



Earthworm™

From the ground up.



EIS Fund

This document describes arrangements by which Investors may appoint EW Cap Limited, a private company registered in England and Wales with registered number 10927642 and whose registered office is Unit 2 Rectory Court, Old Rectory Lane, Alvechurch, Birmingham B48 7SX (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 alternative investment fund manager; its FCA registration number is 797051.

The Fund is a Complying Fund and so is not a UCIS. The Fund is not subject to the marketing restrictions introduced by the FCA in respect of “non-mainstream pooled investments” and can be marketed to retail clients. 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 the Manager 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 or RAM Capital Partners LLP, or their respective subsidiaries, parent undertakings, or 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 32 to 35 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 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 38 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.



Earthworm™

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 the Promoter:

T: 020 3006 7530 **E:** taxsolutions@ramcapital.co.uk



Dear Investor,

If you're reading this then you're hopefully considering an investment in our EIS fund. With that in mind, this document is a chance for you to get to know us a little better, and for us to tell you about who we are before you make a decision one way or the other.

Normally in this blurb an investment company would be telling their story in numbers. But while we could do the numbers thing (and we'll do our best a bit later!), for us that's not the place to start. Because Earthworm is founded first on principle, and secondly on profit.

If you're still reading at this point, and the last sentence hasn't made your blood run cold, then you're probably going to like us. Our investment model is such that we'll only back projects that we believe to be sustainable: projects that offer some positive environmental or social impact on the world. At present we manage over £80m of investor capital across sectors such as waste management, recycling, food production and energy - but we're always looking for the ideas and innovations with the potential to make the world we live in that little bit better. It's an attitude we call conscious capitalism.

It might sound overly worthy, or maybe just too good to be true, but our job is to prove to our investors - and potential investors like you - that it's really not. That ethics don't have to get in the way of return. In fact, we think it can be the opposite; because we're so focused on the industries in which we work and what we want to achieve. We're clear on what we stand for and understand our sectors intimately.



For us, it started back in 2008, with an ethos, a model, a sketched business plan, and a very ambitious idea to build our own recycling facility. But we did it, with all of the planning and regulatory hoops that came with it, we ran it, we gained a huge amount of knowledge and experience, and grew our investment portfolio to where it is today.

With all of that in mind, now seems to be a good time to do the numbers thing...

- We manage £80m of investor capital
- Our first EIS vehicle returned £1.15 per £1 invested
- Our second returned £1.30 per £1 invested
- As specialists, we've been promoting EIS investments since 2001

So I hope this document gives you confidence in who we are and what we are trying to do. We're looking to support entrepreneurs in developing the next generation of environmentally-focused and socially responsible businesses in waste, recycling and sustainable food production. We hope you'll join us along the way.

With best wishes,

Ben Prior, Founder
Earthworm

Contents

Parties and Professional Advisers	07
Summary - Earthworm EIS Fund	08
Fund Strategy	08
Key Fund Features	09
Key Risks	09
Target Sectors	10
Target Returns	12
Investment Approach and Portfolio Examples	14
Past Investment	15
Current Investment Companies	16
Meet the Team	18
The Investment Process	20
Conflicts of Interest Policy	21
Fees and Charges	22
Tax Advantages	24
How to Apply	25
Fund Mechanics	26
EIS Qualifying Conditions	28
Regulatory Information	30
Risk Factors	32
Definitions	36
Investor's Agreement	38



Parties and Professional Advisers

Manager

EW Cap Limited
Unit 2 Rectory Court
Old Rectory Lane
Alvechurch
Birmingham
B48 7SX

Custodian

Thompson Taraz
Managers Limited
47 Park Lane
London
W1K 1PR

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 £1.2 billion over the last ten 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.

Legal and Tax Adviser to the Fund

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

Summary - Earthworm EIS Fund

Fund Strategy

Monies raised by the Fund will be deployed into EIS qualifying companies that are seeking to grow and develop businesses in the environmental sector with a particular focus on recycling, waste and sustainable food production.

These businesses may be seeking to improve the UK's recycling rate or may be aimed at ensuring that the UK can stand on its own in energy and food provision as it enters an uncertain political and economic climate.

Our investee companies will aim to grow revenues, create employment and be the kind of businesses that we and our investors can be proud of.



Key Fund Features

Exit time frame	A medium to long-term investment.
Closing dates	Evergreen with quarterly allotment dates.
Diversification	A minimum of 3 Investee Companies per Investor.
Tax advantages	If you are a UK Investor you may be able to benefit from tax advantages provided by the EIS. See page 21 for details.
Minimum subscription	£10,000 (though lower subscriptions will be permitted at the discretion of the Manager).

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. We invest for growth not for income, so Investors should not expect to receive regular dividends.
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, and by common commercial risks such as delays, cost overruns or technical issues.

Please read carefully the Risk Factors set out on pages 32 to 35 before making your investment decision and confirm with your independent financial adviser that you do have the expertise, experience and knowledge to properly understand the risks of participating in the Fund.

Target Sectors

The Earthworm EIS Fund identifies and invests in companies focused on the environmental sector. Monies raised will be deployed into investee companies seeking growth which provide employment and will contribute to the UK meeting its recycling target of 50% by 2020. More widely, we'd like to help the UK lower its dependence on food imports and move towards become self-sustaining.

Key sector attributes

There are several reasons why our target sectors might encourage you to consider an investment in our Fund.



Government support

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 hit its target of recycling 50% of municipal waste by 2020.

However, this target looks like it is going to be missed - due to a combination of squeezed council budgets and a general lack of recycling facilities across the UK. As such there is a major opportunity for companies that can help the UK meet its obligations and targets - which are exactly the sort of companies that the Fund will invest in.

Legislation in favour of the waste management and recycling industry

As part of attempts 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 that charges waste operators £88.95 per ton for the disposal of organic waste to landfill. Eight million tons of biodegradable municipal waste still ends up in landfill every year which equates to a bill of over £700m per year to the taxpayer in their council tax bills.

High barriers to entry

The power, food and waste sectors have increasingly high barriers to entry. This is due to a combination of environmental and planning legislation challenges and a lack of available bank funding for development projects.

Our Fund intends to address both barriers by investing in environmental companies seeking to establish environmentally-focused facilities that will drive growth and profitability for investors.



Helping local authorities meet their budget targets

Over 7m tons of biodegradable municipal waste continues to go to landfill every year. That's simply too much - especially when you consider that some countries in Europe no longer send any waste to landfill at all. Our Fund wants to address this - investing in companies with the potential to reduce landfill and increase the UK's capability to recycle organics, metals and plastics on a much bigger and more sustainable scale.

Using waste as a resource

Landfill tax charges are currently at record highs - so both waste collection and disposal are as bad for the taxpayer as they are for the environment. The simple fact is that the UK does not have the facilities it needs - instead waste is exported to Europe and beyond at considerable cost (in every sense!). We're trying to move the UK to the point where we are able to take responsibility for the waste we create. To that end our investee companies work with local authorities and waste management businesses to provide viable, environmentally friendly and cost effective alternatives.

Alternative food production

Climate change and population growth is having an adverse impact on the world's ability to sustainably feed itself. Over the next 30 years, world agricultural production will need to increase by approximately 60% in order to meet expected population increases. In the UK, the population is predicted to grow to more than 70 million by 2030. Simply put, we need more space to grow food. Our Fund is committed to investing in solutions, from sustainable vertical food production to hydroponics and other efficient farming techniques.

Target Returns

The Fund should be considered as one that seeks to provide growth returns to Investors. After returning 120p per share to investors, the Manager will be able to participate in 30% of returns above this point. This is calculated 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 minimum anticipated return threshold of £1.20.

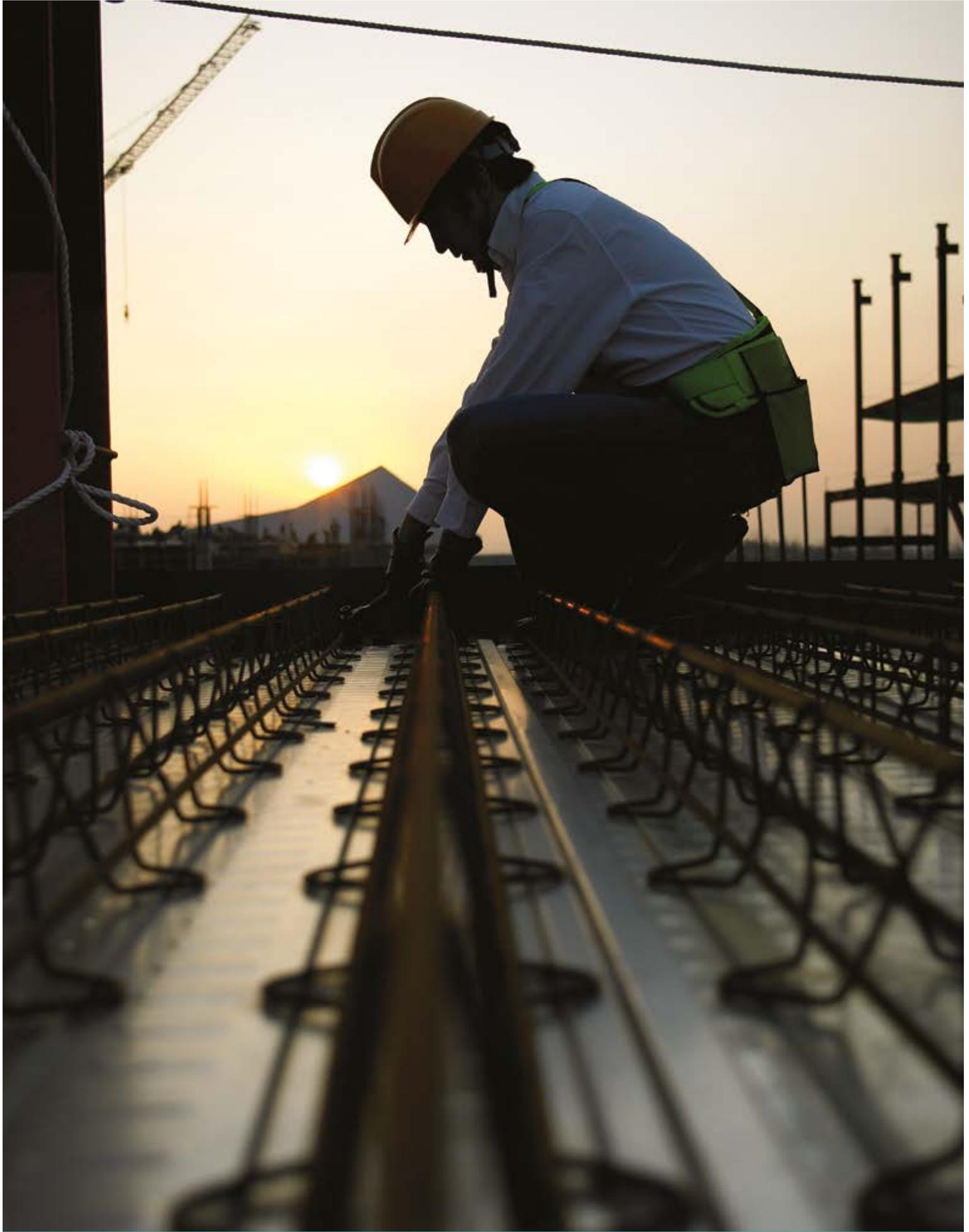
This ensures that our interests as Manager are aligned with those of our Investors. The fees we charge in connection with your investment are:

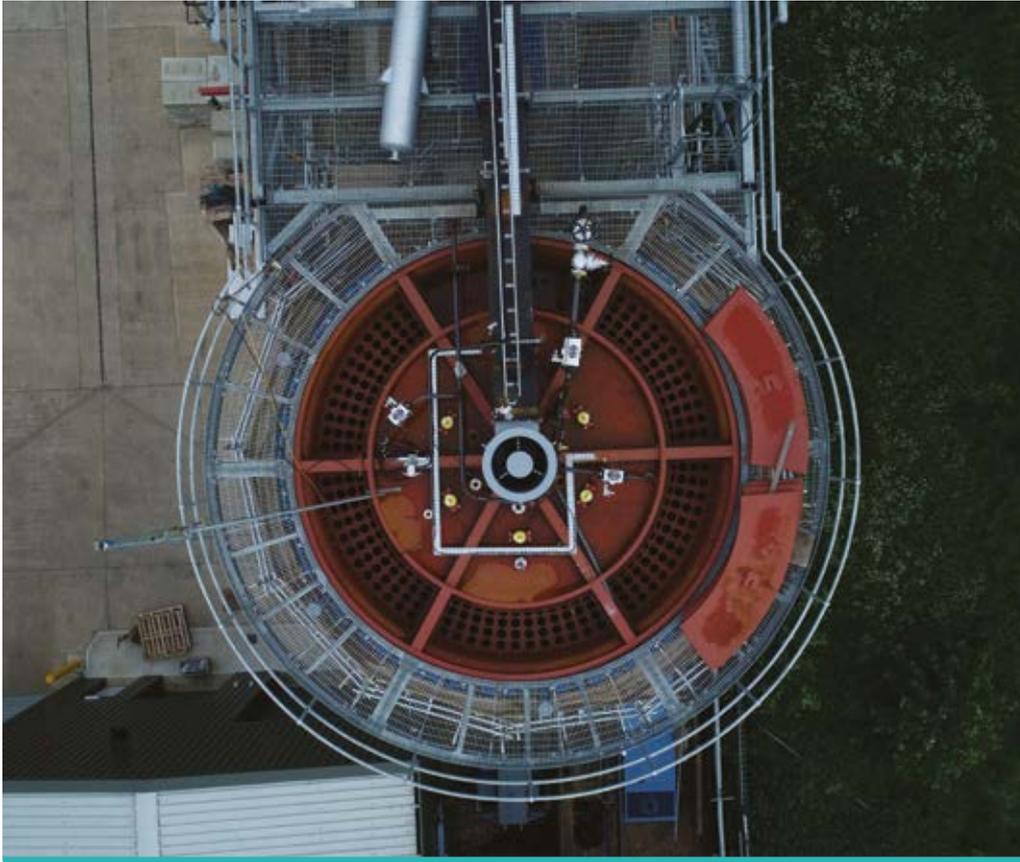
- Initial fees on investment of 3% (excluding any adviser charges or commission)
- An annual management charge of 2% per annum.

The 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 the Manager, 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, Earthworm or its employees will not hold shares in the Investee Company unless required due to exceptional circumstances.

We only earn any form of performance fee once every Investor has received the minimum anticipated return threshold of £1.20.





Investment Approach and Portfolio Examples

Our team has experience of running 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 of running the types of businesses into which they invest.

When we invest in a company, we aim to support its management to the best of our abilities, making use of our experience and

a wide industry network we have developed over the years. 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 here are examples of our past investment portfolio and examples of current investment opportunities for this Fund (subject to approval by the Manager).

Earthworm Operations Limited

£1.15

per £1 invested

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

Earthworm Energy Limited

£1.30

per £1 invested

Earthworm Energy raised £3.34m in August 2014 to develop solar farms in the UK. The company identified a portfolio of ground-mounted solar farms which it developed through planning permission and to the point where the project rights could be sold to a third party institution. Despite the constantly changing regulatory framework laid down by Ofgem, the company successfully negotiated the sale of a number of sites.

Current Status In December 2017 Earthworm Energy achieved an exit on behalf of EIS investors at £1.30 for every £1 invested.

Current Investment Companies

Firglas Ltd

Firglas is developing a series of microalgae cultivation facilities to supply algae derived compounds to existing markets such as food supplements (nutraceuticals) and fish feed for aquaculture.

The Company will construct state-of-the-art facilities at commercial scale, using proven cultivation and harvesting systems to achieve an attractive unit cost of production. This will allow it to sell its products to a wide range of markets at a time when algae are increasingly recognised as an important alternative source of protein and omega-3, among other nutritional compounds.

The fish farming industry is highly dependent on fish meal from ocean-caught fish; algae derived substitutes are an excellent nutritional fit but have been too expensive historically. The global market for aquaculture fish feed is worth \$42 billion per annum.

Apart from aquaculture, Firglas will offer high-margin products such as spirulina and chlorella into the food supplements and nutraceuticals industry. The Firglas management team has considerable expertise, having been active in the sector for more than five years and built a pilot plant cultivating food-grade algae in the Netherlands which has been running for more than three years.

Current Status The company plans to build and fully commission its first facility in the Netherlands by January 2019. Full development of the Spanish plant should be completed in a matter of months, and management have set September 2019 as a target for full site operations in Spain.



DMP Metals Ltd

DMP Metals Ltd. was established to focus on improving the quality of non-ferrous materials, particularly aluminium, currently generated in the waste sector by providing an advanced technical secondary process for the removal of contaminants.

By increasing the quality of the material the aim is also to increase its market value as a recycled product. The recent changes in the Asian market have put much greater emphasis on the need for higher quality standards in all recovered materials seeking a home in the Tiger Economy and DMP seeks to meet that need.

DMP is seeking funding to build its first site in a central location to establish an operational hub which creates high quality recycled metals. Once operational, DMP will steadily increase the tonnages coming to site and will also develop similar systems for processing other non-ferrous metals such as copper and brass. The business will then continue to grow by identifying further sites across the UK.

Current Status DMP is negotiating with a number of blue chip waste processing companies for the supply of material and is seeking to formalise those arrangements in the next few months. The management team has extensive experience in recovering high quality materials and one of the many strengths of the business is that all components of the process are proven and are used across a range of materials and sectors. A number of sites have already been identified and it is anticipated that the first site will be secured by the end of 2018.



Meet the Team

Ben Prior – Founder

Earthworm was Ben's brainchild. It was based on the experience that he'd built up in corporate finance, and the desire to do something good with it.

Over the course of 17 years in the tax-efficient space, he's raised over £500m for a variety of industry leading managers. From Noble & Company in 2001 to Brewin Dolphin and co-founding RAM Capital Partners in 2007 (now one of the most successful independent fundraisers of tax-efficient products in the UK), Ben spent the best part of a decade building up his knowledge and expertise, while crystallising a vision for something a little different.

In 2010, Earthworm was born, beginning with a composting facility in Daventry, Northamptonshire. Ben developed the facility from idea to operation - capitalising a £2m single EIS company in order to build and run a facility that, when completed, processed 30,000 tonnes of organic waste per-annum. Ben took this through to investor exit at £1.15 per share.

From there, Ben moved into ground-mounted solar assets - fundraising for Earthworm Energy Limited. This company attracted £3.34m of investment and has since gone on to achieve 15 successful planning applications and a successful exit for investors at £1.30 per share.

Mike Capewell – Director

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, financial modelling of 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.





The Investment Process

The Manager of the Fund, EW Cap Limited, 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 the Manager include assessment of a business's prospects, employees, plant and inter alia machinery, customers, accreditations and premises.

Once investment opportunities have been assessed and approved in principle, confirmatory due diligence will be carried out by the Manager 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. The results of the informal and formal due diligence processes are then summarised in the final investment documentation and submitted to the Manager's investment committee for final consideration and execution.

Investment monitoring and cash management pending investment

The Manager 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 investments' return potential.

Thompson Taraz Managers Limited has been appointed by the Manager to provide custodian services to the Fund and will maintain a client account with an authorised and reputable banking institution in its own name with client trust status. Investors' funds will be held in this account pending investment in the underlying Investee Companies at the point of the Fund's quarterly closing dates. 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 Custodian.

Conflicts of Interest Policy

Should a situation arise where the interests of Investors conflict with the interests of the Manager, 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 fully-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 fully-funded EIS company without an independent valuation by a third party with the relevant expertise and authority.

Policy 3: Independent Directors

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: Provision of Services to EIS Companies

No service will be provided to the EIS company from a company where the Manager has a personal interest, nor will the Manager provide any additional services to the EIS company in a chargeable personal capacity. No fees or income to the Manager will be derived from the EIS Company with the exception of the fees listed in the Fees and Charges section of this document, and disbursements associated with investments made by the Fund.

Should an EIS company engage any company providing services at the recommendation of the Manager, or by a company that has previously provided services to other EIS companies, this will be done on standard commercial terms and where relevant reviewed and approved by the independent director appointed to represent Investors' interests.

Policy 5: 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, the Manager will charge the following fees:

- Initial Charges: Up to 3% (exclusive of any adviser charge or commission)
- Annual Management Charges: 2% subject to a reduction from year 7 to 0.5%.

These fees will be charged to the Investee Companies.

No other fees will be charged by the 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 from your investment as described in more detail below.

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



Annual Fund management charges

From its annual management charge noted above, the Manager will bear the direct costs of running the Fund, including legal, accounting and taxation costs and other fees incurred by the Fund in connection with potential investments that do not proceed to completion.

Performance Fees

The Manager will be entitled to a performance fee pursuant to which it 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 the Manager, 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

Pursuant to MiFID II, and following amendments made by the FCA to their Conduct of Business Sourcebook, commission (including on-going trail commission) is generally not permitted to be paid to Intermediaries who provide independent advice or personal recommendations to UK clients in respect of their investments.

Adviser Charges

Instead of commission, an Adviser Charge will usually be agreed between the Intermediary and Investor for the advice and/or related services. This fee can either be paid directly by the Investor to the Intermediary or the payment of such fee may be deducted by the Fund out of the Investor's funds received. If the payment of the Adviser Charge is to be facilitated by the Fund, then the Investor is required to specify the amount of the charge in Box 6 of the Application Form. The Adviser Charge is deemed to be inclusive of VAT, where applicable.

Where Adviser Charges are facilitated (whether just initial or with an on-going element), these will be deducted from the gross funds invested and only the net amount will be invested in the Investee Companies and tax relief will only be claimable on the net amount so invested.

Commission

Under the new rules, commission may still be payable in respect of certain applications and, as such, the Fund will only arrange for the payment of commission to firms:

- a) which do not provide personal recommendations or investment advice (save where this is restricted advice given to professional clients of the advisor); or
- b) where the payment of such commission is designed to enhance the quality of the relevant (non-advisory) service to the investor;
- c) where the intermediary has confirmed that they will clearly disclose to the investor the existence, nature and amount of such commission prior to the provision of the service; and
- d) in the case of on-going payments (trail commission) where such criteria are fulfilled on an on-going basis.

Those Intermediaries who are permitted to receive commission will usually receive an initial commission charged as a percentage of the amount invested by their clients, and an annual trail commission for a maximum of four years, unless waived by the Intermediary. Where commission is payable, the gross subscription will be invested in Investee Companies at a higher price to account for the commission payable (both up front and on-going) and the Investee Companies will then make the commission payments to the relevant intermediary. In this case, tax relief will be claimable on the gross amount invested.

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 "Risk Factors" section on pages 32 to 35 of this Information Memorandum.

Tax Relief	Amount and Description
EIS income tax relief	<p>You can offset 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 dates to allow Investors to offset, 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.</p> <p>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 "Thompson Taraz re EW EIS". Alternatively, a payment can be made directly to the following bank account:

Sort code: Account Name:
16-01-09 TTML re EW EIS

Account No: Fund Bank:
00645630 Royal Bank of Scotland

Queries

If you need any assistance completing the Application Form or have any questions about the application process you should contact your Authorised Financial Intermediary in the first instance. Additionally, you can contact the Manager on [020 3137 6758](tel:02031376758).

**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 Manager will also act as the administrator and receiving agent of the Fund. Its role, in this capacity, will comprise receiving and processing Application Forms from prospective Investors, carrying out anti-money laundering checks and instructing the Custodian as to the transfer of funds from Investors whose applications have been accepted to the Investee Companies.

The Manager will maintain virtual records of Investors' beneficial interests in the Fund's Investee Companies, taking into account any Adviser Charges facilitated or commission payable 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 EW Cap Nominees Limited (or such other nominee company appointed by the Manager, 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

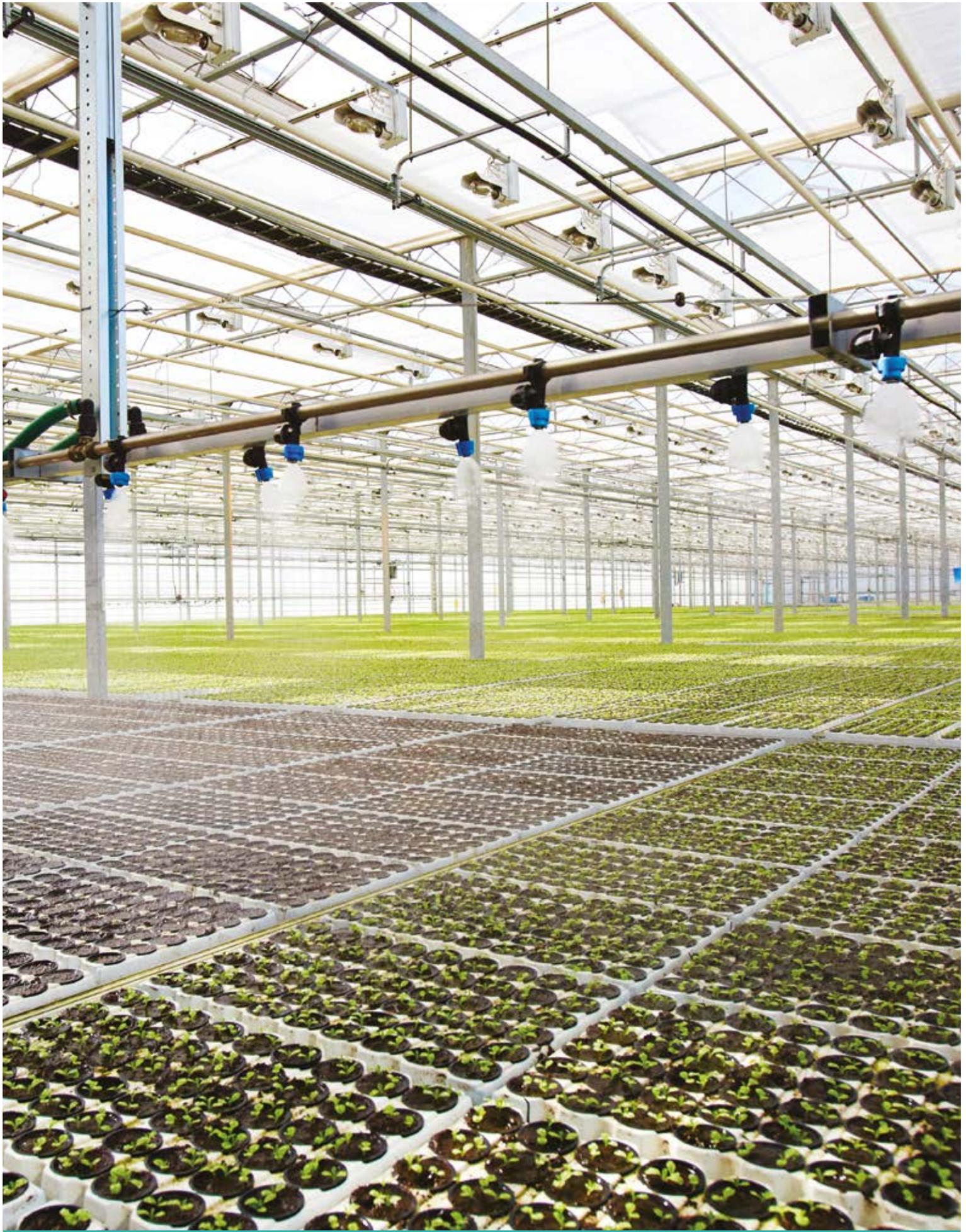
Investors will receive a six-monthly client statement and report electronically (unless otherwise requested) each year from the Manager. In addition, Investors will be kept informed of any significant events concerning Investee Companies within their Portfolio, such as a proposed sale.

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 number of shares in Investee Companies which will be issued to the Nominee 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 22 to 23 above.



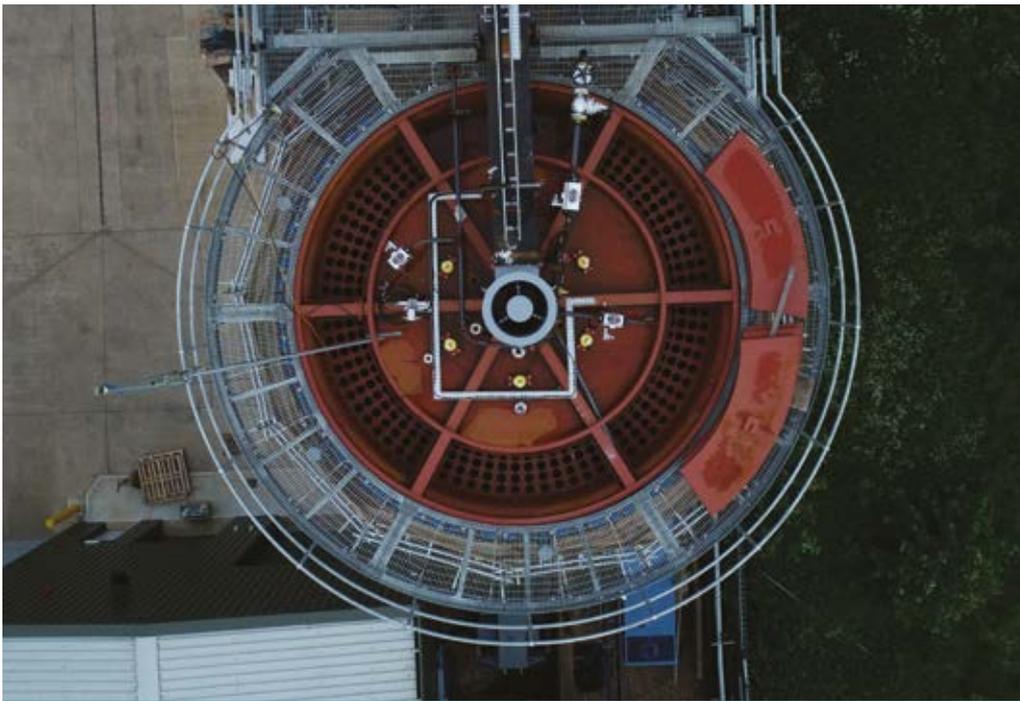
EIS Qualifying Conditions

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

Following Royal Assent to the Finance Bill 2017-18, in order to receive EIS investment, companies must meet a new principles-based “risk to capital” test. This is a two-stage test which requires the issuing company to have the objective of growing and developing its trade in the long-term and that there be a significant risk that there will be a loss of capital invested of an amount greater than the net investment return.

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

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.

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.

While the Manager believes the majority of its pipeline of potential investments will satisfy this new test, some opportunities may not and the application of the new test is likely to increase the risk profile of the Fund over time. 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 four 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 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 set out in COBS 4.12.

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
- 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.

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 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.

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

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.

The Manager has 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) and on-going compliance by the companies with the changing EIS regulations.

When an investment has been made in an Investee Company and that company has been trading for at least four months, the Manager will submit an EIS1 form to HMRC. Once accepted and processed, the Manager 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 code. Relief must be claimed no later than five years after 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.

The Manager has 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 the Manager in respect thereof.

The information and illustrations in this document are stated as at 01/10/2018. 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 a high risk investment and any capital invested may be entirely lost. 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. The Manager will endeavour 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 and this is even more so the case with EIS companies which must meet a “risk to capital” test requiring that there be a significant risk that capital will be lost. 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.

Earthworm EIS Fund

Investments in small companies are acknowledged widely to be high-risk investments. This is particularly true of EIS investments which, since April 2018, have been required to meet a “risk to capital” gateway test in order to qualify. This test is met if the EIS company in question has objectives to grow and develop its trade in the long term and if there is a significant risk that there will be a loss of capital of an amount greater than the net investment return. As such, the companies the Fund invests in will necessarily lack the safety of asset backing sufficient to fully protect Investors’ capital. 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 attached 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 the Manager

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

As such, were a key partner, consultant or employee of the Manager 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 the Manager and Investee Companies if the Manager, or an Associate, contracts with an Investee Company. If the Manager 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, the Manager shall disclose this to the independent chairman of the Investee Company and, in addition, the Manager will also abide by the Conflicts of Interest Policy set out on page 21.

Risks relating to the EIS

There are several circumstances in which an Investor could cease to qualify for any of the Tax Reliefs. 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.

Any tax which would have been payable to HMRC, but for the Investor obtaining the relevant Tax Reliefs, could become payable.

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'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 the Manager.

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 or to terminate the Fund in an expeditious way. In such circumstances, the Manager 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 three 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.

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.

Custody Risk

Your cash and assets deposited with, and held by, the Custodian in respect of invested funds pending investment, and the Manager (to the extent it or an Associate provides Nominee services to Investors) shall be held at Investors' risk and neither the Manager nor the Custodian (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 Manager's ability to withdraw funds from such bank for reasons beyond their reasonable control.

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.

Definitions

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;

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;

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;

First Closing Date 26th October 2018 (and any subsequent date determined by the Manager);

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, Intermediary 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 the Manager 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 EW Cap Limited, a private company incorporated in England with the registered number 10927642 and with its registered address at Unit 2 Rectory Court, Old Rectory Lane, Alvechurch B48 7SX and which is authorised and regulated by the FCA under number 797051;

Nominee EW Cap Nominees Limited (or such other nominee company appointed by the Manager, 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
- 1.5. References to the singular only shall include the plural and vice versa.
- 1.6. Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.7. 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 the Nominee comes into force on the date on which the Manager accepts your Application Form. The Manager 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 or its 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 Manager will be appointed to carry out administration and receiving agent services on your behalf.
- 2.5. This Agreement is entered into by the Manager on behalf of itself and on behalf of the Nominee. In consideration of the Manager's appointment it shall be entitled to the fees expressed to be payable to it under this Agreement.
- 2.6. 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.

- 2.7. You confirm that you are not seeking advice from the Manager on the merits of your Subscription and any investments made by the Fund.
 - 2.8. You agree that the Manager 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 may consult a credit or mutual reference agency, which may retain a record of the enquiry).
 - 2.9. The Manager has a duty to comply with the anti-money laundering provisions of the Proceeds of Crime Act 2002, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the FCA Rules. The Manager may 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 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 counterparties 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.
- 3.4. The basis and extent of acceptance of your application will be determined by the Manager in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The right of the 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 (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. You acknowledge that you will not be a regulatory client of the Manager for the purposes of the FCA rules and subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder, the Manager will not be responsible to you for providing the protections afforded to clients of the Manager. The Fund itself will be the regulatory client of the Manager in accordance with the FCA Rules and current practice and will be a *per se* professional client of the Manager.
 - 3.6. You confirm that you are not seeking advice from the Manager on the merits of your Subscription in the Fund and any Investments it makes.

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 of the Custodian pending their investment.

4. Services

- 4.1. The Manager will manage the Fund on the terms set out in this Agreement. The Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this 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.

- 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 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 Manager will provide administration services for the Fund on the terms set out in this Agreement and 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 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 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; and
 - b) all Applicable Laws.
- 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.

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.

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. The Manager will facilitate Adviser Charges by deducting agreed amounts from the gross sum invested and, through the price payable for shares in Investee Companies, will arrange for the payment of commission (where permissible) 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 arrange for the Custodian to 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 Manager'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 Manager shall maintain at all times a record sufficient to identify your beneficial interest in the whole number of shares allocated to your Portfolio and the cash within your Portfolio.

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 Manager will arrange for you to receive details of any meetings of Investee Companies in which you are invested and any other information issued by Investee Companies if you at any time in writing request such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). You shall be entitled, as a matter of right, to require the Nominee to appoint you as its proxy to vote as you may see fit at any meeting of shareholders in an Investee Company in which you are invested. If you are not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of an investee company, 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 the

Manager 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 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 and the Manager in good faith may accept a written statement signed by the Nominee 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 Manager for each transaction.

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

8.4. Any contract notes, statements, reports or information so provided by the Manager 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. The Manager 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 incurred in connection with their professional services in respect of the Fund. The Manager will also facilitate the payment of Adviser Charges agreed by you and your IFA (or arrange for the payment of commission, where permissible, by Investee Companies).

10. Management and Administration Obligations

10.1. The Manager 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) 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
- d) 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 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 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 may provide similar services or any other services whatsoever to any customer and the Manager shall not in any circumstance be required to account to you for any profits earned in connection therewith. So far as is deemed practicable by the Manager, the Manager 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 may appoint parties connected with it to provide services to investee companies in which the Fund invests. In addition, the Manager and/or its associates may hold shares in the Investee Companies. Whilst this aligns the interests of the Manager 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 the Manager, 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 the Manager.

13.4. The Manager and any Associate may, subject to FCA Rules, and without prior reference to you, recommend transactions in which they or the Manager 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, 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 any Associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for you;
- b) The Manager or any Associate may take an equity stake in a company whose securities are held for you at a price not below the issue price available to you. Additionally, the Manager may hold an equity stake in a company whose securities are held for you which was issued to the relevant person 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 any Associate provides investment services for other customers;
- d) Any of the Manager's directors or employees, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any Investee Company whose securities are held on your behalf;
- e) The transaction is in securities issued by an Associate of the Manager or the client of that Associate;
- f) The transaction is in relation to an Investment in respect of which the Manager (or its Associate) may benefit from a commission or fee payable otherwise than by you and/or the Manager or their Associate may also be remunerated by the counter-party to any such transaction;
- g) The Manager 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, allocations will normally be made on a pro rata basis (allowing for appropriate rounding of investment amounts). However, the Manager 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. The Manager will abide by the conflicts of interest policy statements set out on page [18] of the Information Memorandum.

14. Liability

- 14.1. The Manager agrees that it will at all times act in good faith and with reasonable care and due diligence.
- 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, settlement agent, depository 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 countermending 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. The Manager 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 the Manager 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 the Manager or any of its officers, agents or employees.
- 14.5. Subject to Clauses 6.7 and 12, the Manager 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. The Manager will not be liable to you for any consequent impact on the Fund or any consequent damage or loss suffered or incurred by you in respect of the circumstances set out in this Clause 14.
- 14.9. Nothing in this Agreement will operate to exclude or limit any liability of the Manager:
- i) in respect of fraud on their part, or
 - ii) in respect of death or personal injury arising from the Manager'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 in accordance with Schedule 2. The Manager'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 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 it arising from or in connection with performance of its 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 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.

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 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. Assignment by the Manager

17.1. The Manager may, at its discretion, assign its rights under this Agreement to another company in its Group provided the assignee is appropriately authorised.

18. Confidential Information and Data Protection

18.1. Neither the Manager or you shall disclose to third parties information:

- 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 any Associate but properly does not come to the actual notice of that party providing services under this Agreement.

18.2. The Manager 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 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 or the Nominee will be held by that party subject to the Data Protection Act 1998. You hereby agree that the Manager and the Nominee may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their services as set out in this Agreement and to the FCA and any regulatory authority which regulates them and in accordance with all other Applicable Laws.

- 18.5. In accordance with the Data Protection Act 1998, you are entitled, on payment of a fee, to a copy of the information the Manager hold about you. In the first instance, you should direct any such request to the Manager. You should inform the Manager if any information the Manager hold about you is inaccurate, so that the Manager may correct it.
- 18.6. You may not require the destruction or deletion of any record pertaining to you unless the Manager are required to destroy or delete such records by force of law or other regulatory requirement.
- 18.7. The Manager 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 its agents 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 in accordance with the provisions of the Data Protection Act 1998.
- 18.8. Your personal data will be stored on a database controlled by the Manager. 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 the Manager.
20. Notices, Instructions and Communications
- 20.1. Notices of instructions to the Manager should be in writing and signed by you, except as otherwise specifically indicated.
- 20.2. The Manager 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 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, 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. The Manager will not be liable for any delay or failure of delivery (for whatever reason) of any communication sent to you.

21. Unsolicited Real Time Financial Promotion

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

26. Governing Law

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 environmental sector, with a particular focus on the power, waste and food 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 22 - 23 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 tradeable 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.

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.



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