



Longbow Portfolio Service
Investor Agreement

Glossary of Terms

In this document these expressions and abbreviations have the following meanings unless the context otherwise requires.

ACCOUNT FORM	An application form to open a Custody account with the Custodian
AGREEMENT	The Investor Agreement
AIM	The Alternative Investment Market of the London Stock Exchange
ANTI-MONEY LAUNDERING (AML)	The law that requires anti-money laundering procedures and checks to be satisfied by the Manager and the Custodian
APPLICABLE LAWS	All relevant laws, regulations and rules, including those of any Government or of the FCA
APPLICATION FORM	An Application Form to invest in LPS completed by the prospective Investor in the form provided by the Manager
ASSOCIATE	Any person or entity which (whether directly or indirectly) controls or is controlled by LPS 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
BPR	Business Property Relief which applies to Investments to reduce the liability to inheritance tax
BVCA	The British Private Equity and Venture Capital Association
CAPITAL GAINS TAX DEFERRAL	Deferral of CGT
CGT	Capital Gains Tax
CHARGES	The fees, costs and expenses set out in Schedule 2 to Investor Agreement and in this Memorandum
CLOSING DATE	The final day on which Subscriptions to the LPS may be received by Manager, being no later than 3pm on 31 March, or such earlier date as Manager may determine, to permit Investment before 5 April each year
CUSTODIAN	Mainspring Nominees Limited (registered in England and Wales with registration number 08255713 and with its registered address at 44 Southampton Buildings, London WC2A1AP), authorised and regulated by the Financial Conduct Authority (FRN: 591814), or (subject to prior notification to the Investor) such other person as the Manager may appoint to provide administration and safe custody services to LPS investors
CUSTODY ACCOUNT	The account designated by the Custodian to which all cash, shares and securities held by the Custodian, are designated for the sole beneficial interest of an individual LPS Investor
ELECTIVE PROFESSIONAL CLIENT (EPC)	A client categorised as an elective professional client in accordance with FCA COBS 3.5 (Professional clients)
EIS	Enterprise Investment Scheme
FIRST CLOSE	The point at which LPS begins investing.
FCA	The Financial Conduct Authority
FSMA	The Financial Services and Markets Act 2000
HMRC	HM Revenue and Customs
HNWI	High Net Worth Individuals
IHT	Inheritance Tax

INVESTEES COMPANY	A company in which LPS invests
INVESTMENT	An Investment made through LPS
INVESTOR	An individual (and certain trustees) who completes an Application Form which is accepted by the Manager and so enters into an Investor Agreement and invests through the LPS
INVESTOR AGREEMENT	An investor agreement to be entered into by each Investor, in the terms set out in the Appendix of the Application Form
LONGBOW CAPITAL LLP, LONGBOW OR MANAGER	Longbow Capital LLP, which is authorised and regulated by the Financial Conduct Authority
LONGBOW PORTFOLIO SERVICE OR LPS	A number of separate management arrangements each provided pursuant to the terms of an Investor Agreement which appears in the Appendix to the Application Form and the Investment objectives and restrictions set out in Schedule 1B of that Appendix
MANAGER	Longbow Capital LLP
MEMORANDUM	This Memorandum issued in relation to the Longbow Portfolio Service
NOMINEE	The wholly owned legal entity of the Custodian, as appointed by Longbow from time to time in accordance with section 251 of the Income Tax Act 2007 and related guidance from HMRC to be the registered holder of Investments, that will hold the share interests of the LPS Investors
NON -DISCRETIONARY CLIENT	A client who will provide instructions for the Manager to follow, in relation to the Investment, purchase, sale or voting of Shares owned by the Investor
PORTFOLIO OR PORTFOLIO SERVICE	The Investments made through LPS which are allocated to an Investor and registered in the name of the Nominee on his behalf and which are subscribed out of monies that Investor invests in LPS
PPP	Personal Pension Plan, or UK Personal Pension Scheme
QUALIFYING COMPANY	A company which is a qualifying company for EIS purpose and/or BPR, as defined by HMRC
READILY REALISABLE INVESTMENT	A government or public security denominated in the currency of the country of its issuer or any other security which is admitted to an Official Listing on an Exchange in an EEA State, regularly traded on or under the rules of such an Exchange, or regularly traded on or under the rules of a recognised investment exchange or a designated investment exchange, or a newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded. This term does not include AIM or NEX Exchange traded investments, nor does it include unlisted securities
SAFE CUSTODY SERVICES	The administering and safeguarding of cash deposits and Investments made by the Custodian for and on behalf of Investors in LPS, including the holding of share certificates and administration of certain shareholder actions by the Custodian - services provided under Clause 4 of the Investor Agreement
SHARES	Ordinary equity shares in an Investee Company subscribed for by either or both of LPS on behalf of Investors
SIPP	Self Invested Pension Plan
SOPHISTICATED HNWI INVESTOR	An Investor with sufficient experience and knowledge of the risks of Investment in unquoted companies who can be categorised as a Professional Client or Elective Professional Client as defined by the FCA
SUBSCRIPTION	A Subscription to either or both of LPS pursuant to Clause 3 of the Investor Agreement
SUPERVISORY COMMITTEE	A sub-committee formed by the Manager including the Compliance Officer
TWO YEAR PERIOD	A period beginning on the date Shares are issued in Qualifying Company and ending on the second anniversary after that date
THREE YEAR PERIOD	A period beginning on the date Shares are issued in Qualifying Company and ending on the third anniversary after that date

This Agreement sets out the terms and conditions for participation in the Longbow Portfolio Service (LPS)

1. Definitions, Construction and Interpretation

1.1 In this Agreement the definitions contained in the Glossary to the Information Memorandum published by Longbow Capital in February 2017 shall apply.

1.2 Words and expressions defined in the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.

1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.

1.4 References to the singular only shall include the plural and vice versa.

1.5 Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.

1.6 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. Investing in LPS

2.1 This Agreement comes into force on the date on which an Investor is notified in writing by the Manager that his/her Application Form is accepted in respect of LPS.

2.2 This Agreement enables the Investor to invest through LPS. LPS is not a Collective Investment Scheme.

2.3 The Investor hereby appoints the Manager, on the terms set out in this Agreement. The Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.

2.4 The Manager and the Custodian are authorised and regulated by the Financial Conduct Authority for the conduct of UK business.

2.5 Under the terms of this Agreement, the Investor has the right to cancel arrangements to which this Agreement applies, for a period of up to 14 days from the day on which the Manager accepts the Investor's Application Form. The right to cancel will not be applied to any transactions undertaken during the cancellation period, where the price of the relevant investment depends on fluctuations in the financial marketplace outside of the Manager's control. In order to cancel the arrangement an Investor must ensure that his/her written instructions to cancel are dispatched to the Custodian and Manager before the expiry of the 14 day cancellation period. In the event of cancellation, the Investor may be required to pay for any services the Manager and Custodian has actually provided (which may include re-registration and commission charges) based on the fees and expenses in respect of either or both of LPS, as the case may be, set out in Schedule 2 of this Agreement.

2.6 If an application set out in an Application Form is not accepted the Manager will promptly notify the Investor and return the Subscription enclosed with the Application Form.

2.7 The Investor confirms to the Manager that he/she wishes to be treated as a Professional Client in respect of his/her Portfolio in either or both of LPS in which he/she invests. On that basis that he/she is an Elective Professional Client if:

(a) the Manager undertakes an adequate assessment of the expertise, experience and knowledge of the Investor that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Investor is capable of making his/her own investment decisions and understanding the risks involved;

(b) the Manager has given the Investor a clear written warning of the protections and Investor compensation rights the Investor may lose (as contained in this Agreement); Investor has read the statement contained within the Application Form, as a separate document from this Agreement, that he/she is aware of the consequences of losing such and the protections.

2.8 If the Investor has applied directly he/she will have to complete a form on his/her investment experience which will be sent by the Manager to the Investor. The information provided by the Investor will be kept confidential by the Manager but it is important to enable the Manager to categorise the Investor as a Professional Client as required by the FCA. An application to subscribe to either or both of LPS will only be accepted from an Investor if he/she has been categorised by the Manager as a Professional Client.

2.9 Once an Investor is treated as a Professional Client he/she will lose the protections applicable exclusively to retail clients under the FCA Rules. Certain of the FCA Rules will automatically be limited or modified in their application to the Investor. Certain of the FCA Rules will be capable of modification in their application to the Investor in relation to any business carried out by the Manager under the terms of the Information Memorandum ("the Business").

2.10 The following protections will not apply to an Investor in LPS. The Manager will not be obliged to warn the Investor of the nature of any risks involved in any potential investments in LPS. The Manager will not be obliged to disclose to the Investor the basis or amount of its charges for any services the Manager provides to the Investor or on his/her behalf or the amount of any other income that the Manager may receive from third parties in connection with such services. The Manager will not be obliged to set out any of the prescribed contents, disclosures or risk warnings needed for retail customers in prospectuses, marketing brochures and other non-real time financial promotions material, nor will the Manager be subject to the restrictions that apply to a retail client in relation to unsolicited real-time communications with the Investor. The Manager will not be required to give the Investor the warnings required for retail clients in relation to material which may lead the Investor to deal with or use overseas firms which are not regulated by the Financial Services and Markets Act 2000 nor will the Manager have to satisfy itself that the overseas firm will deal with the Investor in an honest and reliable way. The Manager will also not be required to comply with the FCA Rules relating to restrictions on and the content of direct offer advertisements.

2.11 The following rules will be limited or modified in their application to the Investor. The majority of the FCA Rules in relation to the form and content of financial promotions will not be applicable in respect of any financial promotion communicated or approved by the Manager. The Manager will not be required by the FCA to provide the Investor with a periodic statement on the value and composition of his Portfolio in LPS, where the Investor has requested the Manager not to do so or where the Manager has taken reasonable steps to establish that the Investor does not want them.

2.12 The following rules will be capable of modification in their application to the Investor. The Manager may be permitted under FCA Rules to agree in writing with the Investor that the Manager need not owe him/her a duty of best execution in respect of Business and by signing and returning the Application Form the Investor hereby agrees that such duty is expressly excluded. As such, the Manager is not obliged to take reasonable care to ascertain the price which is the best available to the Investor for him/her in the relevant market at the time for transactions of the kind and size concerned or to execute the Investor's instructions at such price (or a better price). No Investor is or will be allowed to participate in LPS as a retail client and best execution does not apply to LPS. If the Investor is reclassified as a retail client the Investor shall not be entitled to best execution in respect of his Portfolio in LPS, as the case may be, in any event, the Manager shall continue to be entitled to treat all Investors in LPS as Professional Clients and the Manager shall be entitled to terminate this agreement pursuant to clause 15.

2.13 The Manager may have regard to an Investor's expertise when complying with the requirements under the regulatory system that communications must be clear, fair and not misleading.

2.14 Under FCA Rules the Manager has to review its categorisation of clients at least once a year. As part of this review procedure the Manager may write to the Investor.

3. Subscriptions

3.1 The Investor:

Must make a Subscription in LPS of not less than the minimum amounts shown in the Application Form at the same time as submitting his/her Application Form to LPS; and

3.2 The Investor may not make a withdrawal from LPS other than in accordance with Clause 15 and this Agreement shall only terminate pursuant to Clause 15.

3.3 Subscriptions received shall be deposited (in an interest bearing client account) pursuant to Clause 7.8 pending their Investment.

4. Services

4.1 The Manager will manage LPS as from its respective Closing Dates on the terms set out in this Agreement. The Manager will inform the Investor in relation to the selection of, or exercising rights relating to, investments and in particular, the negotiation and execution of agreements and ancillary documentation relating to Investments in EIS qualifying companies. The provision of safe custody and administration services in relation to LPS will be carried out by the Custodian or such other person or persons as the Manager shall from time to time appoint, if it has the necessary regulatory permission to do so. The Custodian is not an Associate of the Manager.

4.2 The Custodian will provide safe custody services and administration services on the terms set out in its Custody Agreement.

4.3 If the Investor has a complaint regarding the Services he/she may raise the complaint with his/her independent financial adviser or directly with the Manager by writing to Longbow Capital LLP, Barnham Broom, Honingham Road, Norwich, NR9 4DD and the Manager shall endeavour to resolve the complaint speedily and efficiently and will reply to the Investor in writing. As a Professional Client the Investor will lose the right to access the Financial Services Ombudsman Service or the Financial Services Compensation Scheme.

5. Investment Objective and Restrictions

5.1 In performing the Services, the Manager shall have regard to and shall comply with the Investment Objective and the Investment Restrictions set out in Appendix 1A as regards LPS.

5.2 In performing the Services, the Manager shall at all times have regard to:

- (a) the need for the Investments to attract EIS tax advantages;
- (b) all Applicable Laws.

5.3 In the event of a gradual realisation of Investments prior to termination of LPS under Clause 15.1, the cash proceeds of realised Investments may be placed on deposit or invested in government securities or in other Investments of a similar risk profile.

6. Terms Applicable to Dealing

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

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

- (a) if there is any conflict between the provisions of this Agreement and

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

An Investor should, however, be aware that the Subscriptions of the Investor may be invested in a range of unlisted securities and, although some may be traded on AIM or PLUS, there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities. Transactions in Shares of such securities will be effected on the best commercial terms which can be secured.

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

6.4 Where deals for an Investor are aggregated with those for another Investor, the number of Shares in an EIS qualifying 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 in LPS, (provided that Investors shall not have fractions of Shares). Variations may be allowed to prevent Investors having fractions of Shares but only in circumstances in which there can be minor variations. If one or more of the Investors in a Fund in which he has invested is an accountant, lawyer or other professional person who is subject to professional rules preventing him/her from making an Investment in a particular EIS qualifying company, then the number of Shares provisionally allocated to that Investor or Investors shall not be acquired for his/her Portfolio in that Fund and the cash value of such Shares shall be returned to such Investor and not used to increase his/her share of other Investments. Entitlement to Shares will be to the nearest whole share rounded down and the aggregate of fraction entitlements may be held by the Nominee for the Manager.

6.5 The Manager may make use of soft-commission arrangements in respect of deals undertaken for LPS as may be disclosed to the Investor from time to time.

6.6 The Manager will act in good faith and with due diligence in its choice and use of counter parties but, subject to this obligation, shall have no responsibility for the performance by any counter party of its obligations in respect of transactions effected under this Agreement.

6.7 Any option which the Manager has to subscribe for Shares in any EIS qualifying company in which LPS has invested shall not be capable of assignment except to an employee of the Manager within three years from the date on which the Investment is made.

7. Custody

7.1 The Custodian appointed by the Manager shall provide services for the safe keeping of Investments and cash comprised in LPS from time to time, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments. The Custodian will be responsible for the provision of such Nominee Services to the Investor.

7.2 Investments will be registered in the name of the Nominee. Investments within the Investor's Portfolio in either or both of LPS will therefore be beneficially owned by the Investor at all times but the Nominee will be the legal owner of the Investments in LPS.

7.3 The terms and business services of the Custodian are subject to conditions of the Custodian, as the Custodian and the Manager may agree and shall determine from time to time. The Manager will notify Investors of any changes to the charges of the Custodian.

7.4 The Investor has accessed the Custody Agreement via the website and has read and understood the terms and confirms acceptance to the terms of the Custody Agreement.

7.5 The Investor consents to the Manager entering into the Custody Agreement with the Custodian, on behalf of the Investor, acting as its agent.

7.6 Custodian has elected to hold the Investor's cash as client money (as defined in the FCA Handbook) in accordance with the FCA rules on client money (CASS), and accordingly Investors are afforded the highest level of protection over their cash

7.7 The Custodian has elected to hold the Investor's cash as client money (as defined in the FCA Handbook) in accordance with the FCA rules on client money (CASS), and accordingly Investors are afforded the highest level of protection over their cash

7.8 The Custodian will hold the Investors money pending investment using a segregated omnibus account which will have trust status and will be kept separate from any money belonging to the Custodian.

8. Reports and Information

8.1 The Manager shall send to the Investor a report relating to Investments made through LPS, complying with the FCA Rules, every six months, in respect of the periods ending on or around 5 April and 5 October. Reports will include a measure of performance in the later stages of LPS in which he/she invests once valuations are available for the Investments. Investments will be valued in accordance with appropriate BVCA valuation rules from time to time prevailing.

8.2 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.

8.3 The Manager 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.

8.4 Any statements, reports or information so provided by the Manager to the Investor will state the basis of any valuations of Investments provided.

9. Fees and Expenses

9.1 The Manager shall receive Fees for its Services, and reimbursements of its costs and expenses, as set out in Schedule 2 to this Agreement.

9.2 The Investor shall be responsible for:

- (a) meeting all fees and expenses of the Custodian;
 - (b) meeting all fees and performance fees of the Manager;
 - (c) pre-paying a sum equivalent to the fees to cover the first five years of the Investment into LPS, unless the Manager directs otherwise; and
 - (d) remitting promptly such monies as are required to meet the Custody and Management fees following the fifth anniversary of LPS to the extent these cannot be met out of the relevant Custody account of the Investor's LPS.
- (e) The Custodian may debit from any monies held on behalf of the Investor, any fees and charges due to the Custodian and/or the Manager as and when such charges become payable.

10. Management and Administration Obligations

10.1 The Manager shall 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.

10.2 Except as disclosed in the Memorandum and as otherwise provided in this Agreement (for example on early termination), the Manager shall not take any action which may prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which may prejudice obtaining the tax advantages for LPS Investments.

11. Obligations of the Investor

11.1 The Portfolio in which an Investment is made which is established by this Agreement is set up on the basis of the declaration made by the Investor in his Application Form which includes the following statements by the Investor in relation to his/her Subscription:

- (a) the fact as to whether or not the Investor wishes to seek EIS relief for the Investments;
- (b) that he/she agrees to notify the Manager if any Investment is in any company in which the Investor is connected within Section 163 and Sections 166 to 177 of the Income Tax Act 2007;
- (c) that he/she agrees to notify the Manager if, within three years of the date of issue of an Investment in an EIS Qualifying Company, the Investor becomes connected with the company or receives value from such company;
- (d) that he/she will provide the Manager with his/her tax district, tax reference number and National Insurance number; and
- (e) that he/she is aware that he/she is consenting to be treated as an Elective Professional Client and for the money he/she subscribes not to be treated as client money in accordance with the rules of the FCA.

11.2 The Investor confirms that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.

11.3 The Investor must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 11.1 above refers.

11.4 In addition, an Investor must provide the Manager with any information which it reasonably requests for the purposes of managing the Investments of the Investor pursuant to the terms of this Agreement.

12. Delegation and Assignment

12.1 The Manager may in its sole discretion employ agents and sub-contractors, including associates, to perform any administrative, custodial or ancillary services to assist the Manager in performing its Services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Manager under the terms of this Agreement.

12.2 The Manager may from time to time change or amend the terms of the relationship with the Custodian, including replacement thereof and negotiate such terms on an arm's length basis in good faith.

12.3 The Manager may assign this Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to the Investor. This Agreement is personal to the Investor and the Investor may not assign it.

13. Potential Conflicts of Interest and Disclosure

13.1 The Manager may provide similar services or any other services whatsoever to any client and the Manager shall not in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable by the Manager, the Manager will use all reasonable endeavours to ensure fair treatment as between the Investor and such clients in compliance with the FCA Rules.

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

- (a) the Manager or an Associate may receive remuneration or other benefits by reason of acting for companies whose securities are held for the Investor;

- (b) the Manager may take an equity stake in a company whose securities are held for the Investor at a price not below the issue price available to the Investor (and subject to Clause 6.7);
- (c) the Manager or an Associate provides Investment services for other clients;
- (d) any of the Manager's partners or employees, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of the Investor;
- (e) the transaction is in securities issued by an Associate or the client of an Associate;
- (f) the transaction is in relation to an Investment in respect of which it or an Associate may benefit from a commission or fee payable otherwise than by the Investor and/or it or an Associate may also be remunerated by the counter party to any such transaction;
- (g) the Manager deals on behalf of the Investor with an Associate;
- (h) the Manager may act as agent for the Investor in relation to the transaction in which it is also acting as agent for the account of other clients and Associates;
- (i) the Manager may, in exceptional circumstances, deal in Investments as principal in respect of a transaction for the Investor;
- (j) the Manager may have regard, in exercising its management activities to the relative performance of other LPS under its management;
- (k) the Manager may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. The Manager or an Associate may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them;
- (l) the transaction is in the securities of a company for which the Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction; or
- (m) the transaction is in securities in respect of which the Manager or an Associate, or a director or employee of the Manager or an Associate, is contemporaneously trading or has traded on its own account or has either a long or short position.

14. Liability

14.1 The Manager agrees that it will at all times act in good faith and with reasonable care and due diligence. Nothing in this paragraph 14 shall exclude any duty or liability owed by the Investor under the FCA Rules.

14.2 The Manager shall not be liable for any loss to the Investor arising from any Investment decision made in accordance with the Investment objective and the Investment restrictions set out in Schedule 1 or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or willful default or fraud of the Manager or any of its employees.

14.3 Subject to Clauses 6.6 and 12, the Manager shall not be liable for any defaults of any counter party, agent, banker, Custodian or other person or entity which holds money, Investments or documents of title for LPS, other than where such party is an Associate.

14.4 In the event of any failure, interruption or delay in the performance of the Manager's respective 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 Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.

14.6 The Manager gives no representations or warranty as to the performance of LPS. Investments made by LPS 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 Investments carefully and note the risk warnings set out in the Information Memorandum. Nothing in this Clause 14 shall exclude the liability of the Manager for its own fraud.

15. Termination

15.1 The Manager shall set date(s), which it shall notify to the Investor, on which LPS will terminate. This will usually be five years after the final Investment made for the Investor by the Manager through LPS, subject to extensions of up to three years with the approval of the Supervisory Committee or for longer periods with the approval of the individual Investors. On termination of LPS, the Manager shall endeavour to procure that all Shares for the Investor in his Portfolio in each Fund will be sold or realised by way of a liquidation of the Investee Companies. The accrued entitlement (if any) of the Manager and Custodian to fees and expenses due and/or the performance fee shall be calculated and satisfied pro rata from the Investor's interest on final realisation of the investments and the net proceeds will be paid to the Investor. Any cash within the Investor's Portfolio in each Fund will be paid to the Investor.

15.2 An Investor is not entitled to make withdrawals from LPS save in the event that the Investor Agreement is terminated or with the express agreement in writing of the Manager. The Manager will have a lien on all assets being withdrawn or distributed from LPS and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging an Investor's liability to the Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining Investments will then be passed to an Investor.

15.3 If:

- (a) the Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Manager under this Agreement;
- (b) the Manager ceases to be appropriately authorised by the FCA or becomes insolvent; or
- (c) the Manager is no longer able to categorise the Investor as a professional client under the FCA Rules;

the Manager shall endeavour to make arrangements to transfer the Investments to another Manager in which case that Manager shall assume the role of LPS Manager under this Agreement, failing which the Agreement shall terminate forthwith and, subject to Clause 16, the Investments held for the account of the Investor shall be transferred into the Investor's name or as the Investor may otherwise direct.

15.4 Provided neither Clause 15.2 nor 15.3 applies, this Agreement shall terminate in respect of LPS when the Manager advises the Investor in writing that his/her LPS Investment has terminated.

16. Consequences of Termination

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

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

16.3 On termination, the Manager may 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 Clause 9 of this Agreement, the details of which are set out in Schedule 2 to this Agreement.

17. Confidential Information

17.1 Neither the Manager, nor the Investor shall disclose to third parties or take into consideration information either:

- (a) the disclosure of which by it would be, or might be, a breach of duty or confidence to any other person; or
- (b) which comes to the notice of an employee, officer or agent of the Manager or of any Associate but properly does not come to the actual notice of that party providing services under this Agreement.

17.2 The Manager will at all times keep confidential all information acquired in consequence of the Services, except for information which:

- (a) is in the public knowledge; or
- (b) which they may be entitled or bound to disclose under compulsion of law; or
- (c) is requested by regulatory agencies; or
- (d) is given to their professional advisers where reasonably necessary for the performance of their professional services; or
- (e) is authorised to be disclosed by the relevant party; and shall use all reasonable endeavours to prevent any breach of this Clause 17.2.

18. Complaints and Compensation

18.1 The Manager has established procedures in accordance with the FCA Rules for consideration of complaints.

18.2 The protections offered by the FCA do not apply to LPS or the Investment of the Investor and compensation under the Financial Services Compensation Scheme will not be available.

19. Notices, Instructions and Communications

19.1 Notices of instructions to the Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

19.2 The Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

19.3 All communications to the Investor shall be sent (whether postal or electronic) to the latest address notified by the Investor to the Manager 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 Manager, 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 Manager. The Manager will not be liable for any delay or failure of delivery (for whatever reason) of any communication sent to the Investor.

20. Unsolicited real time financial promotion

The Manager may communicate an unsolicited real time financial promotion (i.e. interactive communications such as a telephone call promoting EIS qualifying company Investments) to the Investor.

21. Amendments

The Manager may amend these terms and conditions in this Agreement by giving the Investor not less than 10 business days' written notice. The Manager may also amend these terms by giving the Investor written notice (whether postal or electronic) with immediate effect if such is necessary in order to comply with HMRC requirements, in order to maintain the EIS Relief or in order to comply with the FCA Rules.

22. Data Protection

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

23. Entire Agreement

This Agreement, together with the Application Form, comprises the entire Agreement of the Manager with the Investor relating to the provision of the services.

24. Rights of Third Parties,

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.

25. Severability

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

26. Governing Law

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

SCHEDULE 1: Investment Objective and Restrictions of LPS

1A Investment Objective

To offer Investors the opportunity to invest in unquoted Qualifying Companies which exploit intellectual property, technology and services to address development opportunities, with the added bonus of obtaining the tax advantages associated with EIS Investments made through LPS approved pursuant to section 251 of the Income Tax Act 2007.

1B Investment Restrictions of LPS

(a) In carrying out its duties in respect of LPS regard shall be had, and all reasonable steps taken, by the Manager to comply with such policies or restrictions as are required in order to attract EIS and/or BPR relief as may be prescribed by HMRC from time to time.

(b) Investors should be aware that LPS'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.

(c) In the event of a gradual realisation of Investments prior to termination of LPS under Clause 15.1, the cash proceeds of realised Investments may be placed on deposit or invested in fixed interest government securities or other Investments of a similar risk profile. Proceeds will be paid out on termination of LPS or in installments in advance of termination, as determined by the Manager, subject to HMRC approval.

SCHEDULE 2: In Respect of LPS Fees and Expenses

2A Management fee

(a) The Investor will pay the Manager fees equal to 1.25% p.a. of the amount invested by the Investor in LPS, from cash held by the Custodian for the Investor.

(b) Such management fee shall accrue quarterly in advance (the first such period commencing on the quarter which next follows the acceptance of the Application Form) and in respect of the final period from the end of the last relevant quarter to the date of termination of the relevant LPS agreement between the Investor and the Manager.

(c) In the event that the Custodian is unable to pay the management fee when due, it will accrue to be paid upon receipt of funds from the Investor or from the proceeds of cash distributions from the sale of shares or dividends, prior to a withdrawal of funds, by the Investor.

2B Investment fee

The Investor will pay the Manager an investment fee based on the amount invested or realized from investments equal to 1.25% of the value of the purchase or sale of shares or other forms of investment.

2C Performance fee

(a) The Investor will pay the Manager a performance fee based on the Investor's profits. The performance fee will be payable only upon distributions of LPS after an Investor has received back an amount equal to the entire amount invested in LPS.

(b) Any amounts in excess of the entire amount invested by the Investor in LPS will be paid 85% to the Investor and 15% to the Manager.

(c) On an early withdrawal of cash under Clause 15 of the Investor's Agreement, such amount as the Manager in its sole discretion may determine shall be deducted from an Investor's Portfolio in respect of accrued performance fees on the assumption that all investments in an Investor's Portfolio have been disposed of and realised for a cash sum equal to the Manager's latest valuation of those investments and upon the further assumption that all of the net profits realised on such disposals have been distributed to the Investor.

2D Administration fees

The Custodian shall, in respect of each Fund, receive the following administration fees, as appropriate:

(a) Commission Fee: 0.35% on all sales and purchases.

Annual Custody Fee: £80, charged quarterly at £20.

(a) Corporate Actions – For any registrations, splitting transfers, transfers out, dividends or similar actions, plus stamp duty will be advised and applied. Where applicable charges will be subject to VAT at the prevailing rate.

Investor's Portfolio and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging an Investor's liability to LPS in respect of damages or accrued but unpaid fees.

2E VAT

VAT will be payable at the prevailing rate where applicable by the investor.

2F Payment arrangements

Fees payable to the Custodia shall be payable out of cash held in a Portfolio within seven days of the calculation of the relevant fee. Expenses are payable as they accrue out of cash held in a Portfolio. An appropriate cash retention shall be made from Subscriptions as thought appropriate by the Manager to meet fees, costs and expenses, including an amount in respect of the first five years of the Custodian's administration fee. On termination, pursuant to Clause 16, the Investor's liabilities, including fees, costs and expenses shall be payable from LPS and, if there is insufficient cash, Investments may be retained and/or realised in order to meet such outstanding liabilities. Interest on outstanding amounts due will be charged at 5% per annum over Bank of England Base Rate, accruing on a daily basis until the date of settlement.

2G Allocation of fees and expenses

All fees, costs and expenses of LPS shall be paid by Investors out of their respective Custody Account(s) in proportion to the amount of their Subscriptions to LPS in which their Portfolios are held.

2H General

The Manager retains the right to charge arrangement, exit and syndication fees (which may be in the form of cash, warrants and options) to the investee companies in which the LPS invests. Such charges are in line with industry practice. Requests from the Investor to the Custodian to issue payment from the Investor's Custody account held by the Custodian will be referred to the Manager. When the Manager has confirmed that all fees and expenses accruing have been settled it will advise the Investor that the Custodian will issue the payment(s) requested.

Longbow Capital LLP
Barnham Broom, Honingham Road, Norwich, NR9 4DD
Telephone: 01603 757509
www.longbow.co.uk

Authorised and Regulated by the Financial Conduct Authority

Published: April 2021