your unclaimed cash if there has been no movement in the balance in the bank account in a period of six years (notwithstanding any payments or receipts of charges, interest or similar items) and the Manager has taken reasonable steps to contact you and to return the balance and such amounts may be paid to a registered charity of the Manager's choice.

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

8. Reports and Information

8.1. You will be provided with contract notes by the Administrator for each transaction.

8.2. The Administrator shall send you a report relating to the Fund, complying with the FCA Rules, every six months. Reports will include a measure of performance in the later stages of the Fund once valuations are available for the Investments. Investments will be valued in accordance with appropriate IPEVC valuation rules from time to time prevailing.

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

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

8.5. Reports, contract notes and communications may be sent to you by email or other electronic means unless you otherwise request in writing.

9. Fees and Expenses

- 9.1. EW Cap shall receive fees on the basis set out in schedule 2 to this agreement and shall meet the fees, costs and expenses of the Manager and Administrator incurred in connection with their professional services in respect of the Fund. EW Cap will also facilitate the payment of Adviser Charges agreed by you and your IFA (or commission, where applicable).

10. Management and Administration Obligations

- 10.1. The Manager and the Administrator shall each devote all such reasonable time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective services properly and efficiently, and in compliance with the FCA Rules.

11. Your Obligations

- 11.1. Your Portfolio, which is established by this Agreement, is set up on the basis of the declaration made in your Application Form which includes the following statements in relation to your Subscription:

(a) the fact as to whether or not you wish to seek EIS Relief for the Investments;

(b) that you agree to notify the Manager if any Investment is made in any company with which you are connected within the meaning of 5A of the Income Tax Act 2007;

(c)

(d) that you agree to notify the Manager if, within three years of the date of issue of an Investment in an Investee Company, you become connected with the Investee Company or receive value from that Investee Company; and

(e) that you will provide the Manager with your National Insurance number.

- 11.2. You hereby confirm that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.
- 11.3. You must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 11.1 above refers.

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

12. Delegation and Assignment

- 12.1. The Manager (and the Administrator and the Nominee where reasonable and as may be agreed with the Manager and EW Cap) may employ agents and sub-contractors, including associates, to perform any administrative, custodial or ancillary services to assist the Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Manager (or the Administrator or Nominee where appropriate) under the terms of this Agreement.

13. Potential Conflicts of Interest and Disclosure

- 13.1. This Clause 13 list of potential conflicts of interest is not intended to be comprehensive.

13.2. The Manager and the Administrator may provide similar services or any other services whatsoever to any customer and neither the Manager nor the Administrator shall in any circumstance be required to account to you for any profits earned in connection therewith. So far as is deemed practicable by the Manager or the Administrator, the Manager or the Administrator will use their reasonable endeavours to ensure fair treatment as between the Fund and such clients in compliance with the FCA Rules. However, they may provide advisory activities for other clients, including, without limitation, other arrangements similar to the Fund. The investment strategies employed for such other arrangements could conflict with the transactions and strategies employed in advising the Fund in respect of its portfolio and may affect the prices and other instruments in the underlying Investee Companies.

- 13.3. The Manager is responsible for making investment decisions on behalf of the Fund and has engaged EW Cap as the exclusive introducer of investment opportunities. EW Cap is liable to pay the fees of the Manager in respect of the services it provides under this Agreement and other companies connected with EW Cap will provide services to investee companies in which the Fund invests. In addition, EW Cap and/or its associates may hold shares in the Investee Companies. Whilst this aligns the interests of EW Cap's group with Investors, in some cases this may give rise to a conflict of interest. To mitigate the risk of a conflict arising between investee companies and EW Cap, each Investee Company will appoint an Independent Director who will make all material decisions where other

directors have a conflict resulting from other roles they may hold within EW Cap.

13.4. The Manager or EW Cap and any Associate may, subject to FCA Rules, and without prior reference to you, recommend transactions in which they or EW Cap has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with its duty to you. Neither the Manager, nor any Associate, nor EW Cap shall be liable to account to you for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions. For example, such potential conflicting interests or duties may arise because:

(a) The Manager or EW Cap or any Associate or EW Cap may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for you;

(b) The Manager or EW Cap or any Associate or EW Cap may take an equity stake in a company whose securities are held for you at a price not below the issue price available to you. Additionally EW Cap may hold an equity stake in a company whose securities are held for you which was issued to the relevant member or members of EW Cap at an issue price which is less than the issue price available to you where the equity stake, or the entitlement to it is acquired before shares are issued to you;

(c) The Manager or EW Cap or any Associate provides investment services for other customers;

(d) Any of the Manager's directors or employees, or those of an Associate or EW Cap, is or may become a director of, holds or deals in securities of, or is otherwise interested in any investee company whose securities are held on your behalf;

(e) The transaction is in securities issued by an Associate of the Manager or EW Cap or the client of that Associate;

(f) The transaction is in relation to an Investment in respect of which the Manager or EW Cap (or their Associates) may benefit from a commission or fee payable otherwise than by you and/or the Manager, EW Cap or their Associate may also be remunerated by the counter-party to any such transaction;

(g) The Manager or EW Cap deals on your behalf with an Associate;

(h) The Manager may act as your agent in relation to a transaction in which it is also acting as agent for the account of other customers and Associates;

(i) The Manager may, in exceptional circumstances, deal in investments as principal in respect of a transaction for you;

(j) The Manager may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. The Manager or an Associate may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them; or

(k) The transaction is in the securities of an investee company for which the Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction.

13.5. Should a conflict arise in respect of the allocation of an investment or divestment opportunity between different funds managed or advised by the Manager and/or EW Cap, allocations will normally be made on a pro rata basis (allowing for appropriate rounding of investment amounts). However, the Manager and EW Cap will be entitled to determine the allocation of such opportunities on a basis otherwise than as set out above as they shall consider appropriate, taking account of the liquidity of the respective funds, the achievement of their stated target returns, relative risk profiles and maturity of investments (including exit considerations).

13.6. EW Cap undertakes to the Manager that if it, an Associate has or may have any material interest in relation to an Investee Company that conflicts with the interests of the Investors in the Investee Company then, as soon as practicable after that material interest is foreseen or has arisen, EW Cap shall engage the Manager with details of all material information relating to the nature and extent of the material interest in question and such further information concerning directly or indirectly the matters referred to in the submission as the Manager may reasonably require and, further EW Cap has undertaken that it and its Associate shall not do any act or transaction in relation to the matter in respect which the conflict of self-interest arises without the consent of the independent chairman of the Investee and also of the Manager. In addition, EW Cap will also abide by the conflicts of interest policy statements set out on page 18. If EW Cap should become the discretionary investment manager of the Fund, it will appoint an independent advisory board to fulfil the same function as the Manager

14. Liability

- 14.1. The Manager agrees that it will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to you under the FCA Rules.
- 14.2. The Manager shall not be liable to you for any direct or indirect loss, damage, costs, charges, expenses or other claims of whatsoever nature arising under, or in connection with, things done or omitted to be done by it pursuant to this Agreement, including (but not limited to) loss or damage incurred as a result of:
- (a) HMRC not granting Tax Relief or withdrawing Tax Relief previously claimed in relation to Investee Companies or any adverse tax implications of any transactions arising in connection with the Manager's services under this Agreement;
- (b) Third party claims;
- (c) Any delay or change in market conditions before any transaction is effected on your behalf;
- (d) For any losses, costs, expenses, damages and liabilities, you may suffer because of anything outside the Manager's reasonable control to prevent and the effect of which is beyond the Manager's reasonable control to avoid, including, but not limited to: the introduction of any change to any law; acts or regulations of any governmental or supranational bodies or authorities currency restrictions, devaluations and fluctuations; acts of terrorism; war; civil unrest; lock-out or strike, market conditions affecting the execution or settlement of transaction of the value of assets; faults and interruptions in executing trades or investments made on your account or, where applicable, processing investment instructions including failure or malfunction of any telecommunications or computer service or services; the failure of any relevant exchange or clearing houses; and strikes and industrial disputes not within the reasonable control of the Manager;
- (e) The solvency, acts or omissions of any third party we deal with on your behalf (other than an Associate of the Manager) including any broker, nominee company, Administrator, settlement agent, depositary or other third party by whom or in whose control any of your investments (or documents of, or certificates evidencing, title thereto) may be held or through whom any transactions may be effected, or any other third party with whom the Manager deals or transacts business or who is appointed by the Manager in good faith on your behalf), unless the Manager has been grossly negligent
- in selecting or dealing with them for you;
- (f) The Manager instigating any instruction from you that it reasonably believes may be genuine which turns out not to be genuine;
- (g) The Manager not following an instruction from you in accordance with this Agreement where the Manager reasonably believes that following such instruction would give rise to a breach of any Applicable Laws; and/or
- (h) Any error by you or your agents in sending any instructions to the Manager, or arising from you countermanding any outstanding instructions which has already given rise to binding rights or obligations.
- 14.3. The Manager shall not be liable to you for any losses arising from any investment decision made in accordance with the Investment Objective and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is finally judicially determined to have been solely caused by the gross negligence or wilful default or fraud of the Manager or any of its officers, employees or agents.
- 14.4. EW Cap accepts responsibility for holdings of investee company shares in the name of the Nominee and for the acts and omissions of the Nominee, provided, however, that EW Cap shall not be liable for any loss to you arising from any action it takes in accordance with this agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of EW Cap or any of its officers, agents or employees.
- 14.5. Subject to Clauses 6.7 and 12, the Manager and the Administrator shall not be liable for any defaults of any counter-party, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Fund, other than such party which is their Associate.
- 14.6. In the event of any failure, interruption or delay in the performance of the Manager's obligations resulting from acts, events or circumstances not reasonably within its control (including but not limited to acts or regulations of any governmental or supranational bodies or authorities) or breakdown, failure or malfunction of any telecommunications or computer service or systems, you acknowledge that the Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by you.
- 14.7. The Manager gives no representations or warranty as to the performance of the Fund. Investments in investee companies are high risk, being non-Readily Realisable

Investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. By entering into this Agreement you confirm that you have considered the suitability of the Investment Objective and Restrictions set out in schedule 1 to this Agreement, have read and understood the Information Memorandum including, in particular, the risk warnings set out therein, and have taken your own independent advice. Nothing in this Clause 14 shall exclude the liability of the Manager for its own fraud.

- 14.8. Neither the Manager, the Administrator nor EW Cap will be liable to you for any consequent impact on the Fund or any consequent damage or loss suffered or incurred by you in respect of the circumstances set out in this Clause 14.
- 14.9. Nothing in this Agreement will operate to exclude or limit any liability of the Manager, EW Cap or the Administrator: (i) in respect of fraud on their part, or (ii) in respect of death or personal injury arising from the Manager, the Administrator or EW Cap's negligence, or (iii) which otherwise cannot lawfully be omitted or excluded (including any duty or liability owed to you under the FCA Rules), or (iv) which is finally and judicially determined to have resulted from their wilful default or gross negligence.
- 14.10. The Manager's total liability under or in connection with this Agreement howsoever caused or arising is limited to the fees paid to the Manager by EW Cap in accordance with Clause 9. EW Cap's total liability under or in connection with this Agreement howsoever caused or arising is limited only to foreseeable loss and not consequential loss.
- 14.11. You hereby undertake to indemnify, and keep fully and effectively indemnified, the Manager, the Administrator and EW Cap on demand from and against any and all liabilities, demands, actions, claims, proceedings, losses, damages, costs and expenses imposed upon, incurred by or asserted against either of them arising from or in connection with performance of our or their obligations under this Agreement or arising from breach by you of any of your obligations or duties or representations you may be deemed to have given under this Agreement and/or the Application Form, provided that you will not be required to so indemnify the Manager, EW Cap or the Administrator (as the case may be) where such liabilities, demands, actions, claims, proceedings, losses, damages, costs and expenses are finally and judicially determined to have been caused by the fraud, willful default or negligence of the Manager, EW Cap or the Administrator (as the case may be).

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

14.13. The Manager reserves the right to put such controls and limitations on any account opened on your behalf as it in its reasonable discretion deems fit in response to the requirements of any duly constituted authorities including without limitation:

(a) the orders of courts binding on the Manager or duly recognised foreign courts;

(b) HMRC; and

(c) sanctions lists issued by the European Union, HM Treasury and other similar bodies. For the avoidance of doubt this Clause 14.13 shall permit the Manager to freeze your account.

15. Termination

15.1. The Manager will seek to realise Investments within a reasonable period after the applicable three year EIS qualifying period but it is anticipated that realisations will only be achieved in respect of Investee Companies three to five years after investment. You acknowledge that there can be no guarantee as to the performance or value of Investments, or the achievability or timing of realisations.

On termination of this Agreement, the Manager shall endeavour to procure that all remaining Investee Company shares in your Portfolio will be sold or transferred into your name or as you may otherwise direct. Any cash within your Portfolio will (net of fees and costs, including bank charges) be paid to you.

15.2. Unless you agree otherwise with the Manager, you are entitled to make withdrawals of Investee Company shares in your Portfolio at any time after the end of the period of seven years beginning with the date on which the shares in question were issued or withdrawals of Investee Company shares which have become listed on a recognised investment exchange or official listing in an EEA State in your Portfolio at any time after the period of five years beginning with the date on which the shares in question were issued.

You are entitled to withdraw any uninvested cash in your Portfolio at any time before it has been committed to an Investee Company and subject to giving 10 days' notice in writing to the Manager. The Manager will have a lien on all assets being withdrawn or distributed from the Fund and shall be entitled to dispose of some

or all of the same and apply the proceeds in discharging an Investor's liability hereunder.

This Agreement shall terminate upon the completion of the withdrawal from the Fund of all Investee Company shares and cash which you are entitled to receive under this clause.

15.3. The balance of any sale proceeds and control of any remaining investee company Investments will then be passed to you.

15.4. If:

(a) the Manager gives you not less than one month's written notice of its intention to terminate its role as Manager under this Agreement;

(b) the Manager ceases to be appropriately authorised by the FCA or becomes insolvent;

(c) the Manager is no longer able to categorise the Fund as being a suitable investment for you; or

(d) the Manager has accepted your application to invest in the Fund in reliance upon a continuing certification by an IFA, whose processes and systems have been approved by the Manager, that an investment in the Fund is suitable for you and that IFA ceases to act for you or advises the Manager that an investment in the Fund is no longer suitable for you.

The Manager shall use reasonable endeavours to make arrangements to transfer the Investments to another fund manager in which case that fund manager shall assume the role of the Manager under this Agreement (*mutatis mutandis*), failing which the Agreement shall terminate forthwith and, subject to Clause 16, the Investments held in your name shall be transferred into your name or as you may otherwise direct.

15.5. Subject always to the Manager's discretion to determine otherwise, there is no minimum fund size.

15.6. In respect of any Investor being a US Person (or who the Manager reasonably believes to be a US Person) the Manager may terminate this agreement at any time without cause or any period of notice and, in such case, any Investments held by the Investor in the Fund shall be transferred into the Investor's name and any cash balance held by the Manager (less any applicable fees and costs) returned to the Investor.

16. Consequences of Termination

16.1. On termination of this Agreement pursuant to Clause 15, the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

16.2. Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that you will pay fees, expenses and costs properly incurred by the Manager and the Administrator up to and including the date of termination and payable under the terms of this Agreement.

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

16.4. On termination of this Agreement:

(a) the Investments (and any cash) will be transferred into your name (or into such other name as you may direct) and you will be liable to pay the cost of any such transfers;

(b) the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously; and

(c) the Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay your outstanding liabilities, including fees, costs and expenses payable under this Agreement (where applicable).

17. Appointment of a New Fund Manager

17.1. EW Cap may, at its discretion, elect to terminate the Manager's appointment as your discretionary investment manager under this Agreement and select a new person, which may be EW Cap itself, to act as your discretionary investment manager ("New Manager") on terms the same as, or substantially similar to, those under this Agreement in substitution for, and to the exclusion of, the Manager, provided that such New Manager is sufficiently authorised under the Financial Services and Markets Act 2000 to discharge its duties as your discretionary investment manager. You, as an Investor, hereby appoint EW Cap as your attorney to enter into on your behalf an investment management agreement on

the same or substantially similar terms to this Agreement under which you appoint the New Manager as your discretionary investment manager with EW Cap acting as its Investment Adviser and for the avoidance of doubt, with the mandate to manage the Fund's Investments and any uninvested Subscription Monies.

18. Confidential Information and Data Protection

18.1. None of the Manager, the Administrator or you shall disclose to third parties other than EW Cap or its Associates or take into consideration information either:

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

(b) which comes to the notice of an employee, officer or agent of the Manager or the Administrator or EW Cap or of any Associate but properly does not come to the actual notice of that party providing services under this Agreement.

18.2. Each of the Manager, the Administrator and EW Cap will at all times keep confidential all information acquired in consequence of the services, except for information which:

(a) is in the public knowledge; or

(b) which they may be entitled or bound to disclose under compulsion of law; or

(c) is requested by regulatory agencies;

(d) is given to their professional advisers where reasonably necessary for the performance of their professional services; or

(e) which is authorised to be disclosed by the relevant party, and shall use all reasonable endeavours to prevent any breach of this Clause 18.2.

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

18.4. All data which you provide to the Manager, the Nominee or the Administrator is held by that party subject to the Data Protection Act 1998. You hereby agree that the Manager, the Nominee, the Administrator and EW Cap may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their

services as set out in this Agreement and to the FCA and any regulatory authority which regulates them and in accordance with all other Applicable Laws.

18.5. In accordance with the Data Protection Act 1998, you are entitled, on payment of a fee, to a copy of the information the Manager and the Administrator hold about you. In the first instance, you should direct any such request to the Manager and the Administrator. You should inform the Manager and the Administrator if any information the Manager and the Administrator hold about you is inaccurate, so that the Manager and/or the Administrator may correct it.

18.6. You may not require the destruction or deletion of any record pertaining to you unless the Manager or the Administrator are required to destroy or delete such records by force of law or other regulatory requirement.

18.7. The Manager and where relevant the Administrator, will act as data controller (and in certain circumstances, data processor) within the meaning of the Data Protection Act 1998. You hereby consent to the storage, processing and use by the Manager, and where relevant the Administrator, and their respective agents (including EW Cap) and Associates of personal data (as defined in the Data Protection Act 1998) given by you under this Agreement in connection with the provision of the services under this Agreement. You undertake to supply personal data to the Manager and the Administrator in accordance with the provisions of the Data Protection Act 1998.

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

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

19. Complaints and Compensation

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

20. Notices, Instructions and Communications

- 20.1. Notices of instructions to the Manager, the Nominee or the Administrator should be in writing and signed by you, except as otherwise specifically indicated.
- 20.2. The Manager, the Nominee or the Administrator may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by you under the Application Form or subsequently notified by you from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.
- 20.3. All communications with you shall be sent (whether postal or electronic) to the latest address you have supplied in writing to the Manager or the Administrator and shall be deemed received by you on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by you shall be made in writing or (save as otherwise provided) by telephone to the Manager or the Administrator, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by you will be deemed received only if actually received by the Manager or the Administrator. None of the Manager or the Administrator will be liable for any delay or failure of delivery (for whatever reason) of any communication sent to you.

21. Unsolicited Real Time Financial Promotion

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

22. Amendments

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

23. Entire Agreement

- 23.1. This Agreement, together with the Application Form and other documents mentioned in it, comprises the

entire agreement of the Manager, the Nominee and the Administrator with you relating to the provision of the services described therein.

24. Rights of Third Parties

- 24.1. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.
- 24.2. Notwithstanding any provision of this Agreement, this Agreement (and any provision of it) may be rescinded, amended or varied without the consent of any third party and section 2(1) of the Contracts (Rights of Third Parties) Act 1999 will not apply.

25. Severability

- 25.1. If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.
- 25.2. If any provision of this Agreement is so found to be invalid or unenforceable in accordance with Clause 25.1 but would be valid or enforceable if some part of the provision were deleted or the period, area or scope of application of the clause were reduced, the clause in question will apply with any modification(s) that may be necessary to make it valid and enforceable.
- 25.3. The parties agree, in the circumstances referred to in Clause 24.1, and if Clause 24.2 does not apply, to attempt to substitute for any invalid or unenforceable provision a valid and enforceable provision which achieves to the greatest extent possible the same effect as would have been achieved by the provision which is invalid or unenforceable. The obligations of the parties under any invalid or unenforceable provision of this Agreement will be suspended while the parties attempt to agree the substitution.

26. Governing Law

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

Schedule 1

Investment Objective of the Fund

1. To offer Investors the opportunity to invest in unquoted EIS Qualifying Companies which carry on business in the recycling, environmental and/or waste sectors.

Investment Restrictions for the Fund

2. In carrying out its duties hereunder in respect of the Fund, regard shall be had, and all reasonable steps taken, by the Manager to comply with such policies or restrictions as are required in order to attract the Tax Reliefs as may be prescribed by HMRC from time to time.

3. In particular, but without prejudice to the generality of the above statements, the restrictions for the Fund is as follows:

a) typically no more than 35% of the Subscription of an Investor will be invested in any one Investee Company by the end of 12 months from the first Closing Date and assuming full subscription provided that this shall not restrict the subsequent merger, acquisition or unitisation of Investee Companies with other Investee Companies; and

b) each Investee Company in which Investments are made will, so far as the Manager is aware at the time of the Investment, be an EIS Qualifying Company with advanced assurance.

4. You, as an Investor, should be aware that the Fund's Investments will include non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to deal in the Investments or to obtain reliable information about their value.

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

Schedule 2

Fees and Expenses in Respect of the Fund

The fees and charges payable in connection with the Fund are as set out in the section headed "Fees" on pages 20 - 21 of the Information Memorandum.

Schedule 3

Execution Policy for Retail Clients

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

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

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

Special Purpose Vehicles (SPVs)

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

Monitoring and Review

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

Consent

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



Alternative Investment Fund ("AIF" or "Fund"): Earthworm EIS Fund**Alternative Investment Fund Manager ("AIFM"): Thompson Taraz Managers Ltd**

1. Disclosure text:	A description of the investment strategy and objectives of the AIF.
AIFMD art 23 (1a) FUND 3.2.2R (1a)	The strategy of the Fund is to invest in a series of EIS qualifying companies which will operate waste and recycling facilities in the UK. Investee companies will mainly be early stage and seeking planning consents for their sites. The Fund intends to realise a target return of £1.20 per £1.00 invested over a 4-5 year period. Please see the section headed Investment Approach & Portfolio Examples on pages 12 and 13 of the Information Memorandum, for further details.
2. Disclosure text:	If the AIF is a feeder AIF, information on where the master AIF is established.
AIFMD art 23 (1a) FUND 3.2.2R (1b)	N/A
3. Disclosure text:	If the AIF is a fund of funds, information on where the underlying funds are established.
AIFMD art 23 (1a) FUND 3.2.2R (1c)	N/A
4. Disclosure text:	A description of the types of assets in which the AIF may invest.
AIFMD art 23 (1a) FUND 3.2.2R (1d)	Shares in EIS qualifying companies as outlined in the Information Memorandum.
5. Disclosure text:	The investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks.
AIFMD art 23 (1a) FUND 3.2.2R (1e)	Please see Fund Strategy section and Investment Approach & Portfolio section on pages 08 and 12 - 13 respectively of the Information Memorandum, for further details. Please see pages 28 - 30 of the Information Memorandum (Risk Factors), for further details.
6. Disclosure text:	Any applicable investment restrictions.
AIFMD art 23 (1a) FUND 3.2.2R (1f)	The Fund will only invest in EIS qualifying Companies in the waste and recycling sector as outlined in the Information Memorandum.
7. Disclosure text:	The circumstances in which the AIF may use leverage.
AIFMD art 23 (1a) FUND 3.2.2R (1g)	The Fund will not employ leverage. The EIS Companies it invests in may borrow to fund aspects of their operations but the amounts are expected to be low or negligible.
8. Disclosure text:	The types and sources of leverage permitted and the associated risks.
AIFMD art 23 (1a) FUND 3.2.2R (1h)	Please see disclosure 7 above.

9 Disclosure text:	Any restrictions on the use of leverage and any collateral and asset reuse arrangements.
AIFMD art 23 (1a) FUND 3.2.2R (1i)	Please see disclosure 7 above.
10. Disclosure text:	The maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF.
AIFMD art 23 (1a) FUND 3.2.2R (1j)	Please see disclosure 7 above.
11. Disclosure text:	A description of the procedures by which the AIF may change its investment strategy or investment policy, or both.
AIFMD art 23 (1b) FUND 3.2.2R (2)	The AIF may change its investment strategy or investment policy, or both, with the consent of individual investors.
12. Disclosure text:	A description of the main legal implications for the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established.
AIFMD art 23 (1c) FUND 3.2.2R (3)	The Fund will be in the form of a complying EIS fund under section 2 of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001. The Investors will complete an Application Form, and where this is accepted by the Manager, they will enter into an Investor Agreement which will govern the management of their portfolios. The Investor Agreement shall be governed by and construed in accordance with English law and the parties agree to submit to the exclusive jurisdiction of the courts of England and Wales.
13. Disclosure text:	The identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights.
AIFMD art 23 (1d) FUND 3.2.2R (4)	AIFM: Thompson Taraz Managers Limited Depositary: Thompson Taraz Depositary Limited Investment Adviser: Earthworm Capital LLP Other service providers: Promoter: RAM Capital Partners LLP Legal and Tax Adviser to the Fund: RW Blears LLP Auditor: Menzies LLP Please see the Information Memorandum for further details.
14. Disclosure text:	A description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk.
AIFMD art 23 (1e) FUND 3.2.2R (5)	Professional liability for risks of loss or damage through negligent performance of activities for which the AIFM is responsible is covered at all times through professional indemnity insurance. The AIFM maintains appropriate professional indemnity insurance from a third party authorised professional indemnity insurance provider. Any agreed defined excess shall be fully covered by own funds which are in addition to the own funds to be provided in accordance with AIFMD. The AIFM will review the professional indemnity insurance policy and its compliance with the AIFMD requirements at least once a year and in the event of any change which affects the policy's compliance.

15. Disclosure text:	A description of any AIFM management function delegated by the AIFM.
AIFMD art 23 (1f) FUND 3.2.2R (6a)	N/A – No functions delegated.
16. Disclosure text:	A description of any safe-keeping function delegated by the depositary.
AIFMD art 23 (1f) FUND 3.2.2R (6b)	N/A - No safe-keeping functions have been delegated by the depositary.
17. Disclosure text:	A description of the identity of each delegate appointed in accordance with FUND 3.10 (Delegation).
AIFMD art 23 (1f) FUND 3.2.2R (6c)	N/A – no functions of the AIFM have been delegated.
18. Disclosure text:	A description of any conflicts that may arise from such delegations.
AIFMD art 23 (1f) FUND 3.2.2R (6d)	N/A – no functions of the AIFM have been delegated.
19. Disclosure text:	A description of the AIF’s valuation procedure and the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation).
AIFMD art 23 (1g) FUND 3.2.2R (7)	Valuations will be carried out in accordance with the International Private Equity and Venture Capital (IPEVC) guidelines. Valuations and calculations of net asset value are compiled at on a six monthly basis.
20. Disclosure text:	A description of the AIF’s liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.
AIFMD art 23 (1h) FUND 3.2.2R (8)	The AIF is closed ended and investors have no redemption rights during the life of the Fund. The Manager expects the investments to be highly illiquid and any exit from these holdings to take more than three years. Given the nature and historical performance of such assets, any return from the investments is highly likely to be in the form of capital growth only. It is very unlikely that there will be any dividend income. Except on termination of the Investor Agreement, or after 7 years if requested by the investor, no transfer of the registered interest in any shares in the Investee Companies by TT Nominees Limited (or any other nominee company of EW Cap or the Manager) shall be made to an Investor (being the beneficial owner of such interest) without the prior written consent of the Manager.
21. Disclosure text:	A description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors.
AIFMD art 23 (1i) FUND 3.2.2R (9)	Please see pages 20 to 21 of the Information Memorandum (“Fees and Charges”).
22. Disclosure text:	A description of how the AIFM ensures a fair treatment of investors.
AIFMD art 23 (1j) FUND 3.2.2R (10)	So far as is deemed practicable, the AIFM will use all reasonable endeavours to ensure fair treatment between the Investor and other clients in compliance with the FCA Rules and the AIFM’s conflicts of interest policy.

23. Disclosure text:	Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment.
AIFMD art 23 (1j) FUND 3.2.2R (11a)	N/A - Please see disclosure 22 above.
24. Disclosure text:	Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of the type of investors who obtain such preferential treatment.
AIFMD art 23 (1j) FUND 3.2.2R (11b)	N/A - Please see disclosure 23 above.
25. Disclosure text:	Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of where relevant, their legal or economic links with the AIF or AIFM.
AIFMD art 23 (1j) FUND 3.2.2R (11c)	No Investor has any special legal or economic link with the AIF or AIFM.
26. Disclosure text:	The latest annual report, in line with FUND 3.3 (Annual report of an AIF).
AIFMD art 23 (1k) FUND 3.2.2R (14)	N/A. The AIF is still within the initial period.
27. Disclosure text:	The procedure and conditions for the issue and sale of units or shares.
AIFMD art 23 (1l) FUND 3.2.2R (12)	Please see Fund Mechanics on page 24 of the Information Memorandum.
28. Disclosure text:	The latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in line with FUND 3.9 (Valuation).
AIFMD art 23 (1m) FUND 3.2.2R (13)	N/A. The AIF is still within the initial performance period.
29. Disclosure text:	Where available, the historical performance of the AIF.
AIFMD art 23 (1n) FUND 3.2.2R (15)	N/A. The AIF is still within the initial performance period.
30. Disclosure text:	The identity of the prime brokerage firm.
AIFMD art 23 (1o) FUND 3.2.2R (16a)	N/A – there is no prime brokerage firm.
31. Disclosure text:	A description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed.
AIFMD art 23 (1o) FUND 3.2.2R (16b)	N/A – there is no prime brokerage firm.
32. Disclosure text:	The provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets.
AIFMD art 23 (1o) FUND 3.2.2R (16c)	The depositary may not transfer or reuse the AIF's assets.

33. Disclosure text:	Information about any transfer of liability to the prime brokerage firm that may exist.
AIFMD art 23 (1o) FUND 3.2.2R (16d)	N/A – there is no prime brokerage firm.
34. Disclosure text:	A description of how and when the information required under FUND 3.2.5 and FUND 3.2.6R will be disclosed.
AIFMD art 23 (1p) FUND 3.2.2R (17)	This fund disclosure document is appended to the Fund’s Information Memorandum. Any changes to levels of leverage, liquidity or risk profiles will be reported on an ad hoc basis as required.

For IFA enquiries:



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