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**Information Memorandum •**

Praetura EIS 2020 Fund



## Important Notice ●

All abbreviations, acronyms or designations used in this disclaimer are as defined in the body of the document. Reference to the Fund means the Praetura EIS 2020 Fund.

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take it is recommended that you seek personal financial advice from your stockbroker, solicitor, accountant or other financial adviser authorised by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000 (FSMA) specialising in advising on investments of this type, on whose advice you should rely.

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- an eligible counterparty within the meaning of COBS 3.6.1R:
- an existing client of an authorised firm that will confirm whether this investment is suitable for them within the meaning of COBS 4.7.8 (2) R:
- an individual certified as a high net worth investor within the meaning of COBS 4.7.9 (1) R:
- an individual certified as a sophisticated investor within the meaning of COBS 4.7.9 (2) R:
- an individual who is self-certified as a sophisticated investor within the meaning of COBS 4.7.9 (3) R:
- an individual who is certified as a restricted investor within the meaning of COBS 4.7.10 R

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Prospective Investors should not regard the contents of this Information Memorandum or any associated documents as constituting advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers before contemplating any investment to which this Information Memorandum relates. No such advice has been given by Praetura Ventures Limited and if you are in any doubt about the suitability of such an investment, you should contact your financial adviser before doing so.

Your attention is drawn to the section entitled 'Risk Factors'. Neither this Information Memorandum nor any associated documents constitute, and may not be used for the purposes of, an offer or invitation to subscribe for any investment to which they relate, by any person in any jurisdiction outside the United Kingdom.

This Information Memorandum and any associated documents and the information contained within them are not for publication or distribution to persons outside the United Kingdom. They do not constitute and should not be considered as an offer to buy or sell, or as a solicitation of an offer to buy or sell, any security or share.

No representation is made, or warranty given as to the accuracy, completeness, achievability or reasonableness of any projections, views, statements or forecasts, which are illustrative and rely on assumptions which the Directors consider to be reasonable. Prospective Investors must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts.

Investment in the Fund may not be suitable for all recipients of this document. A prospective Investor should consider carefully whether an investment in the Fund is suitable for them in light of their personal circumstances and the financial resources available to them.

All statements, other than statements of historical facts, included in this document may be forward-looking statements. Forward-looking statements may include, without limitation, statements relating to future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, etc.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation.

Praetura Ventures does not undertake any obligation to update publicly or revise any forward-looking statements (whether to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

Reliance on this Document for the purpose of engaging in any investment activity may expose a prospective Investor to a significant risk of losing all of their capital or other assets invested. Any investment by a prospective Investor in the Fund may be difficult to value and is likely to involve an above average level of risk. Prospective Investors should consider all risks associated with the type of investment described in this Information Memorandum, including the risk factors as set out in the Information Memorandum.

The manager of the Fund will be a person authorised to carry on investment business by the Financial Services Authority or under the FSMA.

Prospective Investors must rely on their own investigation of the Fund and examination of the risks involved, including the legal, taxation, financial and other consequences of investing in the Fund. This Information Memorandum is dated 9th September 2019.

There are risks involved with this type of investment. Your attention is drawn to the appendices where these are documented in detail.

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# Introduction ●

*"Praetura have been an incredible backer for the business. They supported me at the start and added value from inception through to the MBO. They've got stuck in and provided an invaluable sounding board as we've overcome the challenges of a fast growth company."*

**Danny Driscoll, CEO**



*"Praetura has been an amazing investor for Peak from seed through to Series A. They're supportive, there when you need help and understand the real-world challenges of building an early stage business."*

**Richard Potter, CEO**





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## Introduction •

**I am delighted to be able to introduce to you our second EIS Fund so shortly after closing our first in May 2019. We are looking forward to investing, once more, into some of the most exciting, early stage businesses in the North of England.**

Our first fund was launched on 20 February 2019 and closed shortly thereafter in May 2019, raising a total of £14.5m. Since closing the Fund, we have completed investments into a total of 6 businesses and have invested £6.6m of the available capital. Accordingly, we are well on track to have fully invested the fund within 6 months of the close date.

More important than the timing of investment is the quality of the deals we have managed to complete on in the first fund. We have led investments into exceptional companies across the UK, including promising early-stage businesses Dr Fertility, Steamaco and Futr. We also invested alongside Merian Chrysalis Investment Company in Sorted's £15m round. We provide further details herein of the investments we have made within the 2019 fund.

With the Praetura 2020 EIS Fund, we are looking to invest into a range of c. 6 to 8 companies of similar scale and quality. The Fund is targeting up to a £10m close in January, allowing us to invest c. 75% of funds by the end of the tax year 2020.

Businesses we look to back all provide access to recurring, high margin, revenue streams and the opportunity for operational leverage once scaled. We are prepared to back these inherently scalable business models early. We believe that by making an early investment in a business, we are truly able to work with driven management teams at the foundational stages of a business and support them in growing successful ventures.

We're targeting a return profile of 2x return on capital. We believe this, combined with the tax reliefs available from the EIS structure and the Praetura approach and track record, offers investors looking for meaningful capital growth investments, an attractive investment opportunity.

Kind Regards,



David Foreman  
Praetura Ventures MD





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# About Praetura Ventures ●

*"Praetura just 'get it'. They saw the opportunity, arranged pre-IPO funding and then listed the business which allowed us to pursue our buy and build strategy and create significant shareholder value. Along the way, Praetura have filled CFO, NED, Commercial Development and Chairman roles... They've really gone the extra mile for us."*

**Paul Connor, CFO**



*"We've built a lot of clever tech, but this is only the beginning. For the next part of our journey it was really important to find the right type of support for Futr. and so we're delighted that Praetura Ventures and the other investors who share our vision have come onboard. With their experience and backing we'll continue to deliver exceptional products and solve some of our customers' most meaningful problems."*

**Andrew Wilkins, Co-Founder & CEO**

**FUTR.**





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## About Praetura Ventures •

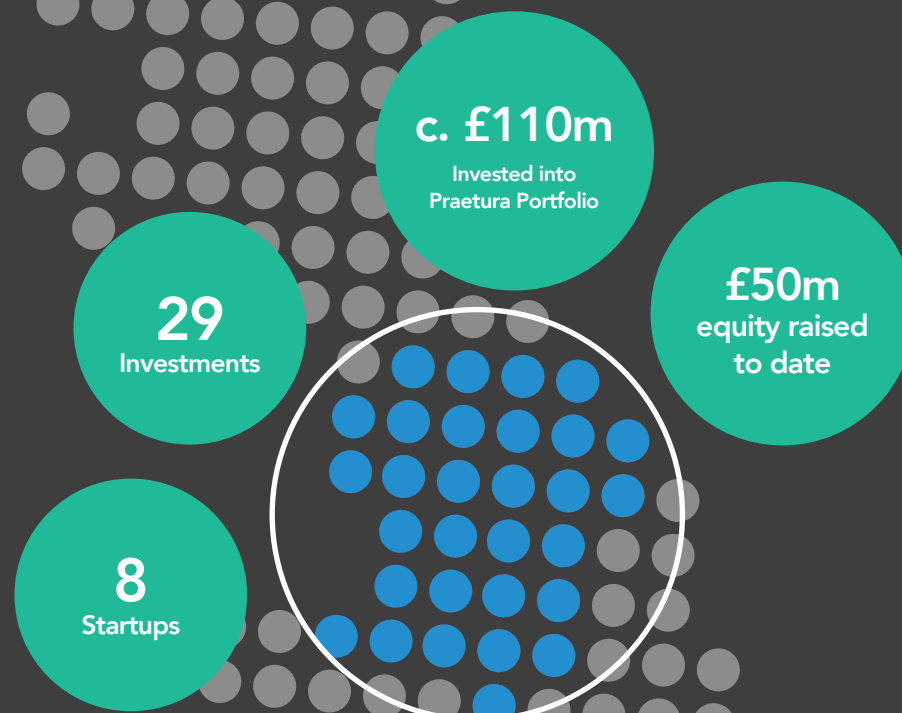
Praetura has been supporting SMEs since 2011, raising capital and investing in the early stages of business lifecycles.

We closed our 2019 EIS Fund in May 2019, three months after its launch. The fund closed at £14.5m and is on track to be fully invested by the end of November 2019.

We have a strong track record and have developed a reputation for being a supportive and proactive investor who injects more than just capital. We can evidence the value from our differentiated approach both from investment returns and testimonials from our portfolio companies.

Our partnered entrepreneurs embrace the shoulder-to-shoulder Praetura approach and utilise our experience and resource to maximise their business' potential.

Located in Manchester  
Focusing on the North



# Our Team •

## A Diverse, Experienced Team

Our people have been entrepreneurs, tech leaders, investment bankers, commercial directors, sales directors, finance directors and more. Because of our diverse backgrounds, we're uniquely placed to be able to support entrepreneurs throughout their business.

**Over 600  
completed deals**

---

**250 years of sector  
experience**

**£8bn**  
of capital raised or  
transacted by the team



**Expanding network  
of opportunities**

## Investment Committee



### **Mike Fletcher (CEO, Group)**

Mike is former Managing Director at global investment bank GCA Altium and a Chartered Accountant (PwC). Mike is an experienced venture investor and adviser to some of the North's leading entrepreneurs and investors. He co-founded Praetura in 2011 bringing with him specialisms in financial services, technology, ecommerce, support services and energy services.



### **David Foreman (MD, Ventures)**

David co-founded Praetura with a background of over 12 years in corporate finance and venture capital. He qualified as an ACA with KPMG and has considerable experience in backing financial services and recurring revenue businesses. David has a focus on the application of data, IT and technology to enable efficiencies within businesses.



### **Peadar O'Reilly (MD, Debt)**

Peadar, a founding partner at Praetura, has over 20 years' secured lending experience having previously held senior roles at Bank of Ireland and ABN Amro. He helped establish a successful UK ABL business for Bank of Ireland and is responsible for raising over £200m of bank facilities from mainstream and specialist institutions for the Praetura group of companies. He is a founding Director of Praetura Asset Finance, Praetura Commercial Finance and Praetura Debt Co.



### **Rob Memmott (CFO, Group)**

Rob is an experienced chief financial officer, with over 18 years in senior financial leadership roles. Previously Rob was Group CFO at Arrow Global Group Plc, where he co-led the successful IPO on the main LSE in 2013 and the issuance of more than £1.5bn in the debt capital markets. Rob qualified as a chartered accountant with KPMG in Manchester and has served as financial director at Servisair Plc, Alfred McAlpine and Leeds Bradford International Airport.

## Investment Team



### **Guy Weaver (Director)**

Guy was formerly a Director at KPMG and has extensive SaaS experience and a large network within the technology sector. He co-founded Introstream, a business helping companies connect with technology solutions providers. Guy is a member of Pro Manchester Science and Technology Committee and a mentor for Manchester Tech Trust & Pitch@Palace.



### **Mark Lyons (Director)**

Mark has extensive experience in investing funds, evaluating and managing business opportunities and working with management teams to implement growth strategies. Prior to joining Praetura, Mark held a Director position at a family office with over £1.5bn of assets under management and administration. Mark trained as a Chartered Accountant at PwC.



### **Dr. Andy Round (Director)**

Andy has over 12 years' experience investing from balance sheet, regional and institutional funds most recently with Maven Capital Partners. Andy has worked for IP-Group investing in a range of early-stage university companies across a wide range of sectors. He worked at Yet2 as Consulting Director providing services to companies.



### **Louise Chapman (Investment Director)**

Louise joined Praetura in November 2017 from KPMG where she had spent over nine years in its Advisory business, including a secondment to a clearing bank. Louise is a Chartered Accountant with significant experience in advising SMEs and has undertaken a role as Finance Director of a high growth business.



### **Pete Carway (Investment Director)**

Pete is a qualified accountant with 12 years' experience including Finance Director and Financial Controller positions in software and other service businesses. He held the role of Finance Director in a fast growth Artificial Intelligence business, raising over £5m of investment and overseeing a 5x increase in company value in 2 years.



### **Sim Singh-Landa (Investment Manager)**

Sim has worked in the financial services industry for over 17 years with experience spanning banking, real estate, finance, investments, pensions and funds. Sim's responsibilities include undertaking financial and qualitative appraisals, marketing, due diligence, project management and client relationship management.



### **Jamie Newall (Investment Executive)**

Jamie graduated from Lancaster University in 2015 with a 1st class honours in an Ernst & Young sponsored Accounting & Finance degree. Post-graduation he joined Ernst & Young full time and completed his Chartered Accountancy qualification, working on a wide-ranging client base across multiple industries.

## Portfolio Team



### **Ben Hatton (MD, Portfolio)**

Ben is a successful technology entrepreneur who founded and built Rippleffect, a full service digital agency, before selling the business to Trinity Mirror where he became MD of Digital. Ben is a board member of a number of Praetura's technology investment businesses and provides significant technology and digital marketing expertise in the appraisal of investments and across the portfolio.



### **Damian McGann (Corporate Development)**

Damian has an extensive financial services background, previously working at board level for several multinational brands, where he built his reputation for growing scale businesses. More latterly he has focused on the VC funding and technology segments and sits as Chairman on 3 company boards.



### **Matt Cheetham (Head of Group Corporate Finance)**

Matt leads on corporate finance and strategic activities, focusing on new growth opportunities for the Praetura group of companies. Matt works with portfolio companies on corporate finance matters such as acquisitions or exits. Matt was previously a Director in Deloitte's M&A team where he advised some of the UK's leading private equity houses and companies on investments, acquisitions and disposals.



### **Tom Hardman (Portfolio Financial Controller)**

Tom is the Portfolio Financial Controller, providing in-depth analysis on the financial and commercial performance of the Praetura Ventures portfolio of companies. Prior to joining Praetura, Tom held similar financial and analysis roles at leading North West based companies including Push Doctor, AO.com and Matalan.



### **Beth Drake (Portfolio Executive)**

As Portfolio Executive, Beth focuses on the operational aspect of the portfolio, as well as investor communications. With over 10 years experience as an Executive Assistant, prior to joining Praetura, Beth worked for a private equity EIS boutique firm in Manchester, and companies including BAE Systems and The University of Manchester.



### **Ryan Barnes (Marketing Manager)**

Ryan held senior marketing roles fast-growth businesses before joining Praetura Ventures. Working with the investment, portfolio and business development teams, Ryan is responsible for marketing and communications strategy, including branding, positioning, engagement and more.

## Business Development Team



### **Jonathan Prescott (Business Development Director)**

Jon has over 20 years experience within the financial services sector. Jon spent over 15 years at AJ Bell as business development manager, forging links with advisers across the country. More recently, as Area Sales Director at Octopus Investments for the North, Scotland and Northern Ireland, he was responsible for a team of business development managers and for implementation of the group's sales strategy across the region. Jon has a thorough understanding of the VCT, EIS and BPR arena.



### **Sandra Corcoran (Business Development Manager)**

Sandra has over 25 years' experience working in sales and business development within financial services. Her time was spent at Standard Life predominantly within the UK Distribution team for Aberdeen Standard Investments. She has strong partnerships with financial advisers and wealth managers across the North of England and has covered an extensive range of funds, assisting accounts in developing their investment strategy for clients.



### **Steve Green (Business Development Manager)**

Steve has over 30 years experience in financial services. His time was spent at Standard Life Aberdeen as business development manager and strategic account manager supporting adviser relationships in the North of England. Steve has thorough knowledge of tax wrapper planning, personal taxation and the use of appropriate investment solutions.



### **Mike Mannion (Business Development Consultant)**

Having worked in financial services for 14 years, including consultant roles at AJ Bell, Mike is a specialist in pensions, ISAs, GIAs and other investment products. His experience and knowledge contributes to his ability to work with advisers, understand the challenges they face and guide investors through the Praetura journey.



### **Sophie Gill (Marketing Executive)**

Sophie graduated from the University of Liverpool with a first class degree in Marketing. She interned at BNY Mellon's marketing department before beginning her career at Praetura Ventures as Marketing Executive. Sophie collaborates with the business development side of Praetura Ventures, designing and implementing marketing campaigns that promote Praetura Ventures to a wide range of investors and their advisers.



## Back Office



### **Paul Bond (Compliance Director)**

Instrumental in setting up the regulatory framework of several start-ups, Paul ensures Praetura and its portfolio firms operate within a flexible regulatory framework. As a consultant, Paul advised 30 FCA authorised firms. He also established the compliance arm of financial services firm True Potential, which currently holds \$7bn in assets.



### **Laura Hough (EA to David Foreman)**

Laura graduated from the University of Surrey with a BA in Dance & Culture. She first started working for Praetura in 2015 as an assistant to the partners, taking a full-time role at the firm before it became Praetura Ventures. As EA to MD David Foreman, Laura's duties include scheduling meetings and projects between teams, as well as coordinating with external parties and managing internal requirements and resources.



### **Natalie O'Boyle (EA to Mike Fletcher)**

Before joining Praetura, Natalie was Personal Assistant to the Chairman and CEO at Living Ventures. Natalie's previous responsibilities also included receptionist and business development manager. Her skills include administration, research, communications and general office control, particularly in high pressure environments.



### **Shemaine Zarb (PA to Directors)**

Shemaine started as an EA to the GM at BT Financial Group, a leading wealth management firm in her native Australia. She later moved to investment firm Perpetual, as PA to two of the senior execs. After recently relocating to the UK she is PA to the Investment Team.



### **Samantha Davies (PA to Directors)**

Samantha has been living and working in London for the last 13 years. Most recently, she was PA to Directors and Office Manager at pioneering systematic investment management company, Aspect Capital. After recently relocating back up North, Samantha is now the PA to the Investment Team.



## The Praetura Network •

Praetura has a large network which is a key element to providing more than money support to our investee businesses. In addition to leveraging the contacts of the Praetura group of companies and investee businesses, we also have a Venture Partner network.

Venture Partners are high net worth investors who have invested significant amounts of capital into Praetura-managed investments. Our Venture Partners share a range of backgrounds and experiences, and the majority of whom are board level individuals of successful businesses.

We leverage our Venture Partners throughout our assessment process of investment opportunities, which provides us with valuable insight and market knowledge. Our Venture Partners can also represent Praetura as Investment Directors on the boards of our investee businesses, to help us deliver more than money support alongside the investment of capital.

## The Venture Partner Program

We engage and partner with a limited number of high calibre, like-minded, entrepreneurial individuals within the Venture Partner Program.

The Venture Partner program is open to individuals with expertise in managing, operating, scaling and exiting businesses, who also harbour a desire to support the next generation of entrepreneurs.

Being part of the program will provide access to:

- An exciting portfolio of growth-orientated businesses seeking to provide meaningful capital returns supplemented by attractive tax reliefs
- Co-investment opportunities (over and above fund allocation) in preferred investments
- Opportunity to sit on portfolio boards to provide guidance, mentorship and strategic direction to ambitious management teams
- Additional information on performance and progress of the portfolio and future investment pipeline
- Venture Partner networking events, including bi-annual Venture Partner Dinners and portfolio company events
- Deal review and operational support on a Venture Partner's own pipeline of early-stage investments

## Venture Partner

Managed,  
Operated, Scaled  
and Exited  
Businesses

Desire to Add  
Value and Help  
Early Stage  
Investments

Successful,  
Recognised  
Individual

Cultural Fit  
with Praetura  
and Our Ethos

Access to Capital  
and an Appetite  
to Invest



# Venture Capital in the North •

## Underserved Area

Despite the strong macro-economic indicators demonstrated in the North, the region is lacking infrastructure and financial support for early stage businesses, particularly outside of Greater Manchester.

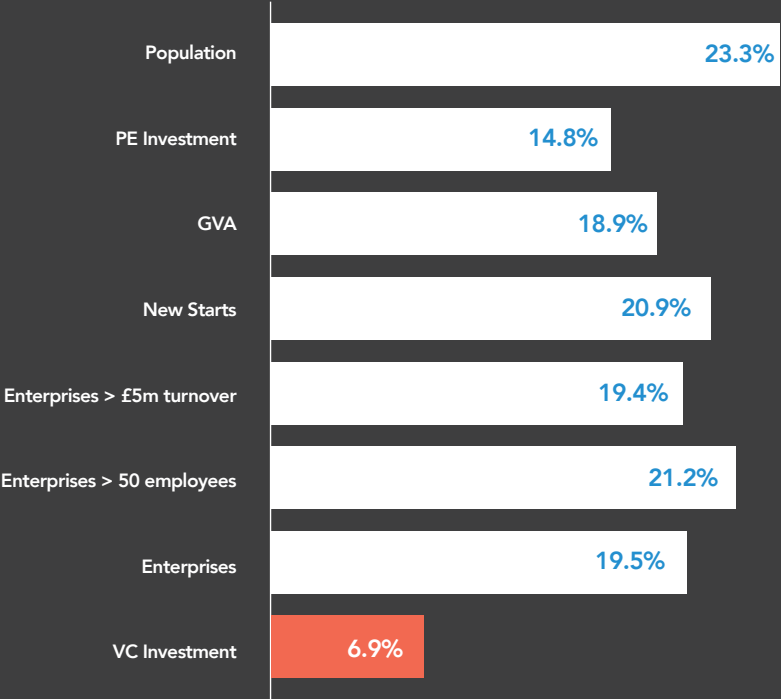
Venture capital investment in the North of England is significantly underweight in comparison to the economic indicators for the region.

Whilst the North of England accounts for c. 20% of all the UK's economy across a wide range of indices, only 6.9% of the UK's venture capital investment is transacted in the North of England.

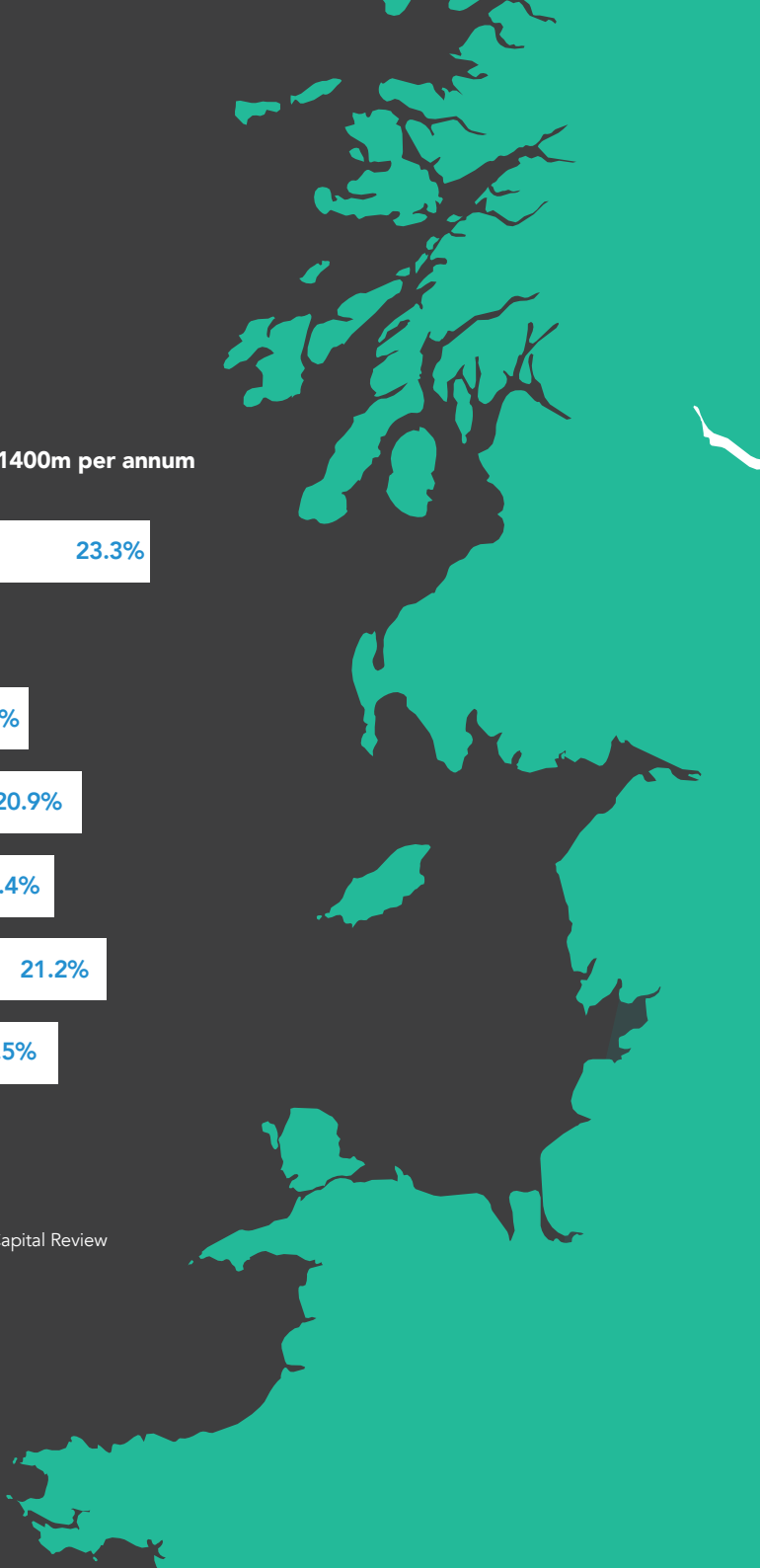
This is further supported by the limited number of privately funded, early-stage investors who are active in the region.

**The shortfall in funding presents a significant opportunity in the market for Praetura.**

VC funding shortfall in the North is c.£700-£1400m per annum



Source: PMSI Strategy LLP and the Patient Capital Review

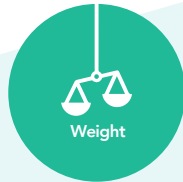


**Praetura's unique position, combining its existing infrastructure and longstanding relationships will provide an unrivalled capability to access the opportunities.**

## Northern Power

Praetura has a significant opportunity to benefit from the Government's Northern Powerhouse initiative to increase prosperity in the North of England.

The Northern Powerhouse agenda will see:



### Weight

The combined economic weight of Northern cities helping to rebalance the UK economy from being South East focused.



### Growth

The North expanding its existing economic assets in science, technology, finance and other innovation clusters.



### Investment


Improved connectivity within and between the Northern Cities through investment in transport, logistics and connectivity.

### Great Companies

The North is home to a growing number of high profile, high growth businesses.

The region is well served by private equity firms looking to back these businesses as they scale. These firms provide a strong exit route for our portfolio.

Praetura team members have advised or collaborated with a number of these businesses in their early stages of development.



**There are great companies  
being founded, scaled and  
developed in the North.  
Praetura has unrivalled  
access to them.**

Iceland REDROW GBG AJBell Youinvest sky BET

PEEL emr MISSGUIDED PEACE, LOVE AND FASHION BENTLEY radius Payment Solutions Morrisons Since 1899

ARROW GLOBAL MATALAN Stobart Group SUMO GROUP nichols plc

UKFAST® YOUR FUTURE IS OUR BUSINESS Warburtons Family Factors On the Beach sage Zenith Intelligent Vehicle Solutions

AutoTrader TalkTalk BETFRED SHOP DIRECT The Future of Economic Management Callcredit

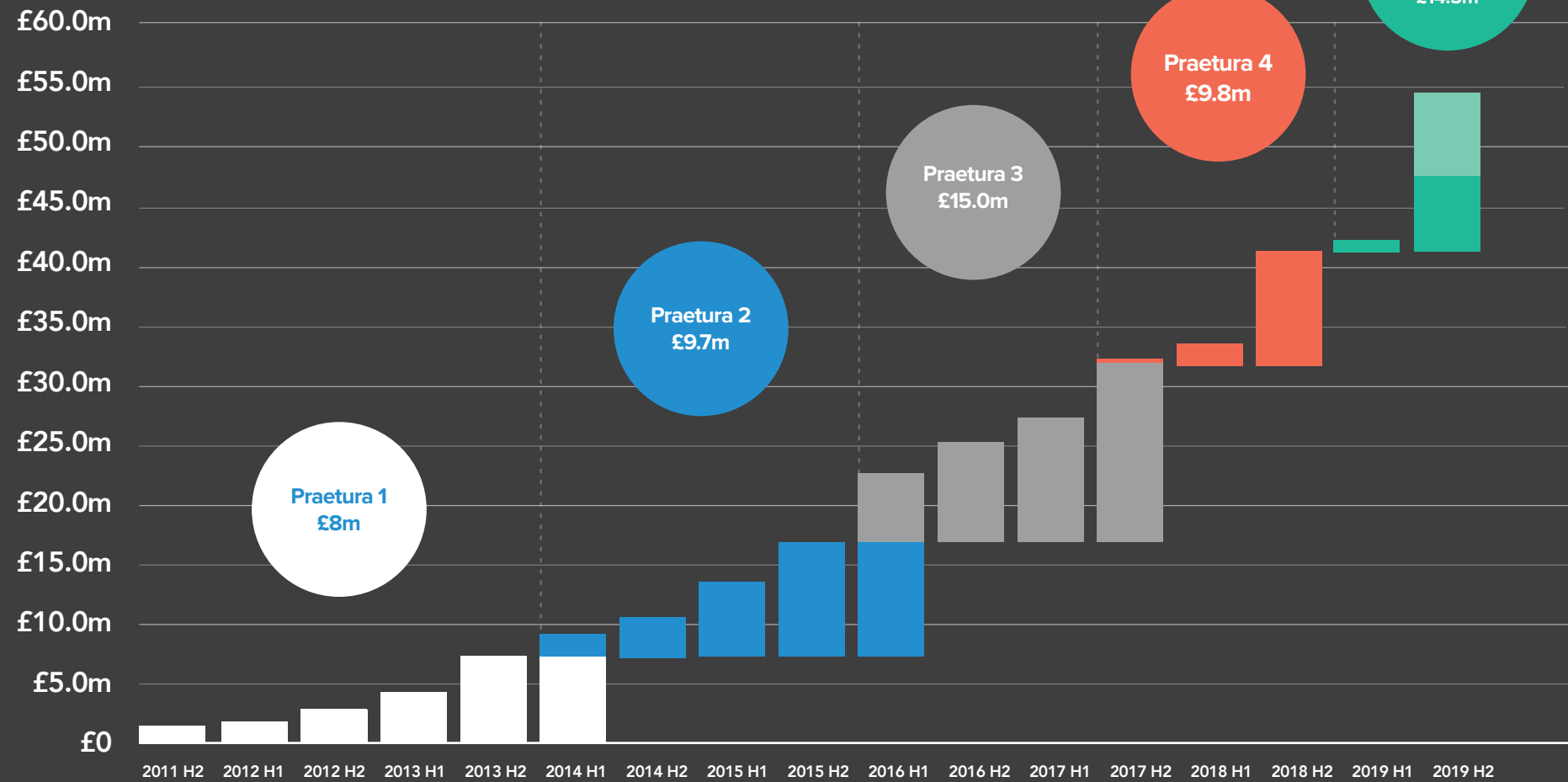
pets at home daisy go.com EG Euro Garages b&m Portakabin KCOM

boohoo blueprism FIRCROFT Card Factory

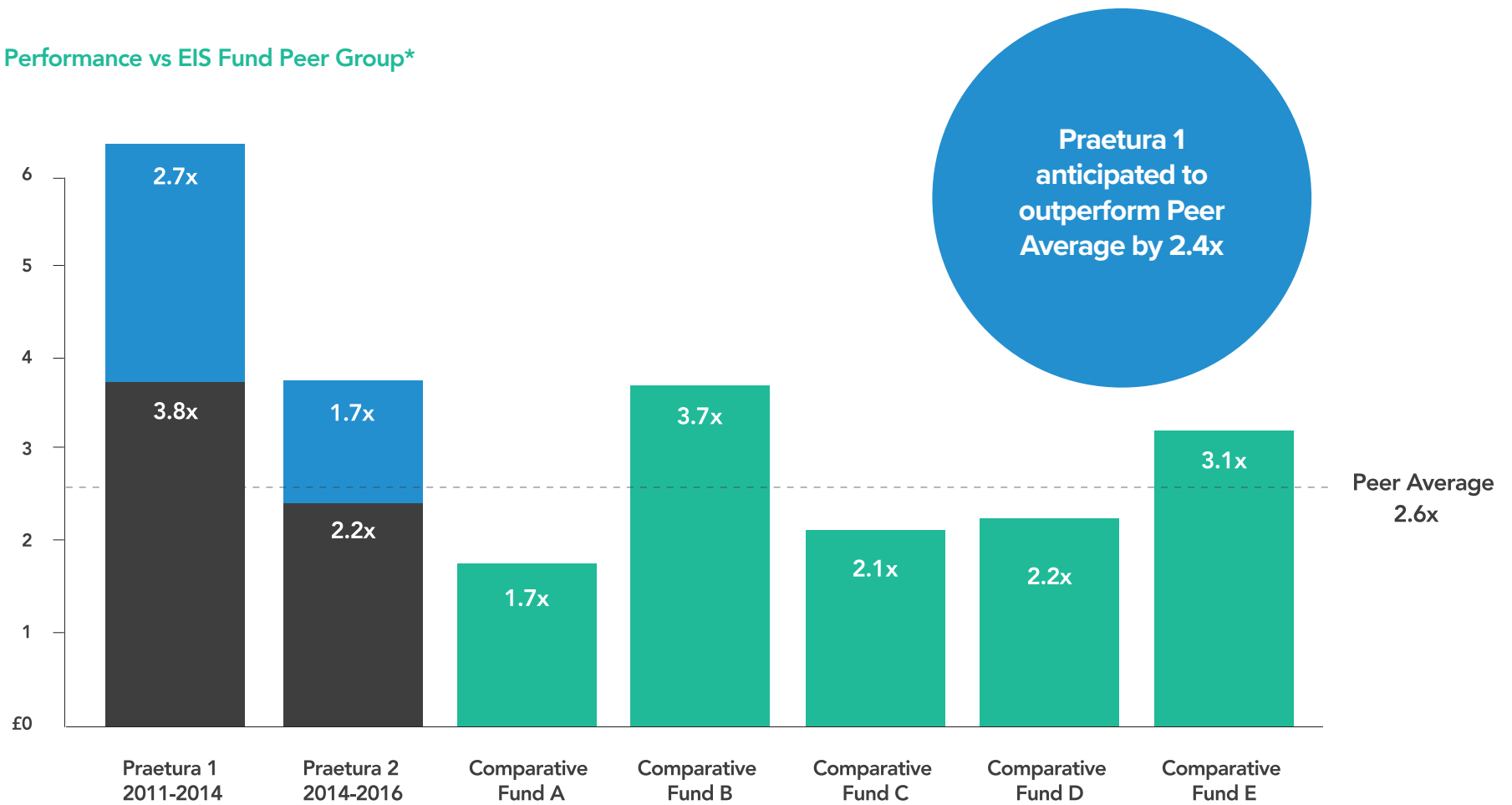
THG IDEAS WITH MOMENTUM® BIBBY LINE GROUP ans group Heron Foods

## Our Track Record •

### Praetura's Investments to Date



Performance vs EIS Fund Peer Group\*



Praetura 1 anticipated to outperform Peer Average by 2.4x

\* Past returns are not necessarily an indication of any future return

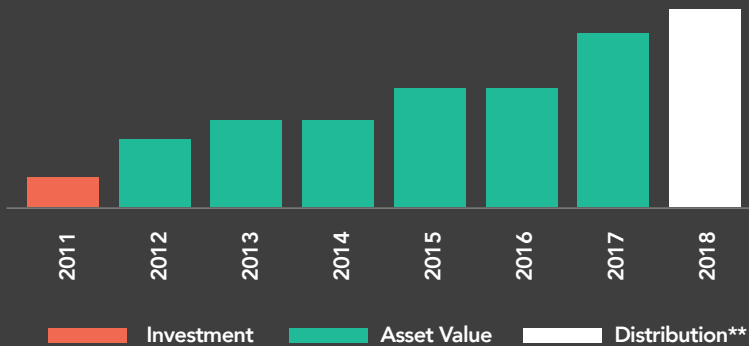




*Praetura just 'get it'. They saw the opportunity, arranged pre-IPO funding and then listed the business which allowed us to pursue our buy and build strategy and create significant shareholder value. Along the way, Praetura have filled CFO, NED, Commercial Development and Chairman roles... They've really gone the extra mile for us*

**Paul Connor, CFO**

**16x  
Return\***



## Example of previous and current investments •



### Why Did We Invest?

We saw a highly scalable business, with strong traction in the market, underpinned by recurring revenues and cashflows.

### What Went Well?

The business grew organically, but the major success was listing the business and then adopting an aggressive buy and build strategy, backed by supportive shareholders.

### What Did We Learn?

Recurring revenue with limited working capital provides a great platform from which a business can generate value either organically or by acquisition.

<b>Sector</b>	Energy
<b>First Investment</b>	2011
<b>Cohort</b>	Praetura 1
<b>Investment</b>	£1.3m
<b>Return*</b>	£21.5m
<b>Multiple</b>	16x

\* Past returns are not indicative of future returns

\*\* Assumed Sale Occurred in November 2018, in line with EIS Fund policies which state that Listed securities are to be distributed to investors after 7 years



*Praetura has been an incredible backer for the business. They supported me at the start and added value from inception through to the MBO. They've got stuck in and provided an invaluable sounding board as we've overcome the challenges of a fast growth company.*

*Mike Fletcher, in particular, has been instrumental in helping to guide me and the business as we've grown.*

**Danny Driscoll, CEO**



### Why Did We Invest?

We backed an exceptional entrepreneur and experienced team to capitalise on existing relationships and experience in a niche, but highly attractive, sector.

### What Went Well?

The start-up won clients immediately upon FCA approval and was profitable in its first year. Within 18 months, the initial capital had been repaid and by 2017, a £20m MBO was completed.

### What Did We Learn?

Backing exceptional teams with relevant experience in attractive markets provides an opportunity for super-normal returns. In this instance, it is all about the team.

**20x  
Return\***

Sector	Insurance
First Investment	2014
Cohort	Praetura 2
Investment	£0.6m
Return*	£11.6m
Multiple	20x

\*Past returns are not indicative of future returns



### Why Did We Invest?

We backed a talented team to create a commercial lines broker, led and owned by its management.

### What Went Well?

The business was able to recruit teams and on-board clients quickly. Post our investment the business had the opportunity to achieve significant scale with the support of additional funding. We introduced and exited to Carlyle within 22 months, which provided a 3x return for investors.

### What Did We Learn?

Getting the right funding partner for a business is critical. We were the right funder to get the business off the ground and assisted the business to find the right follow-on-funder to deliver their ambitions.



Sector	Insurance
First Investment	2014
Cohort	Praetura 2
Investment	£2.8m
Return*	£7.3m
Multiple	3x



### Why Did We Invest?

We backed an excellent team to create an AI System (AIS) that could be deployed in enterprise businesses, giving insights that more than pay for the subscription, making it hard to turn off.

### What Went Well?

Following the development of the AIS, sales traction has been strong and Peak has secured some cornerstone customers like Footasylum, ASOS and Boohoo. Peak now has an impressive set of tangible financial benefits that the AIS has driven for these key customers.

### What Did We Learn?

Growing the team of employees to over 100 in 3 years impacts every area of the business. Key people in the business will spend significant amounts of time finding the right people, and they should never compromise on cultural fit.

Sector	SaaS
First Investment	2016
Cohort	Praetura 3, 4 & 2019 EIS Fund
Investment	£11.1m
First In-Price	£4m
Last Round Price	£36m

\* Past returns are not indicative of future returns



### Why Did We Invest?

Praetura first invested in Sorted in 2013 backing the founder David Grimes and the business at the time called Myparceldelivery.com. We backed David to build a disruptive tech platform focusing on enabling e-retailers to better manage their delivery experience to customers.

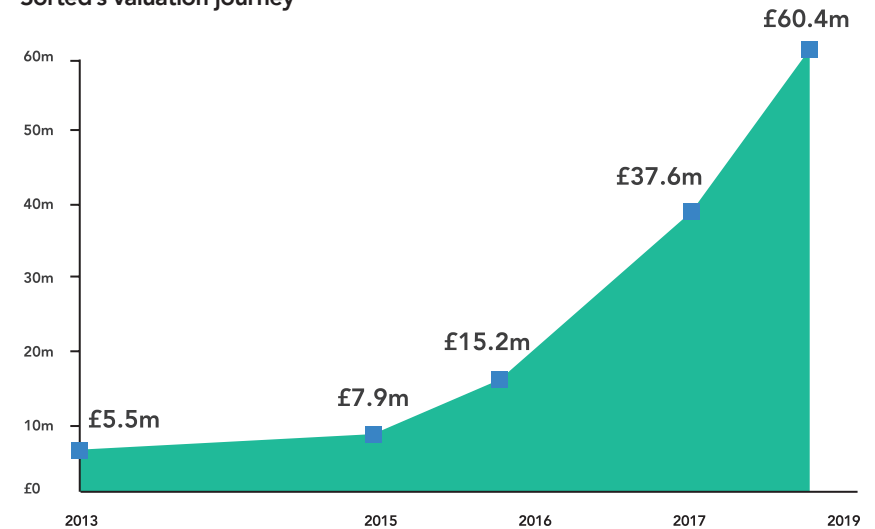
In the early period of our investment we provided Sorted with a Finance Director, supporting the company with its finance infrastructure and implementing the controls that the business needed to scale.

The strategic support we provided Sorted played a crucial role in transforming the original Myparceldelivery.com business to the Sorted business of today. This has resulted in Sorted's leading tech platform now being used by some of the UK's largest retailers.

Our support has also included the facilitation of follow-on funding to Sorted as it has evolved. We have led every funding round undertaken by Sorted since 2013, introducing other institutional funders to the business including Seneca, NVM and most recently the Merian Chrysalis Fund. Merian provided £10m of funding to Sorted in August 2019, and has the financial resource necessary to support Sorted in scaling up its domestic and international ambitions.

We are pleased to see Sorted's valuation continue to climb since our first investment, and look forward to providing a significant uplift to our investors.

### Sorted's valuation journey



Graph: Post money valuations

### What Went Well?

The business has built the tech and it is being well received in the market having won clients such as Asos and Missguided from the market leader through the strength of their tech offering.

### What Did We Learn?

Tech builds will often cost more and take longer than planned. As an investor, you have to understand this on the way in and continue to support the business through the delays.



praetura™

*"Praetura are a team of experienced and knowledgeable individuals who have offered investment, leadership and strategic advice for our business and the personal growth of the senior management team. Their vision and foresight, along with their influential contacts, have assisted in making Wright Landscapes a dynamic business."*

**Lee Webster, Managing Director**



*"Praetura will help you like no other investor. With a genuine passion for you to succeed, they will go above and beyond to support, nurture and drive you to success without being intrusive. With a great contact network, they can get where water can't and they also know how to have fun along the way."*

**David Grimes, CEO**



*"When looking for investors, it was important to find an investor who could not only support financially but support strategically too. Praetura has considerable experience in the digital sector with a proven track record of business growth, sustainability and exit. I've found their advice, network and contacts to be invaluable."*

**Graham Withe, Managing Director**



*"Taking an external partner into a family run business is a huge decision and thankfully we picked the right one. We needed Praetura's experience on acquisitions and growth strategies but we didn't want to change the values of the business. Praetura allow us to run the business in our way but they bring experience and new ideas to the table, this is a proper partnership."*

**Tom Cropper, CEO**



*"Praetura have supported the business through thick and thin, often using their own team to support when we have had knowledge and resource gaps. There is no doubt that we would have struggled to scale to plan if they had not been involved."*

**Bill Tannahill, CEO**



*"The management team at LCC were keen to work with Praetura because we were extremely impressed by the business acumen of Praetura's leadership, who clearly also believe in the business case and potential for the company to succeed."*

**Paul Colbon, CEO**



*"Praetura is a highly supportive and progressive investment partner, enabling our team to build a strong and sustainable platform for growth as a niche funder in the market. We work closely together and have the freedom to realise our vision, ensuring that SMEs gain the transformational funding they need to realise their potential."*

**Lisa Wood, Managing Director**



*"Praetura just 'get it'. They saw the opportunity, arranged pre-IPO funding and then listed the business which allowed us to pursue our buy and build strategy and create significant shareholder value. Along the way, Praetura have filled CFO, NED, Commercial Development and Chairman roles... They've really gone the extra mile for us."*

**Paul Connor, CFO**



*"Praetura have been an incredible backer for the business. They supported me at the start and added value from inception through to the MBO. They've got stuck in and provided an invaluable sounding board as we've overcome the challenges of a fast growth company. Mike Fletcher, in particular, has been instrumental in helping to guide me and the business as we've grown."*

**Danny Driscoll, CEO**



# The Praetura 2020 EIS Fund ●

*"Praetura Ventures' due diligence process is well-defined and its investee company analysis appears thorough with a good level of checks and balances in place before an investment is made which should provide investors with a level of comfort"*

**Head of Research – MICAP**



*"For us, it was very important to find the right investors for Dr Fertility. In Praetura, we have found a team of like-minded people who add a lot of value beyond investment in terms of their experience, expertise, support and network."*

**Kobi McCardle, Co-Founder**



**Dr. Fertility**





**More  
than  
money •**

## What is “The Fund”?

The Praetura EIS 2020 Fund (the Fund) will provide investors with access to a unique selection of innovative growth companies that have an established proof-of-concept and commercial viability. It is intended for investors who want to achieve capital growth (rather than income) by investing in early-stage, unquoted companies which have the potential to increase in value significantly.

Enterprise Investment Schemes were introduced by the Government via the Finance Act 1994. Investors will be able to claim EIS reliefs with a taxable date matching the date the funds are invested into the underlying investee companies. The Manager will aim to invest 75% of the funds by the 5th April 2020 with the remaining 25% to be invested in the early part of the following tax year.

Praetura invests on behalf of Investors whereby the Investors are the beneficial owners of the shares in the Investee Companies. Each Investor will have an account administered by our Nominee with the Nominee being the registered holder.

The Fund is an Alternative Investment Fund (AIF) for the purposes of the Alternative Investment Fund Managers Directive (AIFMD). The Praetura EIS 2020 Fund is not a distinct legal fund and is not considered to be a collective investment scheme as defined in section 235 of the FS&MA. The Fund Manager is authorised to act as a manager of AIFs.

EIS introduced via the  
Finance Act 1994



HM Revenue  
& Customs

Investments will range from  
£500k to £2 million



Targeting return of  
2x capital

Seeking to raise up  
to £10 million



Deployment across  
6 - 8 companies

## Key Facts

We will make selective investments in early-stage companies with high growth potential. The Fund will have a geographical bias towards the North of England, targeting a return of 2x return on capital from a diverse portfolio of innovative ventures.

<b>Fund Manager</b>	Praetura Ventures Limited
<b>Fund Type</b>	Closed-Ended
<b>Fund Cap</b>	£10 million
<b>Closing Date</b>	The earlier of: 31st January 2020 or Fund cap reached
<b>Minimum Subscription</b>	£25,000
<b>HMRC Status</b>	HMRC Unapproved Fund
<b>Capital Deployment Horizon</b>	Targeting 75% by 5th of April 2020 remaining 25% after 6 months
<b>Investment Focus</b>	Early-stage businesses with potential for high growth and scalability
<b>Geographical Focus</b>	Predominantly North of England
<b>Exit Aspirations</b>	5-7 years
<b>Investment Quantum</b>	£500k - £2m
<b>Target Returns</b>	2x return on capital
<b>Solicitors</b>	Gateleys
<b>Tax Advisers</b>	KPMG
<b>EIS Advisers</b>	Phillip Hare & Associates
<b>Custodian</b>	The Share Centre Limited

# How do we invest? •

## Investment Criteria Summary



### Approach

Praetura backs exceptional teams with scalable models in exciting markets where we, as a partner, can add more than money.

### The Fund will invest:

- **Startup capital** as a co-founder of an accelerated start-up
- **Seed capital** to a business seeking to commercialise a product
- **Development capital** to businesses seeking to accelerate their growth or build out their tech platform



### Sectors

Praetura focuses on early-stage investment into businesses which operate in growing sectors that are closely aligned with the centres of excellence in the North. We invest in businesses which are enabled by innovative uses of technology or intellectual property.

### Areas of focus for Praetura include:

- **Creative, Digital & Tech**
- **Financial, Professional & Business Services**
- **Energy & Environment**
- **Advanced Manufacturing**
- **Health & Life Sciences**



### Investment

Praetura evaluate opportunities that are seeking an investment partner to provide capital of between £500k - £2m.

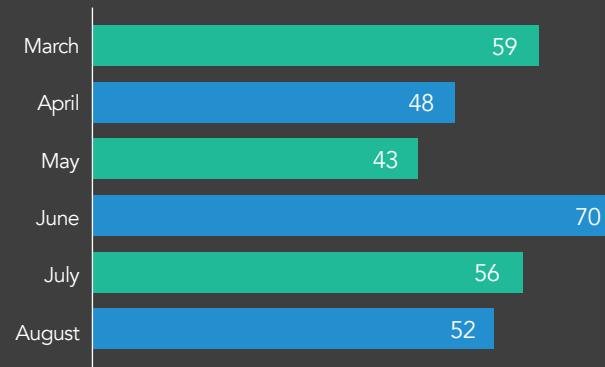
### We assess opportunities on the following foundations:

- **Management**
- **Market**
- **Model**
- **Momentum**
- Our ability to provide **'More than Money'**

### Where Do Opportunities Come From?

We have a strong pipeline of investment opportunities which we continually assess, in addition to regularly receiving over 50 new opportunities a month. The majority of the new opportunities we receive are from our network of advisers and our underlying investors.

Number of new qualified investment opportunities received each month



# Our Approach



## Our Investment Strategy •

### Management

We back high calibre, entrepreneurial teams who demonstrate they can execute their plan. We look for teams who can effectively manage rapid growth and adapt to challenges. By working in close partnership with management, we aim to deliver optimum value for stakeholders.

### Market

We invest in companies who can thrive in their market. We are looking for attractive niches within existing markets or opportunities to be a first mover in a new market segment. Areas of focus include; Creative, Digital & Tech, Financial, Professional & Business Services, Energy & Environment, Advanced Manufacturing and Health & Life Sciences.

### Model

We fund businesses that show a clear understanding and evidence of customer need and acquisition strategy. We value well defined sales strategies which deliver recurring revenue, high margins and operational leverage, but without a significant working capital barrier to scale. These desirable attributes are often enabled by innovative uses of technology or I.P.

### Momentum

We back management teams who can demonstrate they have made tangible progress to date. We will support early-stage businesses pre-revenue, providing that the team can demonstrate product-market fit and has developed a qualified pipeline of clients which proves that commercialising the product or service is viable.

**At Praetura, we aim to provide **more than money** •**

**We look for ways we can add significant value through our team's skillset, network and experience.**

**Determining whether we can add value and help shape a company's growth is critical when we decide where to invest, as it helps to reduce the risk inherent in early-stage investing.**

**Unless we can add more than money, Praetura Ventures will not invest in a company.**


## Assessing Management

A key focus of our evolution of a business is centered on the management. We assess the teams' background and business acumen. It is essential that the teams we back have alignment with Praetura's culture and ethos in order for us to work collaboratively and effectively.

We often see teams where the CEO is expected to run the business and also act as sales director and operations director. We also see investment opportunities that do not anticipate forming a viable finance function post-investment.

In these scenarios, we will identify the required roles, and if we are to proceed, we will ensure that sufficient investment is injected to allow these roles to be filled rapidly following investment. Historically, on occasions when we have not done this, the business inevitably struggled to meet its potential.

It is a formal requirement for all businesses receiving investment from the Fund to have in place a sufficiently qualified Finance Director, or similar.



**At Praetura, we prefer to invest more capital to develop the team, as opposed to backing a team with less money where critical roles are unfilled.**

## Assessing Momentum

When evaluating opportunities for the Fund, Praetura will spend considerable time and resources on evaluating the momentum of the business. We are looking for tangible evidence of new contracts, a pipeline of opportunities and progress within the business' people, processes and operations.

Accordingly, we will often utilise external due diligence to undertake customer referencing, pipeline evaluation and the tech stack of a business.



## Commercial Diligence

We engage a third-party specialist to undertake an assessment of the market opportunity and competition along with customer referencing. This provides essential feedback on the business momentum and additional insight on the management team.



## Technical Diligence

A high growth business will typically have a technological element to their business. We have a panel of technology diligence providers who we use to provide an independent assessment of the technology, its ability to scale in line with the business plan along with the policies, procedures and controls in place in relation to the underlying technology.

## Assessing the Market

We are looking for attractive niches within existing markets or opportunities to be a first mover in a new market segment.

We are sector-agnostic in terms of our approach, however we do have an alignment towards certain sectors where we can see the potential for high growth, dynamic and disruptive opportunities emerging.

We have a bias towards sectors in which the North has a comparative depth of experience, talent and expertise.



## Creative, Digital & Tech

The North is renowned for its culture and creativity in media and technology. It was the birthplace of the first stored-program computer and is home to the BBC, ITV and Channel 4. The region has world-class facilities providing the infrastructure and ecosystem to support the growing number of the businesses in this sector.

Technology is disrupting many industries and is changing our future. Artificial Intelligence is shaping the future of how companies drive value from their business data. Praetura's experience in this sector through investments in data-rich companies and Artificial Intelligence specialists ensures that we are at its forefront.



### Financial, Professional & Business Services

We recognise that these sectors will be particularly disrupted by technology. We are seeking to back innovative companies and those that have proven an ability to create significant value and embed themselves within the infrastructure of processes of their clients. When assessing these opportunities we are looking for deep integration within client operations that create a reliable, recurring revenue stream.

Praetura has a natural affinity for this industry given previous successful investments.



### Energy & Environment

This sector receives global focus due to the wide number of political, economic and environmental factors demand which is driving vast investment into the market. The recent increased focus on environmental issues such as air quality and plastics coupled with increased demand will continue to drive innovation in this sector.

We recognise the significance of this sector and opportunities that are emerging from what is a trillion dollar global market.



### Advanced Manufacturing

The North region is one of the UK's largest manufacturing and advanced engineering clusters. Its talent, innovation and access to market are why businesses like BAE Systems, Cargill, Jacobs Engineering, Unilever and Siemens have such a sizeable presence here.

Leading innovation, such as the discovery of graphene, has led to increased public investment into advanced manufacturing in the region, making it an attractive focus area for Praetura.



### Health & Life Sciences

The North is a hub for health and life sciences and has a number of centres of excellence, providing a significant opportunity for Praetura.

Deals within this sector should still follow a commercialisation strategy that allows the business to generate recurring revenue and create operational leverage opportunities.

## Assessing the Model

Successful business models demonstrate the potential for significant scale. There are indicative attributes of a model which we believe will contribute to the successful acceleration of any growth within a business.

Repeatable  
Product

Minimal  
Working  
Capital

Operational  
Leverage

High  
Margin

Recurring  
Revenue



Companies that we backed in the Praetura 2019 EIS Fund, that demonstrates these traits;



Dr.Fertility

Founded by Dr Lucy Buckley, PhD and Kobi McCardle in June 2018, Dr Fertility was created to address the problem of conflicting, unreliable information about fertility.

There is a large market opportunity as infertility is an issue affecting 1 in 7 couples in the UK with no dedicated central point for support and guidance. Both founders are incredibly passionate about the market and we believe that they have the ambition and drive to deliver their business plan.



Steamaco is an energy-tech business providing hardware and software to energy companies operating mini-grids in emerging markets, mainly in Africa and India. The business is based in Manchester and generates revenue through the sale of hardware (energy meters) and a SaaS operating platform.

Steamaco is addressing a large potential market of up to 1 billion homes in Africa. We like the model as once Steamaco's meters are installed, they provide long term sticky revenue.



LCC is a specialist Contract Research Organisation (CRO) that develops chemical building blocks (chiral components), which are utilised by biopharma companies in order to develop new drug compounds.

The LCC process is highly efficient and allows Biopharma companies to create new drugs in a more cost effective manner. This creates defensible IP for the business and provides the potential for LCC to become a highly valuable strategic asset for which a high exit valuation could be achieved.



Futr is a natural language chatbot business based in London. The technology can seamlessly move across voice (e.g. Alexa, Siri) through to messaging (e.g. Whatsapp, Facebook messaging) in over 104 languages.

Futr stood out as an investment opportunity due to the range of solutions the Futr chatbots can provide across both the public and private sectors. The addressable market is therefore significant. The architecture of the Futr chatbot means that it is easy to integrate and ship, which allows the company to develop a range of out-of-the-box chatbots that can be deployed across many clients very quickly.



Sorted is based in Manchester and was founded in 2013. The business, formerly known as MPD Group, is transforming delivery and logistics for some of the biggest names in eCommerce.

Sorted is an agile and data-driven delivery software business. The technology is powering dynamic checkouts, delivery management and delivery tracking around the world. Through partnerships with some of the biggest global carriers and customer-obsessed retailers, it aims to transform the delivery experience.



Peak is a Manchester based Artificial Intelligence company that has created an Artificial Intelligence System (AIS) which sits at the heart of a business, using machine learning algorithms to convert data into actionable insights to improve sales, reduce costs and drive higher profitability. The Peak system can be implemented alongside existing systems, with data being ingested quickly and at great scale.

## What is the Investment Process? •

**1** We assess every lead we receive against our investment criteria. This normally involves a desktop review, followed by meetings or short calls with management as required.

We quickly decline opportunities that don't match our strategy. If we decide to turn down a lead, we inform management and provide honest feedback. In some instances, we agree to stay in touch to see if a deal can be struck at a later date, or put them in touch with an alternative investor.

**2**  
Evaluate

Each opportunity is reviewed in respect of our core criteria: Management, Model, Market, Momentum, and Money (the 5Ms).

We assess each opportunity against each of the 5Ms to determine its suitability as an investment. The Investments Team then focuses future work on key risk areas identified during the evaluation phase.

**Venture  
Partner  
feedback**



We engage with our Venture Partner network to request insights and intelligence on any opportunity we are progressing through to the Proposal stage of our evaluation

**We produce a full Investment Proposal for the Investment Committee, including an in-depth analysis of each of the 5Ms.**

Prior to submission to the Investment Committee, the proposal is assessed, refined and approved by the entire Investments Team and relevant members of the portfolio team. The proposal identifies the critical factors for further diligence, and key risks and critical success factors. It also highlights the proposed deal, including all key terms which differ from our 'house standard'.

**3**  
Proposal

**4**

**Our Offers include in-house standard key terms and conditions which are only amended with Investment Committee approval.**

The Offer will include an explanation of the due diligence process to be followed in order to complete the transaction. The Investment Committee provide delegated authority to one of the Investment Committee Members to negotiate and agree a deal within acceptable parameters.

# 5

**Diligence is coordinated by the transaction team. All engagements are subject to detailed scoping based upon the Investment Proposal and Investment Committee Minutes.**

Our diligence predominantly focuses on commercial aspects and will usually involve externally commissioned customer referencing and technology diligence. Financial diligence is often conducted internally. Legal diligence, focusing on contracts and intellectual property, is undertaken by our partner legal providers.

# 6

**Legal documents are agreed and finalised in line with the agreed Offer.**

We have standard legal agreements which we use on the majority of our investments. Once the Articles are finalised, the Company will submit their EIS Advanced Assurance application.

We structure deals to ensure alignment of interest between investors and management teams. We include prior return mechanisms on the majority of our investments to limit downside risk. We also seek to provide incentive 'ratchets' to management such that they can achieve their personal goals once, we as the investor, have achieved a return in line with the risk inherent with the investment.



# 7

**Prior to completion, a Deal Summary is produced and submitted to the Investment Committee.**

This includes:

- a summary of diligence outcomes
- details of any bespoke or amended legal terms
- confirmation of EIS Advance Assurance received
- details of the 100 day post investment plan

The Investment Committee approves the transaction and we proceed to completion.

# 8

Once a deal is completed, all investors are sent a Completion Memorandum document which provides an overview of the company and rationale for the investment.



## Investment Committee

Praetura ensures that there are effective governance structures with appropriate systems and controls to adhere to ethical and regulatory standards.

The Investment Committee are empowered to independently oversee and manage various controls across the business. Each committee is responsible for ensuring effective systems and controls, processes and operational practises are in place to accomplish their objective proficiently.

### Permanent Investment Committee Members (PICM)

- Mike Fletcher
- David Foreman
- Peadar O'Reilly
- Rob Memmott

### Invitee Investment Committee Members (IICM)

- Any Praetura Ventures Operational Board Member
- Danny Summers
- Darren Carter (NED)
- David Moore (NED)
- Jonathan Brown (NED)

At Praetura, the Investment Committee has a wealth of venture investment experience, and will challenge the transaction team on the Investment Proposal, risk areas, transaction structure and proposed diligence streams in the committee meeting.

Investment Committee members are independent, and not part of the investment opportunity team for the deal in question. A Chairman is appointed from the PICM for each Committee.

### Decisions and Minutes

All Investment Proposals and Investment Committee minutes are made available to everyone at Praetura, so that the entire team can understand Investment Committee decisions and their rationale.

## Conflicts of Interest

Praetura has a Conflicts of Interest policy in place that sets out how conflicts are managed and the circumstances in which they are escalated to the Conflicts Committee. Circumstances may arise where the interests of investors, the Fund or those of Praetura may conflict with the interests of other investors, other funds managed by Praetura Ventures, those of Praetura Ventures itself, or with another member of the Praetura group of companies.

The key responsibility of the Conflicts Committee is to operate in an independent, transparent and impartial manner to ensure all investors are treated fairly. Examples of conflicts which may arise are but not limited to:

- One of our employees is involved in the management of an investee company that we intend to invest in
- One of our employees is also a Director or partner of an investee company that we intend to invest in
- One of our investors is connected to an investee company through directorship
- Investment business is transacted for other clients who are not invested in the Fund
- A transaction which may be more beneficial to one fund managed by Praetura than another fund or investment vehicle.
- Decisions made by Praetura that may be more beneficial for certain investors than for others.

Upon identification of a potential conflict, the Conflicts Committee will evaluate the effects on all parties and should the consequences of a transaction or investment be to the detriment of an investor, other funds we manage or Praetura itself then we may decline to progress such course of action.

All potential or identified conflicts will be diligently documented on a formal index along with records of the communications undertaken and any subsequent actions the Committee were required to take. All efforts will be made by the Committee to mitigate any arising conflicts and provide appropriate guidance to the Investment Committee and Senior Management of Praetura on the conduct advisable.

In making decisions, we consider the investment objectives of the Fund as a whole, not the individual investment objectives of a specific investor who may or may not be an investor in the Fund. Such circumstances may result in us offering the affected investor a co-investment opportunity which would potentially result in the interests of the Fund and those of the affected investor subsequently aligning.

**Praetura has an established Conflicts Committee who work independently to all the other committees including the Investment Committee to carefully assess each investment transaction for any potential conflicts of interests. The responsibilities include recording these appropriately and taking appropriate action to advise affected parties of any identified conflict and to highlight any associations to the Risk and Governance Committee.**

## What Happens Post Investment?

Once Praetura has invested in a business, we work closely with the management team to deliver and execute the growth strategy.

### Board Representation

On investment, Praetura will typically be granted the right to appoint an Investor Director to the Board of the investee company, as well as being able to attend Board meetings as a non-voting Observer.

The Investor Director is a statutory Director of the business and is the primary point of contact between Praetura and the Company. Accordingly, the Investor Director will be in contact with the management team on a regular basis and is often actively involved in the business on a more regular basis than simply attending Board meetings.

The Investor Director will be chosen for their 'fit' with the company and their ability to bring additional value to the business as it seeks to rapidly scale.

### Wider Group Resource

The Observer role allows any Praetura employee to attend Board meetings in a non-voting capacity. We use this role to introduce members of the wider Praetura team to the business where they can add value on specific or ad-hoc projects or can provide additional experience, guidance, support or oversight to the business.





## Information Provided •

As part of our Investment Agreement, Praetura requires all companies to provide certain information.

### This information includes:

- Board packs
- Budgets and reforecasts
- Management accounts
- KPIs agreed with company prior to investment
- 13 week cashflow forecasts
- CEO and CFO monthly reports

### Praetura Reporting Platform

Praetura has worked with our portfolio company, Peak, to create a bespoke reporting portal for all portfolio company information.

Portfolio companies are required to upload all budgets and forecasts, monthly financial performance and all board information via the portal.

Management accounts are uploaded in a standardised Trial Balance format and the portal automatically produces management accounts and analysis against forecasts. The system also tracks all KPIs for the business, both mandatory ones specified by Praetura and any other KPIs the management team may wish to track.

In addition, we ask each management team to fill in standardised monthly questionnaires which focus on identifying areas of concern, operational highlights and areas in which Praetura may be able to better assist the company to scale.

Once information is provided into the Praetura Reporting Portal, we provide all investee companies with access to data visualisation and reporting tools to integrate within their business and reporting suite. Our reporting suite helps early-stage businesses achieve a high level of reporting capability and, in addition, the use of the Praetura Reporting Platform provides each business with an auto-populated financial data-room as and when the business is seeking an exit or further injection of capital.

By utilising the platform across the portfolio, we are able to monitor progress, assess risk and analyse performance on an individual and portfolio basis. This enables Praetura to make better use of internal resources, focusing on supporting underperforming businesses and accelerating, where possible, the growth of the best performing businesses.

In addition, the portal allows us to perform our financial analysis of the businesses within the portfolio intra-month; meaning that the Board meetings can be more focused on strategy and execution as opposed to just understanding financial performance.

## Measurement

Once portfolio companies have uploaded their data, we evaluate their performance based on 2 key metrics.

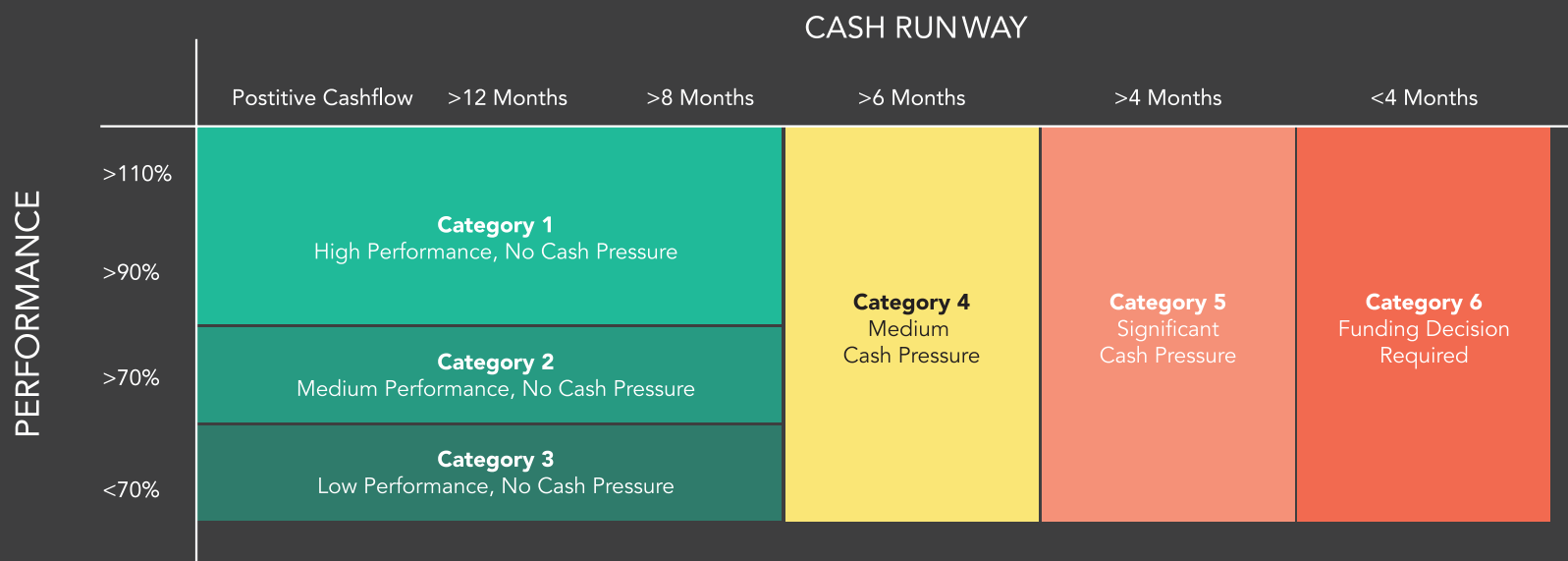
### Actual vs Target

- This is performance analysed to the variance between a chosen metric and the budget provided
- We will choose a metric that is best suited to the company such as revenue, EBITDA, development costs or employment costs

### Cash Runway

- This is how many months of cash a company has left
- Cash runway is calculated as cash at bank divided by monthly average cash burn, adjusted for one time payments

- All companies will be placed in the performance matrix depending on their performance vs budget and cash runaway
- The grading will be visible to both Praetura and the Investment Company via internal reporting tools
- We will be able to track and visualise company performance over time using the grading matrix



## Exit Strategies

Praetura's mission is to develop SMEs to a position where an exit can be achieved to any potential purchaser, including:

- Trade Sale
- Private Equity
- Public Market Listing

Our objective is to work with the Investee Companies throughout the life of the investment period in order to ensure that it is sufficiently developed from a financial and governance perspective so as to be able to credibly achieve any of these exit routes.

We map out a route to exit for every portfolio company and we track outcomes against key milestones during our portfolio monitoring processes. The exit strategy for each company will vary, however the target timeline for exit will be 5-7 years.

In order to maximise value, timing and conditions, we continually assess key areas of the business from making the investment through to disposal.





# Subscribing to the Fund ●

*"The management team at LCC were keen to work with Praetura because we were extremely impressed by the business acumen of Praetura's leadership, who clearly also believe in the business case and potential for the company to succeed."*

**Paul Colbon, CEO**



*"Praetura will help you like no other investor. With a genuine passion for you to succeed, they will go above and beyond to support, nurture and drive you to success without being intrusive. With a great contact network, they can get where water can't and they also know how to have fun along the way."*

**David Grimes, CEO**





**More  
than  
money •**

## What is the Application Process?

Investing with us is simple, transparent and efficient.



## Application

- ✓ Read our Fund literature
- ✓ Complete an application



## Subscription

- ✓ Deposit Subscription Amounts via bank transfer or cheque
- ✓ Investor portal will be updated with subscription details



## Account

- ✓ We will confirm acceptance of your application
- ✓ We will create your Investor account
- ✓ You will be given access to your personalised Investor Portal

## Fund Closed



## Tax Relief

- ✓ EIS3 Certificates will be made available on line after each trade, once received from HMRC
- ✓ Certificates will also be posted to investors bi-annually
- ✓ Certificates can be filed with tax returns



## Investment

- ✓ 75% of funds are invested by the 5th of April 2020. The remaining 25% will be invested within 6 months of Fund closing
- ✓ Investments will be made across 6 - 8 EIS qualifying investee companies



## Monitor

- ✓ We will actively monitor and work with the Investee Companies
- ✓ You can review your investments and our portfolio monitoring reports online via the Investor Portal

## What tax reliefs are available? •

- 30% income tax relief
- CGT free gains
- Up to 45% Income tax relief on losses
- CGT deferral available
- Inheritance Tax Relief qualifying

### Income Tax Relief

Investors can obtain income tax relief up to a maximum of 30% on the amount invested in EIS Qualifying Companies. The claimable amount is capped at £1,000,000 p.a. with a further £1,000,000 available for investment into knowledge intensive companies for the 2019/20 tax year. This equates to a maximum relief of £600,000 and is limited to the investor's tax liability in the tax year in which the funds are invested into each individual investee company. Shares must be held for at least three years from the date of issue or the tax relief will be withdrawn.

### Capital Gains Tax Exemption

Investors are exempt from Capital Gains Tax realised on the disposal of EIS-qualifying shares providing the shares were held for at least three years and initial Income Tax Relief has been awarded but not withdrawn.



#### Inheritance Tax Relief

Under Business Property Relief, shares which have been held for at least two years may qualify for 100% Inheritance Tax Relief providing the shares are in a trading company and are still owned at the date of death. No upper limit is applied to the claimable amount of Inheritance Tax Relief.

#### Capital Gains Tax Deferral

Capital Gains Tax due from the disposal of any asset can be deferred by the investor through the re-investment of the chargeable gain into EIS qualifying shares. The amount of gains which can be deferred is limitless and investors may benefit from this relief providing the EIS-qualifying investment must be made within one year preceding the date the gain arose or three years after. The period of deferral expires at the earlier of when the shares are disposed of or the investee company ceases to qualify.

#### Loss Relief

If shares are disposed of at a loss, the investor can elect that the amount of the loss, less Income Tax relief given, can be set against income of the year in which they were disposed or, on income of the previous year instead of being set off against any capital gains.

#### Claiming Tax Relief

Investors will be able to claim tax relief with an effective date matching the date the funds are invested into the individual investee companies. It is the Fund Manager's intention to invest 75% of the funds in the 19/20 tax year with the remaining 25% to be invested during the following six months. In order to claim the reliefs, the Fund Manager will provide all investors, via the Praetura Ventures client portal, an EIS3 certificate in respect of each investment completed.

Further detail on EIS tax reliefs are provided within the Appendices

## What are the fees and charges? •

### Praetura Ventures Charges

Fee	Individual Investor	Advised Client	Venture Partner	Description
Initial Charge	2.5%	1.0%	1.0%	An initial fee, as a % of Subscription Amount, will be charged by Praetura on acceptance into the Fund. This fee is to cover all initial legal, professional and transaction costs.
Annual Management Charge	2.0%	1.5%	1.5%	An annual management charge (AMC), as a % of the Subscription Amount, will be charged and taken one year in advance for each year of the life of the Fund. This fee is to cover ongoing management of the portfolio and the costs of administering the Fund. In circumstances where there are insufficient monies available to meet the AMC, these will roll up and will be deducted at a later date when sufficient monies are available from the sale of shares in portfolio businesses.
Performance Fee	20% of profits above a hurdle of 120% of Subscription Amount			In order to align interests between the Fund Manager and the investor, Praetura will be entitled to a performance fee of 20% of the profits above the hurdle rate of 120% of the Subscription Amount.

## Adviser & Custodian Charges

Fees	Individual Investor	Advised Client	Venture Partner	Description
Adviser Initial Charge	n/a	Up to 1.5%	Up to 1.5%	For advised clients only, if an Investor requests that a payment is made to their financial adviser or intermediary for advice received, this will be deducted from the Investor's Subscription Amount.
Adviser AMC	n/a	Up to 0.5% for 4 years		For advised clients only, if an Investor requests that a payment is made to their financial adviser or intermediary for advice received, this will be deducted from the Investor's account and paid to the Adviser.
Annual Custodian Fees	£75 per annum, charged quarterly			An annual fee of £75 is charged quarterly in arrears which covers all custodian and administration duties. In addition there may be peripheral fees payable by the investor in accordance with the current 'The Share Centre' tariff. Interest on uninvested cash is paid (gross) by the custodian at 2% below Bank of Scotland base rate.
Custodian Dealing Charge	0.35% of monies paid by Investors on sale of shares			A 0.35% charge paid to the custodian by the investor upon each sale of shares in Investee Companies.

All fees and charges are subject to VAT

## Illustrative Example •

### Example Fees

	Individual Investor	Advised Client	Venture Partner
<b>Subscription Amount</b>	<b>£100,000</b>	<b>£100,000</b>	<b>£250,000</b>
Initial Charge	(£2,500)	(£1,000)	(£2,500)
Annual Management Charge ("AMC")	(£2,000)	(£1,500)	(£3,750)
Annual Custodian Fee	(£75)	(£75)	(£75)
<b>Maximum Available for Investment Into Companies</b>	<b>£95,425</b>	<b>£97,425</b>	<b>£243,675</b>
Adviser Initial Charge (If Applicable)	-	(£1,500)	(£3,750)
Adviser AMC (If Applicable)	-	(£500)	(£1,250)
<b>Maximum Available for Investment into Companies (Post Optional Charges)</b>	<b>£95,425</b>	<b>£95,425</b>	<b>£238,675</b>
<b>Minimum Investment into Companies</b>	<b>£90,000</b>	<b>£90,000</b>	<b>£225,000</b>

Praetura Ventures commit to invest a minimum of 90% of an Investor's Subscription Amount into EIS Qualifying Companies, with a maximum investment into EIS Qualifying Companies of c. 95%. The exact amount invested will be confirmed once the Fund is fully invested and is subject to the amounts required by each investment made by the Fund.

Investors should note that the EIS relief available will be determined by the net amount invested into EIS Qualifying Companies and not by the Subscription Amount. Accordingly, Investors will not receive 30% of Subscription Amount in respect of EIS relief.

To the extent that an Investor's funds remain uninvested (but above the 90% minimum), Praetura Ventures will use these funds to pay ongoing Fund charges such as the Annual Management Charges and Annual Custodian Fees.

## EIS Scenarios

Performance	2x Value	1x Value	Loses all value
Total Investment	£100,000	£100,000	£100,000
Net Investment*	95,000	95,000	£95,000
Less: Income Tax Relief	(28,500)	(£28,500)	(£28,500)
Net Cost of Investment	71,500	£71,500	£71,500

Performance	2x Value	1x Value	Loses all value
Sale of Shares	£ 190,000	£95,000	£-
Less: Net Cost of Investment	(£71,500)	(£71,500)	(£71,500)
Total Gain / (Loss)	£118,500	£23,500	(£71,500)
Capital Gains Tax*	£-	£-	£-
Loss Relief**	£-	£-	£32,175
Net Gain / Loss	£118,500	£23,500	(£39,325)
<b>Percentage Gain / (Loss)</b>	<b>166%</b>	<b>33%</b>	<b>(39.3)%</b>

\* This assumes that 95% of the initial investment is invested into the underlying investee businesses. It is assumed that charges amounting to 5% of the initial investment are deducted from the initial investment amount prior to investment into the underlying investee companies.

\*\* Loss relief is assumed to be available at 45%.

\*\*\* No capital gains is paid as long as the shares are held for a minimum of 3 years.

## What happens post subscription? •

### Praetura is committed to making investment reporting open, timely and transparent

#### Overview

We ensure that all of the communications that advisers and investors receive from Praetura Ventures is clear, accurate, concise and informative.

We share as much information with investors as we can, to provide a realistic perspective of the performance of their portfolio.

This includes sharing our investment thesis, so investors and advisers can understand why we have made an investment.

We want to encourage investors and advisers to ask questions and to understand why portfolio companies are exceeding expectations or failing to meet their targets.

Accordingly, we provide all investors with the opportunity to meet with us or join investor conference calls throughout each year.

We are committed to providing honest updates on our portfolio companies.

#### Communication Timeline

All Investors will receive detailed, bi-annual updates on the companies in the Praetura 2020 EIS Portfolio. These are provided in October and April of each year. The April report focuses on financial performance and valuations of the portfolio, whereas the October report focuses more on operational and strategic developments of the companies.

Investors can join conference calls following each bi-annual update so they can ask direct questions to Praetura's management and investment and portfolio teams.

Investors will also receive ad-hoc updates when each of the following happens:

- Fund Closes
- Investment has been made
- Company Exit
- Fund Ends

## Investor Communications Matrix

Communication	Description	Investors	Venture Partners
Fund Closed	Welcome letter informing investors of communications timeline (after fund close)	●	●
Investment Announcement	Includes a Completion Memorandum summarising the transaction and press announcement	●	●
Request for Information	Request for information on a pipeline company, with summary and attached pitch deck		●
Co-investment Invitation	Invitation for Venture Partners to go overweight on a deal that may interest them		●
Financial Performance (Last week of April)	Full, in-depth report on financial performance of portfolio	●	●
Fund Investment	Notice explaining final value of EIS investments	●	●
Company Overview (Last week of October)	Portfolio company profiles and background interviews with founders	●	●
Company Exit	Information pertaining to a successful exit or collapse of a portfolio company	●	●

## Completion Memorandum

Following completion of a deal, we send investment announcements to every investor. These investment announcements contain everything an investor might want to know about the trade, including:

- Company background
- Brief management team biographies
- Deal terms
- Why we like the company

We include a transaction memorandum as part of every investment announcement. These include detailed insights into our investment theses, as well as data on the company's financial performance, critical success factors and key risks.

News of our investments reaches Venture Partners earlier, when they receive their invitation to co-invest. Venture Partners can also request further details, such as investment committee proposals.

## The Praetura Investor Portal

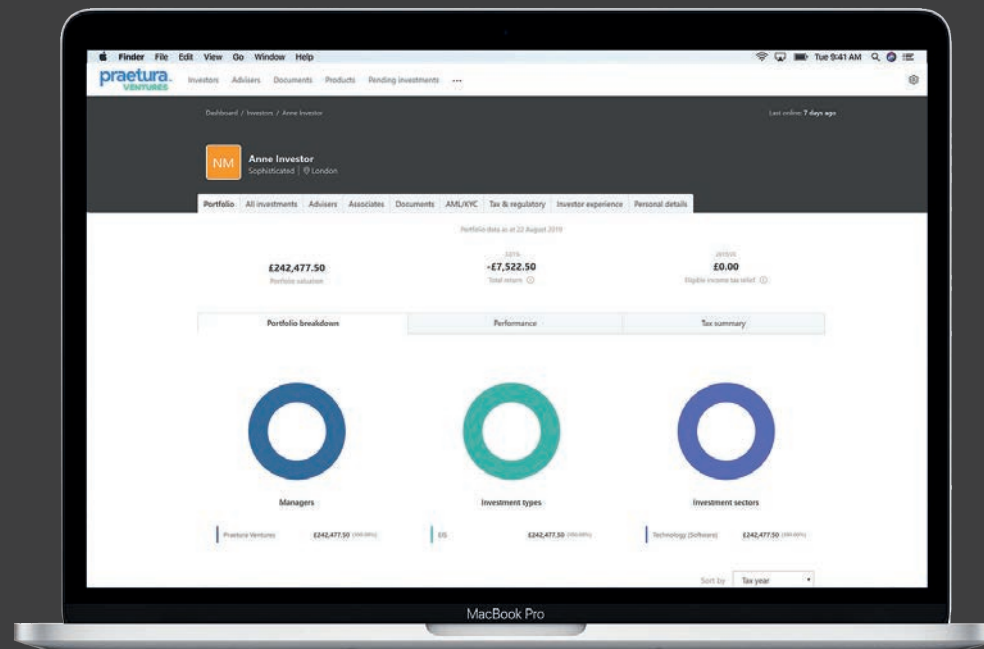
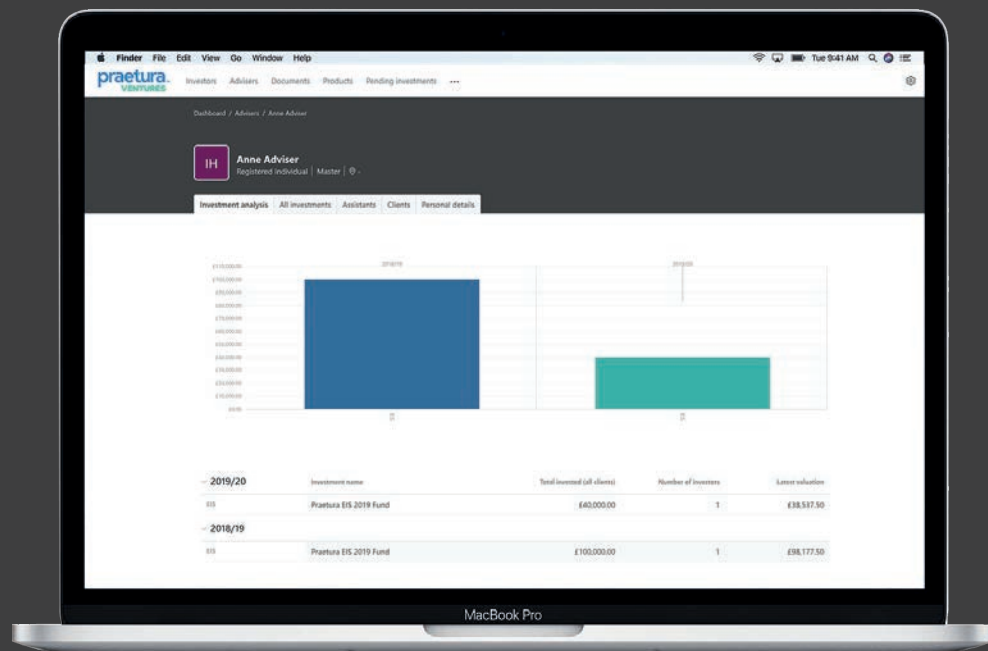
Every investor in the Praetura 2020 EIS Fund gets access to the Praetura Investor Portal.

The Praetura Investor Portal is a web-based platform that enables investors (and their associates) to monitor their Praetura portfolio online.

It provides interactive, 24/7 access to deal details, including % ownership of the Fund, last share price of each portfolio company, and digital storage of important documents that relate to the fund.

## Using the Portal

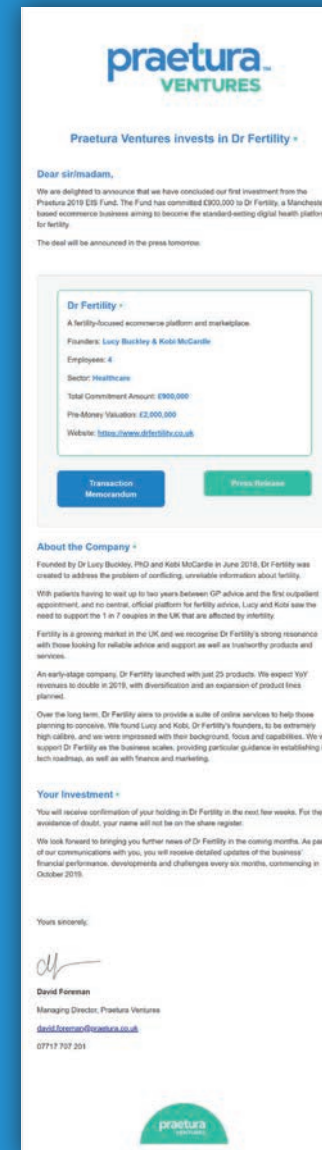
The Praetura Investor Portal is designed to be simple and easy-to-use. The screenshots below highlight what an investor might see when they log in.



## Deal Announcement

Once a deal has been completed all investors into the fund will receive:

- A detailed factsheet and summary of the Investee Company
- The press release and the transaction memorandum for more in-depth information into the Investee Company
- A link to our Investor Portal, for Investors to view their investments and portfolio details, and also add third parties acting on their behalf, i.e. accountants, advisers



**praetura VENTURES**  
Investment Management

**Praetura Ventures invests in Dr Fertility**

Dear sirmadam,

We are delighted to announce that we have concluded our first investment from the Praetura 2019 ES Fund. The Fund has committed £300,000 to Dr Fertility, a Manchester-based ecommerce business aiming to become the standard-setting digital health platform for fertility.

The deal will be announced in the press tomorrow.

**Dr Fertility**

A fertility-focused ecommerce platform and marketplace.

Founders: Lucy Buckley & Kobi McCardle

Employees: 4

Sector: Healthcare

Total Commitment Amount: £300,000

Pre-Money Valuation: £2,500,000

Website: <https://www.dr-fertility.co.uk>

[Transaction Memorandum](#) [Press Release](#)

**About the Company**

Founded by Dr Lucy Buckley, PhD and Kobi McCardle in June 2018, Dr Fertility was created to address the problem of conflicting, unreliable information about fertility.

With patients having to wait up to two years between GP advice and the first outpatient appointment, and no central, official platform for fertility advice, Lucy and Kobi saw the need to support the 1 in 7 couples in the UK that are affected by infertility.

Fertility is a growing market in the UK and we recognise Dr Fertility's strong resonance with those looking for reliable advice and support as well as trustworthy products and services.

An early-stage company, Dr Fertility launched with just 25 products. We expect YoY revenues to double in 2019, with diversification and an expansion of product lines planned.


Over the long term, Dr Fertility aims to provide a suite of online services to help those planning to conceive. We found Lucy and Kobi, Dr Fertility's founders, to be extremely high calibre, and we were impressed with their background, focus and capabilities. We will support Dr Fertility as the business scales, providing particular guidance in establishing its tech stack(s), as well as with finance and marketing.


**Your Investment**

You will receive confirmation of your holding in Dr Fertility in the next few weeks. For the avoidance of doubt, your name will not be on the share register.

We look forward to bringing you further news of Dr Fertility in the coming months. As part of our communications with you, you will receive detailed updates of the business' financial performance, developments and challenges every six months, commencing in October 2019.

Yours sincerely,

  
**David Foreman**  
Managing Director, Praetura Ventures  
[david.foreman@praetura.co.uk](mailto:david.foreman@praetura.co.uk)  
07717 707 251



**praetura**  
VENTURES

**Co-investment Opportunities**

**Dear sirmadam,**

We would like to introduce two new co-investment opportunities. As a Venture Partner, you have the option to invest alongside the Praetura 2019 EIS Fund, on the same terms, in deals that may interest you.

You also have the opportunity to become more involved, potentially as an Investment Director on behalf of Praetura, should your skill-set match the requirements of the business.

Investment Overviews are available to download via the blue button. To request a copy of the more detailed Investment Committee papers, please press the green button and a member of the team will be in touch.

Please find our latest co-investment opportunities below.

**XR Games**

XR Games is a dedicated VR games studio that works with world famous brands.

Total Fundraise: **£1.15m**

Praetura Commitment: **£1.15m**

Pre-money Valuation: **£4.85m**

Available Co-investment Pool: **£173,000**

[View Investment Overview](#) [Request Investment Committee Papers](#)

**Ostara Biomedical**

A biotechnology development business focused on mammalian reproductive biology.

Total Fundraise: **£1.3m**

Praetura Commitment: **£800,000**

Co-sponsor: **Deepbridge Ventures**

Pre-money Valuation: **£1.87m**

Available Co-investment Pool: **£128,000**

[View Investment Overview](#) [Request Investment Committee Papers](#)

**Next Steps**

Further details on co-investing and/or being an Investor Director are available [here](#).

If co-investing or being an Investor Director in either opportunity appeals to you, please complete the short form after pressing 'Express Interest' or reply to this email and we will be in touch.

The deadline to express your interest is **25 July**.


[Express Interest](#)

**Conclusion**

We are grateful for your support as a Venture Partner, and are committed to making sure your experience is enjoyable as well as financially rewarding. Should you have any questions regarding the co-investment process, or wish to bring something to our attention, please email us at [investor@praetura.co.uk](mailto:investor@praetura.co.uk).

Kind regards,

The Praetura Ventures Team



## Enhanced Communications for Venture Partners

- Venture Partners will receive additional information on companies within our pipeline during the investment process
- Venture Partners will be contacted to provide their views and expertise on potential investments, to include information on specific industries, individuals at a company, or any information they feel would be beneficial
- Once an opportunity has passed through the first Investment Committee meeting, Venture Partners will receive an email summarising the outcome of the meeting and the opportunity to then request the full document provided to the Investment Committee
- A Venture Partner is then able to declare their interest further and receive information on co-investing in a specific opportunity, or on becoming an Investment Director for the opportunity

# Appendices ●





**More  
than  
money •**

## EIS Taxation Reliefs •

**It is recommended that prospective Investors seek independent advice to ensure that they fully understand how any tax advantages may apply to their situation and circumstances. Tax treatment depends on the individual circumstances of each investor and may be subject to legislative or other change in the future.**

Praetura Ventures does not give tax advice and prospective Investors should consult a tax or other suitably qualified adviser to discuss their personal circumstances.

### **EIS Tax Reliefs**

#### **(based upon investment in the 2019/20 tax year)**

To obtain the tax reliefs described below, it is necessary to subscribe for Shares in EIS-Qualifying Companies and claim the relief. The summary below is based on current law and gives only a brief outline of the tax reliefs. It does not set out all the rules which must be met by EIS-Qualifying Companies and an Investor. The tax reliefs will only be relevant to Investors who pay UK income tax and/or wish to defer a capital gain.

### **Income Tax Relief**

Individuals can obtain up to 30% income tax relief on the amount subscribed for Shares in EIS Qualifying Companies (up to an annual maximum limit of £1.0m for the 2019/20 tax year or £2.0m provided that the additional £1.0m is invested into Knowledge Intensive Companies), although relief will be denied for investment into an EIS Qualifying Company with which the investor is connected. Spouses and civil partners can each separately subscribe up to £1.0m, or £2.0m provided that the additional £1.0m is invested into Knowledge Intensive Companies. The relief is given against the individual's income tax liability for the tax year in which investment into the underlying companies is made being the 2019/20 and 2020/21 tax year unless the individual makes a carry back relief claim. Relief is limited to an amount which reduces the individuals income tax liability to nil.

### **Capital Gains Tax Deferral**

Capital gains tax may be deferred on unlimited gains invested in qualifying companies, in respect of gains that arise within three years before and 12 months after the date of issue of the shares. To the extent to which a UK resident Investor (including individuals and certain trustees) subscribes for Shares, they can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset, or a previously deferred gain may have been brought back into charge.

Although there is a limit for income tax relief and for the exemption from capital gains tax upon a disposal, there is no limit on the amount of EIS-qualifying investments which can be used. CGT is chargeable at 10% and 20% from 6 April 2016 for individuals, except on disposals of residential property and carried interest, for which the rates are 18% and 28% (the applicable tax rate depends on the total amount of the individual's taxable income and will be 20% or 28% for an individual who is subject to higher rates of income tax); 20% for trustees or for personal representatives of someone who has died (except that disposals of residential property and carried interest are taxed at 28%); and 10% for gains qualifying for Entrepreneurs' Relief (subject to a maximum lifetime limit of £10.0million). From 23 June 2010 to 5 April 2016, the rates were 18% and 28% for all assets that did not qualify for Entrepreneurs' Relief.

When a previously deferred gain crystallises, the rate of CGT then payable will depend upon the legislation that is in force at the time, and may be greater or lower than the rate that would have been applied had Capital Gains Deferral not been claimed. If Capital Gains Deferral is claimed on an Entrepreneurs' Relief qualifying gain that was realised on or after 3 December 2014, Entrepreneurs' Relief will be available when the deferred gain crystallises.

### **Capital Gains Tax Exemption**

Any capital gains realised on a disposal of Shares in an EIS-Qualifying Company after the Three Year EIS Period, and on which EIS relief has been given and not withdrawn, will be capital gains tax free. Any capital gains realised on a disposal within the Three Year EIS Period will be subject to CGT at the rate applicable at disposal.

### **Loss Relief against income or gains**

Loss relief, which is additive to income tax relief, provides tax reliefs on a failed EIS company of up to 61.5%, including the initial 30% income tax relief (subject to the relevant caps). A loss on any qualifying investment in the portfolio, irrespective of the overall performance of the portfolio, can be offset by individuals against income of the tax year of the loss, or of the previous tax year, or against capital gains (including against the tax liability that arises on the revival of any deferred gain) of the tax year of the loss and future years. This relief is available at any time in respect of any loss realised upon a disposal of shares in an EIS-Qualifying Company on which EIS income tax relief or CGT Deferral has been given and not withdrawn. If the circumstances are such that EIS tax reliefs have been withdrawn, it may still be possible for an investor to claim loss relief, on the amount equal to the economic loss sustained.

The Finance Act 2013 introduced a cap on reliefs which may be claimed for income tax purposes. The cap restricts reliefs in any tax year to either £50,000 or 25% of income, whichever is greater. EIS income tax reliefs are not subject to the cap, nor are losses on the disposal of shares on which EIS income tax relief has been claimed and retained. However, losses arising on the disposal of shares where EIS CGT deferral relief only has been claimed come within the cap on reliefs. The cap applies to losses that arise after 5 April 2013. Losses offset against capital gains are not restricted.

### **Inheritance Tax - Business (Property) Relief**

Through the availability of Business (Property) Relief (BPR), there may be 100% inheritance tax exemption on the death of the investor (or on certain lifetime transfers) for each individual investment that has been held for at least two years. There is no upper limit on the amount of IHT relief which can be claimed providing the shares are held at the date of death and for a minimum period of 2 years.

### **Knowledge Intensive Companies**

In the 2017 Autumn Budget, the annual limit for EIS investors was doubled from £1,000,000 to £2,000,000 providing that the additional investment is placed into Knowledge Intensive Companies. Knowledge Intensive Companies are those that spend a certain proportion of their cost base on research and development or innovation. Additionally, they need to meet either an innovation condition or a skilled employee condition.

### **Carry Back Relief**

An investor in an HMRC unapproved fund can claim tax relief in the tax year in which investment was made into the underlying investee company. It is possible to carry back income tax relief to the tax year prior to that in which the investment into the underlying business was made. It is intended that 75% of the fund will be invested prior to the 6th April 2020 so EIS income tax relief will be available on this amount in the 2019/20 tax year and 2018/19 tax year. It is intended that the remaining 25% will be invested in H1 of the 2020/21 tax year so EIS Income Tax relief will be available on this amount in the 2020/21 tax year and 2019/20 tax year.

## Risk Factors •

**Important:** The attention of prospective Investors is drawn to each of the following risk factors.

Investors should be aware of the high risk and illiquid nature of EIS investments that will be contained in the Fund portfolio. The below risk factors are not intended to be exhaustive but are included to help you understand the risks of investing. Investors should consider carefully whether an investment in the Fund is suitable for them in light of the information in this document and their personal circumstances. If in any doubt whatsoever, an Investor should not subscribe. In any case, it is strongly recommended that Investors seek the advice of an FCA authorised and regulated adviser and /or tax adviser or other appropriately qualified professional adviser. You should only invest money that you can afford to leave for the medium to long term and/or are prepared to lose.

This document should not be considered as constituting legal, taxation or investment advice. Each party to whom this document is made available must make its own independent assessment of the Fund after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates, projections or opinions contained in this document involve significant elements of subjective judgement, analysis and assumptions, and each recipient should satisfy themselves in relation to such matters.



### **Investment Risk**

The Investee Companies will be small, unquoted companies and such investments carry a high degree of risk with regards to both investment returns and liquidity. There is no market, nor is there intended to be a market for the shares; as such, an investment in the Fund may be illiquid.

You should not expect to receive dividend income from these companies. It is not intended that any income or capital will be returned to Investors during the Three Year EIS Periods. After the initial holding period, it may still be difficult to realise the Shares or to obtain reliable information about their value as the market for shares in smaller companies is less liquid than that for shares in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such shares.

The value of investments held by the Fund may go down as well as up and Investors may not receive back all or any of the amount invested. Investment returns may vary substantially over time, and there can be no assurance that Investors will achieve any particular rate of return.

### **Diversification and Dilution**

When investing in a small fund this brings the potential risk that the Fund may either become overexposed to one Investment as it provides follow-on investment, or that it is heavily diluted by not participating in follow-on financing, or indeed that the Investee Company is unsupported and so is unable to continue trading, losing the Fund its entire cost of investment.

### **Investment Portfolio**

The performance of the Fund is dependent on the ability of the Fund Manager to identify appropriate Investee Companies and on the ability of the Investee Companies to perform in line with their respective business plans and other market factors outside of our control or the Investee Companies' control.

The performance of the Investee Companies may be adversely affected by global or local economic, political, regulatory or other factors beyond the control of those entities.

In addition to other analytical tools, the investment portfolio team may use financial models to evaluate investment opportunities. The accuracy and effectiveness of such models cannot be guaranteed. In all cases, projections are only estimates of future results which are based upon assumptions made at the time that the projections are developed.

Projections are inherently uncertain and subject to factors beyond the control of the Manager and the Investee Company in question. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could impair the ability of Praetura Ventures to realise projected values and/or cashflow in respect of an investment. Therefore, there can be no assurance that the projected results will be obtained and actual results

may vary significantly from the projections. General economic and industry-specific conditions, which are not predictable, can also have an adverse impact on the reliability of projections.

Praetura Ventures may, in relation to certain transactions, give warranties, guarantees and/or indemnities to third parties. Consequently, it may need to apply assets of the relevant fund or drawdown additional monies from investors in the relevant fund to satisfy such contingent liabilities.

#### **Fund Manager**

The departure of any of the Fund Managers, directors, employees or associates could have a material adverse effect on the performance of the Fund. Whilst the Manager has entered into appropriate agreements, the retention of their services cannot be guaranteed. The Fund Managers success is also highly dependent on its continuing ability to identify, hire, train motivate and retain highly qualified personnel. Competition for such personnel can be intense and we cannot give any assurance that it will be able to attract or retain highly-qualified personnel in the future.

The success of the Fund depends on the ability of the Manager to locate, select, develop and ultimately realise appropriate investments.

There is no guarantee that suitable investments will be or can be acquired or that investments will be successful.

The Fund Management team may be unable to find a sufficient number of attractive investment opportunities to meet the Fund's investment objectives.

#### **EIS qualifying**

The availability of various EIS tax reliefs are dependent on Investors' own circumstances and anyone that is unsure as to whether they will be able to take advantage of any such reliefs should seek tax or financial advice before investing. In addition, there are circumstances in which an Investor could cease to qualify for the taxation advantages offered by the EIS following investment. For example, Capital Gains Deferral Relief for EIS could be lost if an Investor ceases to be resident or ordinarily resident in the United Kingdom during the Three Year EIS Period. In addition, an Investor could cease to qualify for EIS Relief in respect of an Investee Company if they receive value from that Investee Company during the period beginning one year before the Shares in the Investee Companies are issued and ending on the conclusion of the Three Year EIS Period. Payment of a dividend, at a commercial rate, however, would not typically be regarded as a receipt of value. EIS Relief could also be denied or lost in respect of an Investee Company if the investor or an associate (such as a close relative) is or becomes employed by that Investee Company, or was so employed in the two years preceding the investment.



#### **EIS qualifying status of investee companies**

If an investee company ceases to carry on business of the type prescribed for EIS Qualifying Companies during the Three Year EIS Period, this could prejudice its qualifying status under the EIS. There are other events and matters whereby an investee company may lose its qualifying status. 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 EIS could result in:

- Investors being required to repay the 30% (EIS) income tax relief received on subscription for Shares and interest on the same
- A liability to CGT if the Shares are sold and a gain is realised
- Any gain deferred by Capital Gains Deferral coming back into the charge to tax

Advanced assurances will be sought from HMRC and therefore Investee Companies activities should, at least initially, qualify under the EIS regulations. However there is no guarantee that the formal EIS claims will be agreed by HMRC, or that such agreement will not be subsequently withdrawn. In those circumstances, subscription monies will not be returned to Investors. If an Investee Company fails to obtain EIS Qualifying Company status, or if it is subsequently withdrawn, EIS Relief and Capital Gains Deferral Relief would not be available to Investors or could be withdrawn. Under the EIS legislation, Qualifying Companies are required

to have employed 100% of their net funds (after the deduction of issue costs) within 24 months after the date of issue of Shares, except where the qualifying activity consists of preparing to carry on a trade, in which case the time limit is 24 months after the date of commencing the trade. If an Investee Company fails to employ this level of funds within the required deadlines, the Investee Company would be in breach of the EIS regulations and tax relief may be withdrawn.

A sale of Shares in an investee company within the Three Year EIS period will result in some or all of the income tax and capital gains tax relief available upon subscription for those Shares becoming repayable to HMRC and in any capital gains on such Shares and any deferred gain being subject to CGT. It is possible for Investors to lose their EIS tax reliefs and/or Capital Gains Deferral relief and/or Business (Property) Relief by taking (or not taking) certain steps.

Investors are advised to take appropriate independent professional advice on the tax aspects of their investment.

### **EIS Tax Regime Change**

Investors should be aware that the tax reliefs regime may also be changed in the future.

### **Past Performance**

The past performance of Praetura Ventures, or related group companies or affiliates, is not necessarily a guide to its future performance and may not necessarily be repeated. The value of investments and income from

them may go down as well as up and Investors may not get back the amount they originally invested in the Fund.

### **Forward-looking statements**

Investors should not place reliance on forward-looking statements. This document 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, but not restricted to the terms 'believes', 'continues', 'expects', '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 document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future.

### **Potential Conflicts of Interest**

Situations may arise where the interests of the Fund may conflict with the interests of other investors including other funds managed by Praetura Ventures. The fund may invest in companies in which other funds managed by Praetura Ventures may invest or may already hold investments. Decisions made by the Fund Manager may be more beneficial to one fund managed or advised by the Manager than to any other.

The Fund may co-invest with third parties or enter into joint ventures or other structures. Such co-investing may give rise to the possibility that a co-investor or partner

may at any time have economic or business interests or goals which are inconsistent with those of the Fund, or that such person may take action contrary to the Fund's investment objectives.

The entitlement of the Fund Manager to the performance fee referred to in Section 11.6 of the Investor's Agreement, may create an incentive for the Manager to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such a performance-based compensation arrangement. The Manager may enter into fee sharing arrangements with third party marketers, including placement agents, or other advisers who refer Investors to the Fund, and such marketers may have a conflict of interest in advising prospective investors whether to invest in the Fund.

Conflicts of interest may arise in connection with decisions made by the Fund Manager that may be more beneficial for certain Investors than for others.

In making such decisions, the Fund Manager intends to consider the investment objectives of the Fund as a whole, not the investment objectives of any individual Investor.

The Fund Manager may provide certain Investors with the opportunity to co-invest in Investments. Potential conflicts may be inherent in, or arise from, the Fund Manager's discretion in providing such opportunities to certain Investors. In addition, once such co-investments are made, the Fund's interests and those of co-investing Investors may subsequently diverge.

### General risks

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

The contents of this Information Memorandum makes reference to the current laws concerning EIS Relief, Business (Property) Relief, Capital Gains Deferral and Capital Gains Exemption. These levels and bases of relief may be subject to change. The tax reliefs referred to in this Information Memorandum are those currently available and their value depends on individual circumstances.

All statements of opinion and/or belief contained in this document and all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund represent Praetura Ventures' own assessment and interpretation of information available to it as at the date of this document. No representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Fund will be achieved. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by Praetura Ventures in respect thereof.

Prospective Investors are strongly advised to conduct their own due diligence including, without limitation, the legal and tax consequences to them of investing in the Fund.

## Definitions ●

<b>AIF</b>	Alternative Investment Fund, that is a collective investment undertaking, including investment compartments thereof, which (a) raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and (b) does not require authorisation pursuant to article 5 of the UCITS directive
<b>AIFM</b>	Alternative Investment Fund Manager, that is a legal person whose regular business is performing AIFM investment management functions for one or more AIFs
<b>AIFMD</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending directives 2003/41/EC and 2009/65/EC and regulations (EC) no 1060/2009 and (EU) NO 1095/201
<b>AIM</b>	The Alternative Investment Market of the London Stock Exchange
<b>Annual Management Charge</b>	An annual management charge of 2% of funds invested will be charged and taken one year in advance.
<b>Applicable Laws</b>	All relevant UK laws, regulations and rules, including those of any government or of the FCA
<b>Application Form</b>	An application form to invest in the Fund completed by the prospective investor in the form provided by the Fund Manager
<b>Associate</b>	Any person which controls (directly or indirectly) or is controlled by the Fund Manager. 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
<b>BPR</b>	Business Property Relief – relief from IHT pursuant to sections 1.3-14 IHTA 1984 for IHT purposes
<b>BVCA</b>	British Venture Capital Association
<b>CGT</b>	Capital Gains Tax
<b>CGT Deferral</b>	EIS reinvestment (deferral) relief for chargeable capital gains under section 150C and Schedule 5B TCGA
<b>Closing Date</b>	31st January 2020 or on raising £10m if sooner, or such date as the Manager may determine at its sole discretion
<b>Collective Investment Scheme</b>	As defined in the Financial Services and Markets Act 2000
<b>COBS</b>	FCA Conduct of Business Sourcebook
<b>Custodian</b>	The Share Centre Limited, or such other or joint administrator and/or custodian as is appointed by the Fund Manager under the Investors' Agreements from time to time. References to the Custodian also include references to the Nominee which is wholly owned by The Share Centre Limited
<b>Custodian Agreement</b>	The agreement between the Custodian and the Fund Manager from time to time on behalf of the Investor relating to custody and other services to be provided, to be read in conjunction with the Custodian's Terms of Business.
<b>Custodian Charges</b>	The Custodian charges the Fund Manager a custody fee of £75 plus VAT per annum per Investor. This custody fee is passed on directly to Investors on a per annum basis payable in arrears. In addition, the Custodian charges the Fund Manager a dealing charge of 0.35% on all transactions, including the purchase and sale of shares in Investee Companies. The Fund Manager will, as part of Initial Charge, cover the dealing charge associated with the purchase of shares. The dealing charge payable of the sale of shares will be passed through to the Investor by the Fund Manager. In addition, there may be peripheral fees payable by the investor in accordance with the current 'The Share Centre' tariff. Interest on uninvested cash is paid (gross) by the custodian at 2% below Bank of Scotland base rate.
<b>Custodian's Terms of Business</b>	<a href="https://www.share.com/siteassets/media/global/forms/partners/eis/eis-cust-tobs.pdf">https://www.share.com/siteassets/media/global/forms/partners/eis/eis-cust-tobs.pdf</a>

## Definitions •

<b>Data Protection Officer</b>	The Fund Manager contact details are: Compliance Officer, Praetura Ventures Limited, Bauhaus, Quay St, Manchester, M3 3GY. The custodian contact details are: Compliance Officer, The Share Centre Limited, Oxford House, Oxford Road, Aylesbury, Buckinghamshire HP21 8SZ
<b>EIS</b>	The Enterprise Investment Scheme as set out in Part 5 of ITA and sections 150A-D TCGA and schedule 5B TCGA
<b>EISA</b>	Enterprise Investment Scheme Association
<b>EIS-qualifying Company</b>	A company that meets the EIS requirements regarding EIS Relief and Capital Gains Deferral
<b>EIS Relief</b>	Relief from income tax under EIS
<b>FCA</b>	Financial Conduct Authority
<b>FCA Rules</b>	The rules contained in the FCA's Handbook of Rules and Guidance from time to time in force
<b>Fees</b>	The Initial Charge, Annual Management Charge and the Custodian Charges. Which in addition may include peripheral fees in accordance with the current 'The Share Centre' tariff
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>Fund</b>	Praetura EIS 2020 Fund
<b>Fund Manager</b>	Praetura Ventures
<b>Gross Value Added (GVA)</b>	The measure of the value of goods and services produced in an area, industry or sector of an economy
<b>HMRC</b>	HM Revenue & Customs
<b>Information Memorandum ("IM")</b>	This Information Memorandum issued in relation to the Fund
<b>Intermediary</b>	A person/company who arranges the investment for the Investor
<b>Initial Charge</b>	An initial fee of up to 2.5% will be charged to Investors in the Fund. This will be payable to the Fund Manager prior to investment in the Investee Companies and therefore will reduce the EIS relief available to Investors. This fee is to cover all initial legal, professional and transaction costs.
<b>Investee Company/Investee Companies</b>	Companies in which the Fund invests
<b>"Investor", "you", "your"</b>	A person whose application is accepted and who becomes an investor in the Fund
<b>Investment</b>	An investment made through the Fund
<b>Investment Objective</b>	To offer investors the opportunity to invest in EIS-qualifying Companies seeking expansion, development and early stage capital which will not typically be traded on the Official List of the London Stock Exchange.

# Definitions ●

<b>Investment Restrictions</b>	<ol style="list-style-type: none"> <li>1. In carrying out its duties hereunder in respect of the Fund, regard shall be had, and all reasonable steps taken, by the Fund Manager to comply with such policies or restrictions as are required in order to attract EIS Relief as may be prescribed by HMRC from time to time.</li> <li>2. In particular, but without prejudice to the generality of the above statements, the restrictions for the Fund are as follows: <ol style="list-style-type: none"> <li>(a) Investments will only be made after the Closing Date</li> <li>(b) Investments shall be in securities of companies the Fund Manager reasonably believes are Qualifying Companies under the existing EIS guidelines</li> <li>(c) No more than 30 per cent of the Subscription of the Investor will be invested in any one Investee Company</li> </ol> </li> <li>3. Investors 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.</li> <li>4. In the event of a gradual realisation of Investments prior to termination of the Fund under Clause 17.1, the cash proceeds of realised EIS 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 the Fund or in instalments in advance of termination, as determined by the Fund Manager.</li> </ol>
<b>Investors' Agreement or this Agreement</b>	An Investor's Agreement in substantially the form of this Agreement to be entered into by each Investor
<b>IPO</b>	Initial public offering
<b>IHT</b>	Inheritance tax
<b>IRR</b>	The internal rate of return on investments calculated in accordance with BVCA Guidelines
<b>ITA</b>	The Income Tax Act 2007
<b>London Stock Exchange</b>	The London Stock Exchange plc
<b>Loss Relief</b>	Relief from income tax or CGT on losses arising from disposals, or deemed disposals, of shares
<b>Maximum Fund Size</b>	The maximum amount of Subscriptions by Investors determined by the Fund Manager
<b>Minimum Fund Size</b>	The minimum amount of Subscriptions by Investors determined by the Fund Manager
<b>Nominee Company</b>	The company appointed as nominee for investors: being Share Nominees Limited
<b>Nominee Services</b>	The services of custodian of shares, provided to investors by the Nominee Company: Share Nominees Limited
<b>Opening Date</b>	9th September 2019
<b>Performance Fee</b>	A 20% fee charged by the Manager and payable by the investor once the cumulative fund performance has achieved a hurdle rate of 20% growth on the initial gross subscription to the Fund.
<b>Portfolio</b>	The monies an Investor subscribes to the EIS Fund plus all investments made through the relevant fund which are allocated to an Investor and registered in the name of the Nominee on their behalf, and which are subscribed out of such monies plus all income and capital profits arising thereon
<b>Private Equity (PE)</b>	Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity
<b>Praetura Ventures</b>	Praetura Ventures Limited is a company incorporated in England and Wales with the company number 11439791. Praetura Ventures Limited is authorised and regulated by the Financial Conduct Authority (FRN 817345)

## Definitions •

<b>Qualifying Companies</b>	Companies that qualify under EIS
<b>Relevant Shares</b>	Shares in which the Fund has invested if and for so long as neither a claim for EIS tax relief made in accordance with Chapter 5, part 5 of the ITA has been disallowed nor an assessment has been made pursuant to Section 235 of ITA withdrawing or refusing relief by reason of the company in which the shares are held ceasing to be an EIS-qualifying Company
<b>Retail Client</b>	A client who is neither a professional client nor an eligible counterparty
<b>Services</b>	The services provided under the Investor's Agreement
<b>Shares</b>	Equity shares in an Investee Company subscribed for by the Fund on behalf of Investors
<b>SME</b>	Small and Medium enterprise
<b>Subscription</b>	The amount of cash invested or committed to the Fund by an Investor at any one time, pursuant to the Application Form (excluding any Intermediary or independent adviser fees payable)
<b>Tax Advantages</b>	The various tax advantages, including EIS relief, arising from subscriptions for Shares in EIS-qualifying Companies
<b>Terms &amp; Conditions</b>	The terms and conditions of an investment set out in the applicable Investment Agreement

# Praetura EIS 2020 Fund Investors' Agreement •

## 1. Definitions and interpretation

- 1.1. This Agreement sets out the terms upon which the Fund Manager agrees to manage the Fund.
- 1.2. Definitions and interpretations in this Information Memorandum shall apply for the purposes of this Agreement.
- 1.3. In addition, any expressions defined in FSMA or the FCA Rules (in that order of priority) and not already otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.4. The Application Form forms an integral part of this Agreement.
- 1.5. On acceptance of an Application Form, this Agreement, the Application Form and those parts of the Information Memorandum referred to herein will constitute the whole of the binding agreement between each Investor and the Fund Manager in respect of the Fund.

## 2. Nature of this Agreement

- 2.1. This Agreement is made between the Fund Manager and the investors in the Fund from time to time signing and submitting to the Fund Manager an Application Form, which has been accepted by the Fund Manager ("the Investors").
- 2.2. On submitting an Application Form (or authorising an Intermediary to do so for them) and the Fund Manager accepting the same, Investors agree that this constitutes confirmation the Investors appoint the Fund Manager to manage the Fund on the terms set out in this Agreement.
- 2.3. This Agreement comes into force as regards any Investor on the date on which that Investor is notified in writing by the Fund Manager their Application Form has been accepted.
- 2.4. The Fund Manager may accept or reject Application Forms at its entire discretion and if an application is not accepted, the Fund Manager will promptly notify the

Investor and return any subscription monies advanced in respect of that application.

- 2.5. The Investor hereby appoints the Fund Manager, on the terms set out in this Agreement, to manage his Portfolio(s) as one of a series of similar Portfolios which together constitute the Fund. The Fund Manager accepts the appointment on the terms set out in this Agreement.
- 2.6. The Fund Manager is and shall at all relevant times be regulated by the Financial Conduct Authority and authorised to be an Alternative Investment Fund Manager.
- 2.7. The objective of the Fund is to invest in shares in companies that qualify for EIS Relief. Specific details and investment strategy are set out in the Information Memorandum.
- 2.8. In managing the Fund, the Fund Manager will have regard to the investment strategy and use reasonable endeavours to ensure it invests only in EIS-qualifying Shares on behalf of Investors, but cannot guarantee such securities are, or will remain qualifying for EIS Relief.
- 2.9. An Investor's entitlement to EIS Relief will depend on their individual circumstances and may be subject to change in future.

## 3. Appointment of Custodian and Nominee

- 3.1. The Fund Manager has appointed The Share Centre Limited to act as the Custodian to the Fund and, in particular, to provide all safe custody and nominee services in connection with the Fund on the terms of the Custodian Agreement. The Custodian has agreed to accept such appointment and the Investors wish to ratify that appointment.
- 3.2. The Custodian will deal with Investors' money and Shares in accordance with client money and assets rules and guidance set out in the FCA Handbook as applicable and current from time to time.
- 3.3. The Custodian will hold Investors' uninvested cash in a client money trust status bank account pending

investment. The Custodian will pay interest on money held in its client money bank account at 2% below base rate, with a floor at 0%.

- 3.4. The Fund Manager will also appoint the Custodian to provide safe custody and administration services in respect of Investors' shares in accordance with the Custodian's Terms of business.
- 3.5. Under the Custodian Agreement the Custodian shall treat the Fund Manager, acting as agent for the Fund, as the client for the purposes of the FCA Rules.
- 3.6. Assets held on behalf of the Fund, including certificates, will be registered in the name of Share Nominees Limited.
- 3.7. The Fund Manager and the Custodian will, in accordance with legislation and Regulations in force from time to time, keep records to show that each investor is the beneficial owner of the relevant assets.
- 3.8. Investors acknowledge and agree that:
  - a) The Fund Manager is authorised to enter into the Custodian Agreement as agent on their behalf, to give instructions to the Custodian and to agree any subsequent amendments to the Custodian Agreement on their behalf (provided that the Fund Manager will notify any amendments to them in accordance with the FCA Rules)
  - b) They are bound by the terms of the Custodian Agreement and the Custodian Terms of Business.
  - c) The Custodian is not obliged to seek or accept any instruction or direction directly from the investors in respect of any instructions given by the Fund Manager and relating to the exercise of their rights in respect of Investments.
- 3.9. The Investors shall pay or reimburse the Custodian from time to time for any transfer taxes payable upon transfers, exchanges or deliveries of securities made under the Custodian Agreement.
- 3.10. The Investor authorises the Custodian to deduct

from cash received or credited to the Investor's account, the amount of taxes or levies required by any revenue or governmental authorities in respect of the Investor's accounts.

3.11. The Fund Manager shall have discretion to instruct the Custodian to exercise voting and other rights attaching to Investments, save that the Fund Manager shall not in any event instruct the Custodian in respect of any controlling interest in any Investee Company.

3.12. The Custodian will hold assets in their Nominee account. Individual customer entitlements are not identifiable by separate certificate or other physical document of title or external electronic record. In the event of a default of the Custodian, those for whom it holds securities may share in any shortfall pro rata. The Fund Manager and/or Custodian may deliver or accept delivery of certificates on behalf of the Nominee Company, and any certificates the Fund Manager receives will be immediately forwarded onto the Custodian. The Nominee Company holds the Investments pursuant to a trust under which the interests of the customers are created or extinguished when a customer makes acquisitions or disposals in accordance with this Agreement. Pursuant to section 250 (1) and section 257HE Income Tax Act 2007 shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of the EIS as subscribed for, issued to, held by or disposed of by the individual investor. The Custodian shall maintain at all times a record sufficient to show the beneficial interest of the Investor in the whole number of Shares allocated to their Portfolio and the cash within their Portfolio.

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

3.14. An Investment may be realised in order to discharge an obligation of the investor under this Agreement, for example in relation to payment of fees, costs and expenses.

3.15. The voting rights attached to any Investment shall be exercised by the Fund Manager and/or Custodian by the instruction of the Fund Manager.

3.16. The Custodian will, in the case of variations in the share capital, receipt of a notice of conversion or proposal to

wind up, amalgamate or takeover a company in which an Investment is held for the Investor:

- a) A bonus or capitalisation issue will be automatically credited to an Investors holding
- b) Otherwise (where appropriate) the Fund Manager will be sent a summary of the proposal and the required action to be taken (if any)
- c) If, on a rights issue, no instruction is received from the Fund Manager, the Nominee will allow the rights to lapse. Lapsed proceeds will be credited to the Investor. Sums less than this will be retained for the benefit of the Custodian. However, if nil paid rights in a secondary market are acquired for the Investor, such rights will be taken up, unless the Fund Manager provides contrary instructions
- d) All offers will be accepted upon going unconditional whether or not any instructions have been received
- e) Entitlement to Shares will be to the nearest whole Share rounded up or down at the discretion of the Fund Manager, any balancing fractional entitlement may be held by the Nominee for the Fund Manager.

3.17. The cash balance held for Investors in the Fund will be deposited in a client bank account with an authorised banking institution in the name of the Custodian, together with cash balances belonging to other customers. That account will be established and acknowledged by the banking institution as a client bank account. Neither the Custodian nor the Fund Manager shall have any liability if any such banking institution should be or become insolvent or otherwise unable to repay monies belonging to the Investor which have been so deposited.

3.18. The Fund Manager and/or the Custodian may debit or credit the account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor) and make adjustments:

- a) In respect of sums received by the Investor otherwise than as a result of credits properly made to the account initiated by the Fund Manager and/or the Custodian under the Investor's Agreement
- b) To effect settlement in respect of Investments

3.19. The Fund Manager and/or Custodian may subject to the FCA Rules pay to charity any unclaimed cash of the Investor 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 Fund Manager and/or Custodian has taken reasonable steps to contact the Investor and to return the balance, in accordance with the FCA rules and likewise in the case of unclaimed stock this may be liquidated and the proceeds paid away to charity after twelve years subject to the Fund Manager and/or Custodian having taken reasonable steps to contact the Investor and to return the stock, in accordance with the FCA rules.

3.20. On Investors submitting an Application Form (or authorising an Intermediary to do so on their behalf) and the Fund Manager accepting such application, Investors agree that this constitutes confirmation that Investors irrevocably agree to the Fund Manager's appointment of the Custodian on their behalf, to exercise the powers, and carry out the duties, on behalf of the Investors in accordance with the Custodian's Terms of Business.

#### **4. Investor Subscriptions**

- 4.1. Investors must make Subscriptions of not less than £25,000 at the same time as submitting their Application Form to invest in the Fund, unless otherwise agreed with the Fund Manager.
- 4.2. In addition, Investors may make further Subscriptions up to and including the Closing Date.
- 4.3. The Investor may make a withdrawal from the Fund, or terminate this Agreement, pursuant to clause 17 below.

#### **5. Investment objectives and restrictions**

- 5.1. In performing the Services, the Fund Manager shall have regard to and shall comply with the Investment Objectives and the Investment Restrictions.
- 5.2. In performing the Services, the Fund Manager shall at all times have regard to the need for the Investments to attract the Tax Advantages and all applicable laws.
- 5.3. In the event of a gradual realisation of Investments prior to termination of the Fund under clause 17.1, 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. Rights of Cancellation**

- 6.1. Each Investor has the right to cancel his Subscription if personal advice has been provided by an Intermediary. To do so, the Investor must notify the Fund Manager in writing within 14 days of the date of the acceptance letter sent to the investor by the Fund Manager. An investor who makes an informed choice and invests direct with the Fund Manager of his own accord without any advice provided by an Intermediary will not have a right to cancel.
- 6.2. If the Investor exercises their cancellation rights, the Fund Manager will arrange to refund any monies paid by the Investor as soon as reasonably possible and in any event not more than 30 days following cancellation, less any charges incurred by the Fund Manager in accordance with the terms hereof. The Investor shall not be entitled to any interest on such monies.
- 6.3. It is the responsibility of Investors and their intermediaries to agree their own cancellation arrangements and the Fund Manager is not responsible for the recovery of such fees on behalf of Investors.
- 6.4. Failure by an Investor to exercise the cancellation right within the requisite time period, shall be without prejudice to Investor's rights to exercise termination rights under clause 18.
- 6.5. The right to cancel does not give an Investor rights to cancel or terminate or undo any investment transaction executed for the account of the Investor's portfolio prior to exercise of the cancellation right or termination (as appropriate).

## **7. Regulatory categorisation and client types**

- 7.1. The contractual arrangements under this Agreement to acquire shares in Investee Companies and comprising the Fund constitute an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive.
- 7.2. The Fund does not constitute an unregulated Collective Investment Scheme under FSMA.
- 7.3. The Investors confirm for the purposes of FCA Rules the Fund as a whole will be deemed to be the client of the Fund Manager. The Fund Manager shall treat the Fund as a whole as a professional client for the purposes of the FCA Rules.

- 7.4. The Fund Manager will act in the interests of the Fund as a whole and individual Investors shall constitute underlying investors of the Fund Manager, for which purposes and in respect of services provided by the Fund Manager for investors in the Fund, Investors will be categorised as "retail customers" if they are recommended via an Intermediary (and suitability is established under COBS as per the application form) or as a self-Certified sophisticated investor/HNW/ Professional if a direct investor.

## **8. Management of the Fund**

- 8.1. The Fund Manager will manage the Fund and exercise all necessary powers in order to manage the Fund and acquire and manage assets for the Fund which the Fund Manager reasonably believes to be EIS shares.
- 8.2. The Parties agree that the Fund Manager will manage the Fund at its sole discretion and without prior reference to Investors or Intermediaries. The Fund Manager will comply with the specific Investment Objectives set out in the Information Memorandum.
- 8.3. The Fund Manager may buy and/or sell assets for the Fund and act as it thinks appropriate in relation to management of the Fund, subject always to the provisions of this Agreement.
- 8.4. The Fund Manager will have complete discretionary powers in relation to the selection of, or exercising rights relating to, Investments of the Fund on the terms set out in this Agreement.
- 8.5. If the Minimum Fund Size, as set at the total discretion of the Fund Manager, of the Fund is not reached by the Closing Date, the Fund Manager reserves the right to make no Investments and to return the Subscriptions, without interest, to Investors in respect of that fund for which the Minimum Fund Size has not been reached.
- 8.6. A copy of the Fund Manager's Order Execution Policy is detailed in clause 10 of this Agreement. Investors should ensure they are familiar with this before completing the Application Form.
- 8.7. Where an Investor is advised on the suitability of investing in the Fund by an Intermediary, the Intermediary shall, to the exclusion of the Fund Manager, be responsible for assessing the suitability of the Fund for that Investor in the light of the Investors'

individual personal circumstances.

The Fund Manager may rely on the Intermediary's assessment of suitability in accepting Investors into the Fund for the purposes of complying with financial promotion restrictions.

- 8.8. Neither the Fund Manager nor the Custodian shall borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions.
- 8.9. Any tax benefits referred to in the Information Memorandum are dependent on an Investor's own circumstances. Investors should take specific tax and financial advice based on their personal circumstances. No such advice is provided by the Fund Manager.
- 8.10. The Investor hereby authorises the Fund Manager (and grants the Fund Manager a power of attorney) to act on its behalf and in the name of the Investor to negotiate, agree and do all such acts, transactions, agreements and deeds as the Fund Manager may deem necessary or desirable for the purposes of making, managing and realising Investments and managing cash funds and Investments on behalf of the Investor and this authority (and power of attorney) 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 (and power of attorney) (subject to clause 8.6 above) will terminate upon the complete withdrawal of the Investor from the Fund.
- 8.11. The Fund Manager shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority.

## **9. Reports and information**

- 9.1. Investors will receive six monthly statements produced by the Nominee, in respect of their Portfolio for the periods ending on or around 5 April and 5 October. Investors may request to receive reports more frequently or request ad hoc reports or valuation information. The six monthly reports will also show any capital and interest credited to the Investor's portfolio, fees charged and transactions made within the period. Investments will be valued in accordance with appropriate IPEVC Guidelines from time to time

- prevailing.
- 9.2. The Fund Manager's valuation policy is to keep an investment at cost if any subsequent investment is from the Praetura EIS 2020 Fund. If an external investor participates in any subsequent capital event in the Investee Company, the latter share price will be used for valuation purposes (as per IPEVC guidelines).
- 9.3. Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor within sections 1105(1), (2) and (3) of the Corporation Taxes Act 2010.
- 9.4. The Fund Manager and the Nominee shall supply such further information which is in its respective possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request and duplicates of any valuation statement will be provided upon request. Any contract notes, statements, reports or information not provided by the Fund Manager to the Investor will state the basis of any valuations of Investments provided.

**10. Terms applicable to dealing (including Order Execution Policy)**

- 10.1. The Fund Manager will treat decisions to deal in investments for the Fund as "orders" to execute transactions in Investments. In effecting transactions for the Fund, the Fund Manager will act in accordance with the FCA Rules and applicable laws and rules of relevant exchanges.
- 10.2. The Fund Manager will comply with the FCA's Conduct of Business Rules which requires the Fund Manager to take all reasonable steps to obtain, when making investments, the best possible result for the Fund Investor, taking into account the execution factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to making an Investment.
- 10.3. The Fund Manager acknowledges that price will generally be of relatively high importance when obtaining the best possible result, but also takes into account the following criteria for determining the relative importance of these execution factors:

- the characteristics and investment objectives of the Fund and financial instruments that are the subject of the transaction;
  - the characteristics of the rules of the EIS and the characteristics of the normal commercial practice of the counterparties with which, and the markets in which, the Investee Companies will do business; and
  - where relevant, the characteristics of any execution venues to which the order may be directed.
- 10.4. In addition, 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 Objective.
- 10.5. For the Fund, the best possible result will always be determined in terms of the total consideration, representing
- a) the price of the financial instrument
  - b) the costs related to execution, which will include any expenses incurred by the investors, which are directly related to the execution of order. This can include, where relevant:
    - i) Execution venue fees
    - ii) Clearing and settlement fees
    - iii) Any other fees paid to third parties involved in the execution of the order.
- 10.6. Obtaining the best result in terms of total consideration will be prioritised over the other execution factors listed above. The other execution factors will only be given precedence over the immediate price and cost consideration where they are influential in delivering the best possible result in terms of the total consideration payable.
- 10.7. The Fund Manager will not generally use third party execution venues and will deal directly with buyers, sellers and issuers of securities as it does not anticipate the existence of alternative trading venues in portfolio investments. The Fund Manager will accordingly generally trade outside of a regulated market or a multilateral trading facility.
- 10.8. The Fund Manager will monitor execution and compliance

- with its Execution Policy on an on-going basis and will at least once a year make a formal assessment of its dealing policies and notify Investors of any changes.
- 10.9. Transactions for the Investor may be aggregated with those for other Investors and may be aggregated with other customers of the Fund 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 and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but the Investor should be aware that the effect of aggregation may work on some occasions to Investor's disadvantage.
- 10.10. Where transactions for the Investor are aggregated with those for another Investor, the number of Shares in an Investee Company held as an Investment for the Investor shall, as nearly as possible, be in the proportion which the Investor's subscription bears to the total Subscriptions by all Investors holding the same fund. Variations may be allowed to prevent Investors having fractions of Shares. Entitlement to Shares may be rounded up or down to the nearest whole share at the discretion of the Fund Manager and any balancing fractional entitlement may be held by the Nominee for the Fund Manager. If one or more of the Investors in the EIS Fund is an accountant, lawyer or other professional person who is subject to professional rules preventing him from making an investment in a particulars-qualifying Company, then the number of Shares so allocated to that Investor or Investors shall not be taken up for the EIS Fund and at the discretion of the Fund Manager the cash value of such Shares may be returned to such Investor, such that the number of Shares so allocated to other Investors in the Fund would not be increased.
- 10.11. The Fund Manager will act in good faith in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 10.12. Any option the Fund Manager has to subscribe for shares in an EIS-qualifying Company in which the Fund has invested shall not be capable of assignment except to an

employee of the Fund Manager within three years from the date on which the investment made.

## **11. Fees and expenses**

- 11.1. The Fund Manager shall receive Fees for their Services, and reimbursements of its costs and expenses, as set out in the Information Memorandum. The Fund Manager shall otherwise be responsible for meeting all fees of the Custodian and the Nominee, aside from those that may occur in accordance with clause 3.10.
- 11.2. Annual custodian and administration fees – An annual fee of £75 + VAT charged quarterly in arrears which covers all custodian and administration duties. In addition, there may be peripheral fees payable by the investor in accordance with the current 'The Share Centre' tariff.
- 11.3. The Fees, if applicable, are due to be deducted from Investors' uninvested monies. In circumstances where there are insufficient monies available to meet the fees and charges, the Fund Manager will allow these to roll up and only be deducted on a later occasion when sufficient monies are available to cover such fees and charges, whether such monies are derived from dividends, investment liquidity events, additional investments made by investors, or otherwise.
- 11.4. Any annual charges which are invoiced but not paid on the agreed timescale, will accrue interest on a daily basis at a rate equivalent of 4% p.a. above the base rate, as defined by the Bank of England.
- 11.5. The Fund Manager will bear any legal, accounting and other fees incurred by the Fund in connection with Investments which do not proceed to completion and may retain for its own benefit any arrangement fees and directors' or monitoring fees which it receives in connection with Investments and fees for services relating to fundraising and corporate advisory services, legal advice and assistance in maintaining EIS status.
- 11.6. The Performance Fee will be paid in cash and will only be due to the Fund Manager on investment liquidity events as they occur (and, for the avoidance of doubt, is to be calculated on a cumulative basis) otherwise any balance will be due in cash, shares or other instruments upon Termination of the Fund. The Fund Manager shall

be entitled to assign the benefit of this Performance Fee to an Associate or any other person it may choose.

- 11.7. In the event of gradual realisation of Investments prior to termination of the Investor's Portfolio in accordance with clause 18, cash proceeds of realised Investments will be returned to Investors less any applicable fees incurred in accordance with this Agreement.
- 11.8. Where applicable fees, as agreed between the Investor and his intermediary in respect of advice in relation to investment in the Fund shall be set out in the relevant Application Form. The Investors authorise the Fund Manager to make payment of any such Intermediary fees on their behalf.

## **12. Management and administration obligations**

- 12.1. The Fund Manager and the Custodian shall each devote such 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.
- 12.2. Except as disclosed in the Information Memorandum or otherwise provided in this Agreement, the Fund Manager shall not take any action which may prejudice the tax position of Investors so far as it is aware of such circumstances, and in particular which prejudice the EIS status of any Investments.

## **13. Investor Obligations**

- 13.1. The Portfolio to be established by this Agreement is established on the basis of the declarations made by each Investor in his Application Form which includes the following statements by the Investor in relation to his Subscription:
  - a) whether or not the Investor wishes to seek EIS Relief for the Investments.
  - b) that they agree to notify the Fund Manager if any Investment is in any company with which the Investors connected within Section 163 and Sections 166 to 170 (EIS) and within Section 257BA and 257BB (SEIS) of the 2012 Finance Act.
  - c) that they agree to notify the Fund Manager if, within three years of the date of issue of Shares by an EIS-qualifying Company, the Investor becomes

connected with the company or receives value from such company.

- d) that they will provide the Fund Manager with their National Insurance number.
  - e) that they acknowledge they have read the Information Memorandum (including any Appendices) and agree to its contents including consent to Order Execution Policy.
  - f) that they fall within one of the categories of persons to whom the Information Memorandum may be distributed (as set out in the Important Notice detailed in Information Memorandum) and they acknowledge and understand risks of making an investment into the Fund (as set out in the Information Memorandum).
- 13.2. The Investor confirms that the information stated in the Application Form is true and accurate as at the date of this Agreement and each of the acknowledgments of Investors and Intermediaries (as appropriate) contained in the Application Form, including the provisions setting out the responsibilities and liabilities of the parties, constitute binding obligations under this Agreement.
  - 13.3. The Investor shall immediately inform the Fund 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 13.1 above refers.
  - 13.4. In addition, the Investor must provide the Fund Manager with any information it reasonably requests for purposes of managing Investments pursuant to the terms of this Agreement.

## **14. Amendments, delegation and assignment**

- 14.1. The Fund Manager (and the Custodian where reasonable and as may be agreed with the Fund Manager) may employ and/or engage the services of Associates or competent (and if relevant appropriately regulated) third parties such as agents and subcontractors or Appointed Representatives, to perform any administrative, custodial or ancillary services to assist the Fund 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 Fund Manager (or the Custodian where appropriate) under the terms of this Agreement.
- 14.2. The Fund Manager will give Investors written notice of such delegation which involves the exercise of its discretionary investment management powers and will not, without the written consent of Investors, delegate the whole or substantially the whole of such powers to a third party. The Fund Manager will act in good faith and use reasonable skill and care in any such selection.
- 14.3. The Fund Manager may from time to time change or amend the terms of the relationship with the Custodian including replacement thereof and shall negotiate such terms on an arm 'length basis and in good faith.
- 14.4. The Fund Manager may amend the terms and conditions of this Agreement:
- a) by giving the Investor not less than 10 business days' written notice if it is of an administrative nature and would not cause any prejudice to the Investor;
  - b) by giving the Investor written notice with immediate effect if amendment is necessary to comply with HMRC requirements, FCA Rules or to maintain the EIS Relief; or
  - c) by giving the Investor not less than 10 business days' written notice to reflect changes to market practice, its administrative processes, computer or database systems, client requirements or other changes associated with managing the Fund.
- 14.5. Investors will be given at least 10 business days' written notice in respect of any changes to the terms of this Agreement referred to above, unless the specific circumstances require a shorter or longer period (including, without limitation, where required to do so under the legislation and regulations).
- 14.6. The Fund Manager may assign this Agreement to any appropriate authorised and regulated person, and any such assignee shall act as and be the successor Fund Manager for the purposes of this Agreement, such assignment being effective upon written notice to the Investor.
- 14.7. This Agreement is personal to the Investor and the Investor may not assign it.

## **15. Conflicts of Interest**

- 15.1. The Fund Manager has implemented a Conflicts Policy which sets out the steps the Fund Manager has taken to identify and prevent or manage potential conflicts of interest in the course of the Fund Manager providing its services under this Agreement, including any potentially caused by receipt of inducements from third parties or by the Fund Manager's own remuneration and other incentive structure.
- 15.2. In particular, the Fund Manager has considered and documented the circumstances in which a conflict may arise as between:
- a) the Fund Manager (including its officers, employees and persons linked to it by control) and another fund managed by the Fund Manager or the investors in that Fund.
  - b) a fund or the investors in that fund and another funder of investors in that fund;
  - c) a fund or the investors in that fund and another client of the Fund Manager; or
  - d) one client of the Fund Manager and another client of the Fund Manager.
- 15.3. The Conflicts Policy detailed in this Information Memorandum sets out how identified conflicts are managed. The Conflicts Policy includes details of any conflicts which the Fund Manager could not effectively manage in the event that they arose, and in which circumstances the Fund Manager would not be in a position to provide its services to the Fund. The Conflicts Policy sets out in which circumstances conflicts will be disclosed.
- 15.4. Investors agree that, unless the FCA Rules provide to the contrary, the Fund Manager (or an Associate) may still undertake transactions in which the Fund Manager (or Associate) may have a material interest or relationship with another party, or which may involve potential conflict with the Fund Manager's duty to the Fund, subject to the terms of the Conflicts Policy, which shall ensure that such transactions are still effected on terms that are no less favourable to the Investors than if the conflict or potential conflict of interest had not existed.
- 15.5. In the circumstances described in clause 15.4 above, and

unless the FCA Rules provide to the contrary, neither the Fund Manager nor any of its Associates shall be required to account to Investors for any profit, commission or remuneration made or received from or by reason of such transactions.

- 15.6. The Fund Manager will maintain a record of any actual or potential conflicts and how such conflicts are managed and will report to the governing body of the Fund Manager in relation to conflicts identification, management and monitoring. Please refer to the Information Memorandum which contains examples of types of conflicts that might arise.

## **16. Liability**

- 16.1. The Fund Manager will act in good faith and with due diligence in its dealings with the Fund. The Fund Manager accepts responsibility for loss to an Investor only to the extent that such loss is due to negligence, wilful default or fraud.
- 16.2. Investors agree to indemnify and keep indemnified the Fund Manager against all losses, damage, claims, actions, liabilities, demands, costs and expenses arising from:
- a) any breach of any of the Investor's obligations, duties or representations which the Investor may be deemed to have given under the Agreement; and
  - b) any untrue, inaccurate or incomplete information being provided by an Investor.
- 16.3. The Fund Manager shall not be liable to the Investor for any loss arising from any investment decision made in accordance with the Investment Objective and the Investment Restrictions or for any other action 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 Fund Manager or any of its employees.
- 16.4. The Fund Manager accepts no responsibility for loss of tax benefits that an Investor may suffer as a result of any transactions that the Fund Manager carries out in connection with the Investor's portfolio, save as provided for in the above clauses.
- 16.5. Subject to Clauses 8.7 and 13, neither the Fund Manager nor the Nominee shall be liable for any defaults of any counterparty, agent, Custodian, funder or other person

which holds money, investments or documents of title for the Fund, save where such party which is an Associate.

- 16.6. In the event of any failure, interruption or delay in the performance of the Fund 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 and breakdown, failure or malfunction of any telecommunications or computer service or systems, the Investor acknowledges that the Fund Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.
- 16.7. The Fund Manager shall not be liable for any loss or damage of any direct or indirect nature caused by:
- changes in revenue law or practice as determined by HMRC from time to time
  - any other changes in legislation or regulation after the date of this Agreement.
- 16.8. Investors further acknowledge any advance assurance given by HMRC in respect of a Company does not guarantee any availability, timing or amount of any tax relief.
- 16.9. The Fund Manager gives no representations or warranty as to the performance of the Fund. Investments are high risk investments, 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. Investors should consider the suitability of investment in the Fund carefully and note the risk warnings set out in the Information Memorandum.
- 16.10. The liability of the Fund Manager to an Investor under this Agreement whether in contract, tort (including negligence), breach of its statutory duty, or otherwise, arising under or in connection with this Agreement shall be limited to remuneration received by the Fund Manager in connection with that Investor's Subscription. Nothing in this Clause 16 shall exclude any relevant duty or liability owed to the Investor under the FCA Rules.

## 17. Termination and Withdrawal

- 17.1. The Fund Manager anticipates investments made by the Fund ought to have been realised within seven years from the relevant Closing Date.
- 17.2. On termination of the Fund, the Fund Manager will endeavour to procure all Shares in the Investor's Portfolio will be sold or realised provided that the Fund Manager shall not be required to sell or realise any Shares where the Fund Manager, in its absolute discretion, believes the price at which such Shares may then be sold or realised does not fairly represent their true value.
- 17.3. The Fund Manager will pay, or cause to be paid to, the Investor the proceeds of such sale or realisation as soon as reasonably practicable after such sale or realisation takes place. Any cash within the Investor's Portfolio will be paid to the Investor.
- 17.4. Investors are also entitled to withdraw investments to the extent those investments comprise:
- Relevant Shares which are admitted to official listing in an EEA state or to dealings on a recognised investment exchange, at any time after the fifth anniversary of the date the Relevant Shares were issued;
  - other Relevant Shares, at any time after the seventh anniversary of the date of the Relevant Shares were issued;
  - shares other than Relevant Shares, at any time after the end of the period of six months beginning with the date those Relevant Shares ceased to be Relevant Shares (and the Fund Manager will notify you in writing as soon as reasonably practicable after any shares comprised in your Portfolio cease to be Relevant Shares); or
  - residual cash, at any time (which is not being held for future management fees)
- The Fund Manager will have a lien on all assets being withdrawn or distributed from the Fund in relation solely to the settlement of liabilities owed by an Investor to the Fund Manager and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging any liability of the Investor to the Fund Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds

and control of any remaining investments will then be passed to the Investor. This Agreement shall terminate upon the completion of the withdrawal from the Fund of all Shares and cash which the Investor is entitled to receive under this Clause 18.4.

- 17.5. If:
- the Fund Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Fund Manager under this
  - Agreement; or  
the Fund Manager ceases to be appropriately authorised by the FCA or becomes insolvent;
- the Fund Manager shall endeavour to make arrangements to transfer the Investments to another fund manager in which case that fund manager shall assume the role of the Fund Manager under this Agreement, failing which the Agreement shall terminate forthwith and, subject to the remaining provisions of this clause 17, the Investments held for the account of the Investor shall be transferred into the Investor's name or as the Investor may otherwise direct.

## 18. Consequences of termination

- 18.1. On termination of this Agreement pursuant to clause 17, the Fund Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.
- 18.2. 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 the Investor will pay fees, expenses and costs properly incurred by the Fund Manager (including a fair amount in compensation for accrued performance incentive up to and including the date of termination) and where the Fund Manager has sought to obtain performance incentive through a subscription for Shares in Investee Companies then the Fund Manager shall hold such proportion of those Shares which is in excess of a fair amount in trust for any new Fund Manager or the Investor and shall execute such transfers of those Shares and do all such acts and transactions.
- 18.3. On termination, the Fund Manager may retain and/or realise such Investments as may be required to settle

transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under this Agreement a fair amount determined pursuant to clause 19.2 in compensation for accrued performance incentive.

## **19. Data protection and confidential information**

- 19.1. All data which the Investor provides to the Fund Manager and custodian is held by subject to the General Data Protection Regulation 2016 ('GDPR'). The Investor agrees that the Fund Manager and custodian may pass personal data to other parties insofar as is necessary in order for it to provide services as set in this Agreement and to the FCA and any regulatory authority which regulates it and in accordance with all other Applicable Laws. The Fund Manager Privacy Policy can be found at [www.praeturaventures.com](http://www.praeturaventures.com) and the custodian privacy policy at <https://www.share.com/legal-regulatory/privacy-policy>
- 19.2. You authorise the holding and processing of the information you have provided in the Application Form and authorise the Fund Manager as data controller and data processor and the custodian as a data processor for the purposes of the General Data Protection Regulation 2016 ('GDPR').
- 19.3. Your information will be held and processed for the administration of this application, the administration of your Investment, for statistical analysis and for marketing purposes. You also authorise the transfer of information you provide in this Application Form in compliance with the General Data Protection Regulation.
- 19.4. Your information and data will only be used for purposes ancillary to the administration of your application and Investment including, but not limited to, dealing with queries, fulfilment of regulatory obligations, statistical analysis and marketing.
- 19.5. The Fund Manager and custodian may undertake electronic checks on investors through credit and mutual agencies to fulfil their responsibilities under the Money Laundering Regulations 2017. The agencies may keep a record of this search.
- 19.6. You may have also authorised the disclosure of your information to your Financial Intermediary (if applicable) acting on your behalf. You are entitled to request details of any of your personal data held upon request and to require

correction of any inaccuracies in your personal data.

- 19.7. You have the right to object to your information being used for statistical analysis and direct marketing. If you wish to opt out of receiving marketing material or object to your information being used for statistical analysis.
- 19.8. The contact details for the Fund Manager and the custodian are set out in the Information Memorandum. The Data Protection Officer for the Fund Manager and custodian can be contacted at the address shown within the definition page of this IM. Contact details for any successor Fund Manager shall be provided to the Investor at the time of notification of assignment in accordance with clause 14.6 above.

## **20. Complaints and Compensation**

- 20.1. The Fund Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should an Investor have a complaint, he should contact the Fund Manager. If the Fund Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service. The Financial Ombudsman can be contacted at: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk) Tel: 020 7964 1000.
- 20.2. Where the Investor is categorised by the Fund Manager as a retail client, if for any reason the Investor is dissatisfied with the Fund Manager's final response, the Investor is entitled to refer its complaint to the Financial Ombudsman Service. A leaflet detailing the procedure involved will be provided in the Fund Manager's final response. A self-directed investor (i.e. self-certified sophisticated investor, HNW investor and a professional investor) will not have the same protections as a retail investor.
- 20.3. The Fund Manager participates in the Financial Services Compensation Scheme (FSCS), established under the Financial Services and Markets Act 2000, which may provide compensation to eligible Investors in the event of The Fund Manager being unable to meet its liabilities. Payments are currently limited to a maximum of the first £85,000 of the claim. Further information is available from the FSCS

## **21. Notices, instructions and communications**

- 21.1. All documentation and any other information or

communication the Investors receive from the Fund Manager will be in English.

- 21.2. All notices or instructions to the Fund Manager or the Custodian should be in English, submitted in writing and signed by the relevant Investor, unless otherwise specifically indicated herein.
- 21.3. The Fund Manager or the Custodian may rely and act on any instruction or communication which purports to have been provided by persons authorised to give instructions by the Investor under the Application Form or as are subsequently notified by the Investor from time to time and, unless that relevant party receives written notice of such termination or revocation of authority, whether or not the authority of such person shall have been terminated.
- 21.4. All communications to the Investor shall be sent (whether postal or electronic) to the latest address notified by the Investor to the Fund Manager or the Custodian and shall be deemed received by the Investor on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by the Investor shall be made in writing or (save as otherwise provided) shall be made by telephone to the Fund Manager or the Custodian, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by the Investor will be deemed received only if actually received by the Fund Manager or the Custodian. Neither the Fund Manager nor the Custodian will be liable for any delay or failure of delivery (for whatever reason) of any communication sent to the Investor.

## **22. Governing Law, Interpretation and rights of third parties**

- 22.1. This Agreement and all matters relating to it shall be governed by and construed in accordance with English Law and the parties submit to the non-exclusive jurisdiction of the English Courts.
- 22.2. 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.
- 22.3. 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



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