LONGBOW

Longbow Portfolio Service II

Longbow Capital LLP
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Contents

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Definitions of the terms used in this Information Memorandum can be found on Page 14 immediately before the Appendices.

This Memorandum has been issued by Longbow Capital LLP (the "Manager"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, and relates to the Longbow Portfolio Service II ("LPS II"), which is a non discretionary management service. Longbow does not offer investment advice.

Please read the important information set out below. Potential investors should consult their financial and tax adviser(s) before applying to participate in LPS II. Potential investors should also fully consider all available information together with the Risk Factors set out in the Executive Summary and the Risk Factors set out in greater detail under Appendix 1.

Participation in LPS II is offered to investors who can be classified as Elective Professional Clients (EPC) in accordance with the FCA Rules.

The Manager may classify a client as an EPC if it has taken reasonable care to determine that the client has sufficient expertise, experience and knowledge, in light of the nature of the transactions and services envisaged, to be capable of making his own investment decisions and understanding the risks involved to be classified as an EPC.

Information in this Memorandum may be subject to revision. An application to participate in LPS II may only be made on the basis of the Memorandum and the Investor Agreement set out in Appendix 4 of this Memorandum. The Manager cannot be bound by an out of date Memorandum when it has issued a replacement or final form Memorandum and investors should check with the Manager that this is the most recently published Memorandum.

The Manager has taken all reasonable care to ensure that the facts stated in this Memorandum are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in this Memorandum misleading. All statements of opinion or belief contained in this Memorandum and all views expressed and all statements regarding future events represent the Manager's own assessment and interpretation of information available to it as at the 1 February 2013. No representation is made or assurance given that such statements or views are correct or that the objectives of LPS II will be achieved. In addition, certain information in this Memorandum has been obtained from sources prepared by other parties. While the Manager believes this information to be reliable, it does not guarantee its accuracy, completeness or fairness. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views, forecasts, and third party information, and no responsibility is accepted by the Manager in respect thereof.

Any projections or other estimates in this Memorandum, including estimates of returns or performance, are forward-looking statements and are based on certain assumptions. Events that were not taken into account may occur and may significantly affect the outcomes. Assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to predict and may depend on factors that are beyond the control of the Manager. Accordingly, actual results may differ, perhaps materially, from those presented. This Memorandum does not constitute a recommendation by the Manager or its affiliates or advice to any recipient of this Memorandum of the merits of LPS II. In making an Investment decision, investors must rely on their own independent assessment of LPS II and its terms and conditions, including the merits and risks involved after making such investigations as they deem necessary. Prospective investors should not treat the contents of this Memorandum as advice relating to legal, taxation or Investment matters and are advised to consult their own professional advisers in relation to LPS II. This Memorandum does not constitute, and may not be used for the purposes of, an offer or invitation to subscribe to LPS II by any person in any jurisdiction in which such an offer or invitation is not authorised or in which the person making such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such offer or invitation. It is the responsibility of the prospective investor to satisfy himself or herself as to full compliance with the relevant laws and regulations of any territory in connection with any application to subscribe to LPS II, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory.

LPS II is not an Investment fund or a collective Investment scheme. This Memorandum does not constitute an offer of securities in any existing or prospective Investee Companies, nor is this Memorandum a prospectus approved under section 87a et seq. of the Financial Services and Markets Act 2000. Any person who is in any doubt about the Investment opportunity to which this Memorandum relates should consult an authorised person specialising in advising on Investments of the kind described in this Memorandum.

Offer

The Longbow Portfolio Service II (LPS II) was launched on 1 February 2013. It offers high net worth private investors (HNWIs) an opportunity to build a portfolio of unquoted Investments, selected by Longbow Capital - carefully monitored and supported through to the point of delivering sale realisations.

The overriding priority is to identify outstanding Investment opportunities and drive absolute capital growth based returns at the point of exit, which generally will be sought from each of the Investments three years after the date the Investments are made. At the same time, the LPS II will also offer investors valuable tax reliefs by investing in Qualifying Companies under the Enterprise Investment Scheme (EIS), for Inheritance Tax Purposes (IHT) and through a Self Invested Pension Plan (SIPP). These reliefs provide significant scope to reduce tax liabilities; mitigate risk, by reducing the cost of the Investments; as well as enhance the potential returns, where the Investments deliver capital growth.

Longbow Capital (the Manager) is experienced in working with small emerging companies seeking to achieve substantial growth and understands the risk of Investment within this sector. The Manager considers that, by holding Investments across a range of companies, the stock-specific risk with a portfolio can be significantly reduced.

LPS II will invest in companies able to demonstrate a commitment to deliver growth over a 3 year period, seeking to achieve exceptional cash returns for investors. LPS II will normally invest Subscriptions from investors within one year of receipt of funds and the expected term of the underlying Investments will be between 3 and 5 years.

Subscriptions to LPS II received before 31 March each year will be eligible for Investment in each of the three subsequent tax years ending on 5 April, according to the preference of the investors and subject to the availability of Investments selected by the Manager of LPS II.

Objectives

The objectives of LPS II are:

- Value Growth: generate absolute capital returns
- Tax Efficiency: offer the benefits available under EIS, to offer exemption from IHT, to avoid or defer capital gains liability and/or, to hold within a SIPP
- Deliver: positive returns with exits commencing after three years from the point of first Investment

Amounts and Dates

- Minimum individual Subscription: £25,000
- Minimum LPS II size: £250,000
- Opening date: 1 February 2014
- Closing Dates: 31 March each tax year for EIS reliefs in the same/previous tax year

Investment Strategy

Emerging UK-based companies require capital to drive their expansion and development. Bank financing has been reduced dramatically and alternative finance from institutions is generally targeted at large funds or well-developed businesses. As a result, there is a scarcity of capital for the foreseeable future for smaller UK companies. Accordingly, there are increased opportunities to support businesses with modest capital values through a period of value growth to develop into successful companies and then to realise enhanced value via an exit achieved through a sale to trade buyers or to financial investors.

Alternatively, some successful companies may achieve a flotation on a stock market to raise additional capital and this may offer liquidity to shareholders.

LPS II will select UK-based companies that we consider to have excellent growth prospects. They will be characterised by high quality management teams able to offer evolutionary improvements through their products or services. Typically, these companies will be seeking additional working capital, generating sustainable revenues and be able to demonstrate a well-defined plan to achieve or sustain profitability. Within a three year time scale, such businesses should become consistently cash generative.

Typically, LPS II will invest:

- across a range of strong-performing sectors, generally connected to health and personal well being
- in tranches of between £250,000 and £2.5m in Qualifying Companies
- where an exit is achievable within 3 to 5 years

The time scale for making Investments for each individual investor will depend on the circumstances and preferences of the individual private investor and will be agreed with the Manager at the point of making an Investment in LPS II.

Tax Reliefs

Investment returns can be enhanced by attractive income and capital gains tax benefits for Investments in Qualifying Companies under EIS. Investment can also provide IHT.

- Income Tax Relief:
  - 30% of the value of EIS Investments
  - up to £1,000,000 invested in any one tax year
- Carry back relief:
  - enables relief to be claimed against income taxed in a previous tax year
- Capital gains tax (CGT) free:
  - 100% exemption is provided on unlimited Investment gains
- Loss relief:
  - can be offset again income or capital gains tax
- CGT deferral relief:
  - available on capital gains at the prevailing rate of CGT
  - on gains realised up to 3 years prior to making an Investment in an EIS Qualifying Company
- IHT relief:
  - 100% exemption after two years
  - following an exit IHT exemption can be maintained where there is subsequent reinvestment into other IHT qualifying companies
- CGT deferral relief and IHT relief are not limited other than by the amounts invested

Further details on tax reliefs are set out in Appendix 2. The value of tax reliefs will depend on individual circumstances and the current tax legislation, which are both subject to change. The availability of tax relief also depends on the companies invested in maintaining their qualifying status. Investors are strongly recommended to take professional advice from their financial or tax adviser.

Self Invested Personal Pensions

Investments in LPS II can be held within an investor's SIPP. Any such holdings will not be eligible for EIS benefits, as a tax saving has already been realised when funding the SIPP. Investors should consult with their SIPP provider to establish if they are able to make Investments through LPS II with capital held by their SIPP.

The Manager

LPS II is managed by Longbow Capital LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The Manager continues to manage the predecessor to LPS II, the Longbow Portfolio Service, as well as EIS funds and SIPP funds. Collectively these funds have raised over £20m out of a total of £34m invested by Longbow clients.

Track Record

The Manager has developed a track record through Investments it has led into 11 companies, which undertook 40 rounds of Investment to raise more than £90m in total, between November 2004 and December 2014.

Investors introduced by and who participated in the Longbow Portfolio Service, Longbow EIS funds and Longbow SIPP Venture funds and LPS II contributed a total of more than £57m invested across the portfolio of 11 companies, up to 31/12/14, whereby;

- The £57m amount invested had a value of over £75m - part of which has been realised and the balance of which will be realised upon an exit through a sale, flotation or liquidation of the retained investments.
- Realisations have occurred within 3 of the 11 companies that have now been sold or liquidated and over £25.7m (excluding tax relief) has been returned to those investors introduced and managed by the Manager.
- 8 of the 11 companies continue to be developed and are progressing towards an exit event. The combined value of these investments held by investors introduced and / or managed by Longbow amounts to £49m.

For each £1 (note 1) invested over this period, an investor should have received income tax relief amounting to 27.2p (note 2) to reduce the net cost of the Investment to 72.8p after claiming income tax relief. As at 31/12/14 the value of this portfolio was 132p, which is an 83% uplift on the net cost after receipt of income tax relief.

Additionally, an investor would have been able to defer CGT and averaged over the past 10 years this could have provided the investor with a further tax credit of 27.5p (note 3) for each £1 invested.

Furthermore, the Investments have all qualified for Business Property Relief and should become eligible for IHT exemption following the second anniversary of the date of Investment.

Note 1: based on equal investments into each of 40 rounds of investment into the 11 EIS qualifying companies

Note 2: based on income tax relief of 20% until 5 April 2011 and 30% thereafter and loss relief claimed at 40%

Note3: based on CGT rates of 40% until 5 April 2008, 18% until 23 June 2010 and 28% thereafter

Charges

Investments made into LPS II will be subject to the following charges:

The Manager will be entitled to:

- An Annual Fee: 1% of LPS II Subscriptions per annum, charged half yearly in advance
- A Performance Fee: 20% of any proceeds payable to Investors above £1 for each £1 invested in LPS II, payable at the point of distribution where the Investor will receive the balance of 80%

The Custodian will charge the following:

- A Commission Fee: 0.5% on each Investment purchase and 0.5% on each sale Investment (minimum £25). In addition, a paper & administration charge of £10 per bargain
- An Annual Custody Fee: Minimum of 0.05% or £20 per line of stock, (whichever is the greater). Charged half yearly on 1st March and 1st September on the basis of assets held in custody for all, or part of, the 6 month period
- A nominal fee on the transfer or reregistration of an Investor's holdings or the payment of a dividend/ by an Investee Company
- Corporate Actions – Any registrations, splitting transfers, transfers out or similar actions are charged at £10, plus stamp duty if applicable

Where applicable, charges will be subject to VAT at the prevailing rate.

The charges will be met out of Subscriptions to LPS II, within which a maximum of 10% will be reserved to cover fees and charges other than the Performance Fee. This will provide a minimum of 90% of amount subscribed to LPS II to be available for Investment. It should be noted that EIS relief is only available on the amounts invested in EIS Qualifying Companies.

In addition, the Manager will be entitled to receive fees and warrants from the Investee Companies at the point of Investment and annual monitoring fees as agreed with the Investee Companies.

Risks

Before investing, all investors are strongly recommended to carefully consider the risks attached to an Investment through LPS II, together with all other information contained in this Memorandum. Please see Appendix 1 for a detailed list of risk factors, which include:

- Suitability: an Investment described in LPS II will not be suitable for all Investors. Investors are advised to consult an Investment adviser authorised under the FSMA, and an appropriately qualified taxation adviser, prior to investing
- Valuation: valuations of unquoted companies are determined in accordance with the British Private Equity and Venture Capital Association ("BVCA") guidelines. However, as the Investments will comprise holdings in small unquoted companies with limited historical performance track record, such valuations will include a high degree of judgement. The value of the Shares may go up or down. An Investor in LPS II may not get back the full amount invested
- Liquidity: there is no market, nor is there intended to be a market, for the Shares. As such, the Shares will not be readily realisable. It is not intended that any income or capital will be returned to Investors during the Three Year Period. After holding the Shares in Qualifying Companies for the Three Year Period, it may still be difficult to realise the Shares or to obtain reliable information about their value
- Past performance: The past performance of the Manager is not a guide to the future performance of LPS II
- Taxation: It is possible for Investors to lose their EIS tax reliefs and/or CGT deferral relief and/or IHT relief by taking or not taking certain steps
- Qualifying Investments: If a company ceases to carry on a Qualifying Trade during the Three Year Period, this could prejudice its qualifying status under the EIS
- Gearing: The use of borrowings or other funding by the Investee Companies that will rank ahead of the LPS II investor's Investment will significantly increase the risk

How to Invest

Investors should:

- carefully consider all information set out in this Memorandum and in the Investor Agreement, set out in Appendix 4
- complete the Application Form attached to this document, as set out in Appendix 5
- provide documentation to validate their identity and mailing address, as requested in the Application Form
- carefully consider all information set out in this Memorandum and in the Investor Agreement, set out in Appendix 4
- forward a Subscription payment made by cheque or direct bank transfer, as advised in the Application Form
- receive confirmation from the Manager:
    - of the receipt and acceptance of the Application Form
    - that a Custodian account has been established and is holding Subscription funds
- receive EIS3 certificates in relation to Investments on which the Investor may claim tax relief under EIS, within six months of LPS II making an Investment
- receive valuation updates every six months from the Custodian to provide records of all transactions and changes in value as at 5 April and 5 October each year
- receive the proceeds of the sale of Investment held in their portfolio, net of any fees outstanding at the time of a sale realisation

The Manager believes there are considerable advantages to investing through LPS II, including but not limited to:

- developing a portfolio of Investments within the asset class of emerging unquoted UK-based companies
- safe Custody and Nominee service being provided to attend to the administration of their Investments
- the Manager's partners continuing to work very closely with potential Investee Companies throughout the life of the Investment
- the Manager using skills, experience and contacts to review Investment opportunities and to assist Investee Companies to develop and, ultimately, to achieve a successful exit
- Longbow's charging structure being aligned with the Investor's interests of completing Investments, that can qualify for tax reliefs, while being incentivised by sharing in the growth in value and the realisation of Investments

Background

In 2006, Longbow launched its first Portfolio Service, to provide experienced private investors with a professionally managed service to select and make Investments in unquoted UK based companies. It has provided a prospect of substantial growth in value and additional benefits of relief from UK income tax, capital gains and inheritance tax, helping to mitigate the risk of failure and illiquidity as well as drive absolute returns on successful Investments.

Economic conditions over the past decade have caused a marked shift in the complexion of private investment portfolios. The conventional wisdom of maintaining a broad spread of different Investments and asset classes continues to prevail. Private equity and venture capital Investments are uncorrelated from short term movements in publicly traded and volatile markets. LPS II offers private investors the opportunity to participate in later stage venture capital Investments with substantial tax advantages available to UK-based investors.

Compared to quoted stocks and bonds, fast growing small and medium sized companies (SMEs) can offer high and diversified returns at the point that such companies are sold, recapitalised or listed on a stock exchange. However, where there is volatility in stock markets this increases the challenges for SMEs to be publicly quoted and traded. Investor returns from unquoted Investments, such as LPS II will make, are now expected to be derived primarily from acquisitions by financial or trade buyers and, to a lesser extent, from income distributions and recapitalisations, or a flotation on a stock market.

Longbow was founded to focus on the management of private investors' Investments in exciting, young, unquoted companies where we believe significant returns can be achieved. Longbow manages Investments through its Portfolio Service, EIS and SIPP Funds alongside direct Investments made by private individuals, partnerships and other venture capital investors.

Participation in LPS II is offered to those who can be classified as Elective Professional Clients (EPC) in accordance with the FCA Rules.

The strategy for LPS II is to achieve capital growth whilst enhancing out performance through returns with tax benefits over Investment terms of between 3 and 5 years.

Closing Dates

Subscriptions to LPS II can be applied to Investments in one or more tax years according to the preference stated by the investor. Applications accepted on or before 31 March each year will enable Investments to be made in the current and/or following tax years as agreed between the Manager and the Investor.

Subscription Amounts

The minimum Investment to LPS II will be £25,000 in total or £5,000 into a single Qualifying Company.

There is no restriction on the maximum that can be subscribed by an Investor into LPS II other than a restriction on the total amount subscribed to LPS II in any one tax year, as determined by the Manager. There is no limit on amounts invested by individuals that seek to provide Capital Gains Deferral relief or Inheritance Tax relief. Income tax relief available to individual investors is currently limited to £1 million in a single tax year.

Income tax relief provided at a rate of 30%, currently available under EIS, can be carried back to the previous tax year. So, as an example, an EIS qualifying Investment made on or before 5 April 2014, could qualify for income tax relief against income tax paid, or due, for the year to 5 April 2013, subject to the current £1 million limit in a single tax year under EIS.

The minimum amount the LPS II is expected to invest in any one tax year is £250,000. The maximum amount in any one tax year is expected to be £10 million. However, the maximum amount may be increased at the discretion of the Manager's Supervisory Committee, subject to the availability of suitable Investment opportunities and Investor commitments.

Investment Strategy

The enduring economic recession across developed countries has reduced the availability of finance to small emerging UK based companies. The Manager considers that equity funding, which combines tax relief with the potential for comparatively high returns, will continue to grow in importance for Qualifying Companies as economies move into a more stable phase of low growth and recovery.

LPS II will:

- focus on later stage Investment opportunities looking to attract expansion capital where the Investment will generally follow earlier establishment and development phases, which generally have been funded by a mixture of the management, close associates and business angel investors
- invest in companies delivering products and services that are connected to health and personal well being
- invest in companies that have strong growth prospects and experienced management able to deliver returns for investors within a 3 to 5 year timetable
- identify opportunities which have a well defined plan and commitment to deliver exit returns for Investors within a 3 to 5 year timetable

Where exits realisations occur inside a 3 year Investment period, Longbow will offer Investors additional scope to reinvest, thereby continuing to retain the tax reliefs available under EIS and IHT rules. Alternatively, where practical, there may be a choice for the Investor to delay the tax point of realisation in order to preserve the existing EIS and IHT benefits.

Longbow's management team will look to identify companies which address markets displaying strong growth or which are poorly served, together with a product or service based business model that can develop at least two of three key features, namely:

- recurring revenues and sustainable profit margins
- capability to disrupt existing markets
- competitive advantage through reduced superiority and lower costs

Investments will be selected on the basis that the exit strategy is defined while the existing Board of Directors and shareholders wish to grow the value of the business within a three year term. This will require Investee Companies to commit to commencing a sale process before the third anniversary of receiving an Investment from LPS II. The Manager's target will be to achieve an exit on all Investments before the sixth anniversary of the Investments being made.

Longbow's initial strategy was to invest in earlier stage companies. Some of these are now well developed, having achieved key milestones over the primary Investment period, and are expected to progress towards and realise an exit for their investors. Where these companies fulfill the criteria for LPS II, LPS II offers Investors the opportunity to make Investments, alongside additional third party private or institutional investors.

Longbow believes that an emphasis on established businesses, which can offer competitors and other companies the capability to acquire a market leading position, provides the best chance of driving premium values and strong returns for investors. A diversified portfolio can balance the potential for capital growth and cash returns from successful Investment against the risk of losses in individual companies. LPS II will not invest client funds in seed funding or early establishment phases.

There are a number of characteristics that define the majority of companies in which LPS II will invest.

These include companies:

- valued at less than £25m at point of Investment
- with strong, passionate and experienced leadership
- with a management team capable of delivering:
    - technical development
    - sales growth
    - product or service evolution to adapt to market demand
    - financial and corporate administration
- carrying on an EIS qualifying trade (a summary of EIS rules is at section 6)
- seeking working capital to expand their business
- committed to delivering cash returns and an exit to investors and shareholders

The information given must be read in the context of the whole of this Memorandum.

LPS II is a managed investment service and is entered into by means of an agreement between Longbow Capital and each investor. Subscriptions are aggregated and made by a Nominee company for the purpose of making Investments. Each LPS II investor needs to agree to be categorised as, and to satisfy the criteria of being, an Elective Professional Client as defined by the FCA.

The Manager and the Custodian also need to receive information from an investor to satisfy Anti Money Laundering provisions. Such information is requested and must be provided in the Application Form, which forms a part of the Investment Agreement. As set out in more detail in Section 11 (Application Process), upon acceptance of the Application Form; a Custodian Account and receipt of cleared funds by the Custodian into the investor's personal account, the Manager will be able to commence Investment of an Investor's Subscription to LPS II.

EIS legislation requires Investments to be in Qualifying Companies in the form of new ordinary Shares. Investment in non-qualifying companies or other forms of securities (i.e. Shares with preferential conditions, or convertible Shares or convertible or non-convertible loan notes) is not eligible for EIS relief.

LPS II investors will be provided with:

- an account provided by the Custodian to receive and hold capital funds awaiting Investment or distribution
- a Nominee account into which the Shares purchased for the investor will be registered and held by the Custodian
- regular updates from the Manager on the developments at companies in which their capital has been invested
- valuation reports as of 5 April and 5 October each year, or such dates agreed between the Manager and Custodian, prepared and forwarded by the Custodian
- the option to add further funds at a later date to their LPS II account for subsequent Investments or to meet fees arising on the LPS II
- the option to be able to transfer non LPS II Investment holdings to be administered by the Custodian and to be held under the Nominee of the Custodian
- the option to make Investments over more than one tax year
- the scope to claim tax reliefs over more than one tax year, subject to the prevailing HMRC rules

Investment

Subject to the individual Investor's requirements, it is the Manager's intention that an LPS II Investment should be spread across at least four qualifying Investments. As each new Investment is undertaken, the Manager's Supervisory Committee will approve the percentage allocation across LPS II clients' portfolios. This Subscription will then be fulfilled for each client, subject only to the availability of cleared funds. Investment into LPS II can be determined by the investor to be on a Non-Discretionary basis. Non-Discretionary Clients will advise the Manager of the level and extent of their interest for an Investment to be completed from their LPS II account. Once the LPS II Non-Discretionary Clients' interests have been fulfilled, the Manager will be able to offer further Subscription in the same Investee Company to other professional investors.

Subscriptions to Qualifying Companies will be aggregated and the Shares will be held in the name of the Custodian's Nominee. The Custodian will act as the Nominee for the Investors and the investors will be the beneficial owners of the Shares.

An Investor cannot require the Manager or the Custodian to dispose of his/her interest in a Qualifying Company prior to the disposal of the share interests held by other investors. An investor can withdraw cash funds held by the Custodian at any stage, subject to having met, and continuing to meet, all obligations for charges and fees payable to the Manager and the Custodian.

LPS II may co-invest with other funds managed by Longbow. The terms of Investment may differ between LPS II Investors according to the risk strategy and where such funds do not seek relief under EIS. In particular, non-EIS Investment may rank ahead of EIS-qualifying Investment for security where there is a Subscription to loan or preference based securities. In such circumstances, if the Investment does not perform well, EIS Investments could suffer the first loss. However, if the Investment does perform well, the EIS-qualifying Investments should achieve a larger share of the Investment returns.

Tax Reliefs

Investment within a single tax year

The Manager will not rush to make Investments just for the sake of achieving EIS tax relief, other than where requested in writing by the investor. As such, where Investments are made over more than a single tax year period, income tax relief and capital gains tax relief will be available over several tax periods. The tax benefit for an Investment in any one tax year will relate to that tax year. However, there are current provisions for income tax relief to be set against tax paid on income received in the previous tax year, under the carry-back provisions allowed by HMRC. (http://www.hmrc.gov.uk/eis/part1/1-2.htm).

EIS Tax Relief

Prior to each Investment, the Manager liaises with the Investee Company to obtain provisional EIS clearance of the Investment from HMRC. It is the Investee Company which is responsible for submitting the formal application for clearance. Once LPS II Investment is complete, the company will apply for the relevant tax clearance from the Inland Revenue, and apply for authorisation to issue tax certificates (HMRC form EIS 3) to Investors. Form EIS 3 shall be sent to Investors, normally within six months of completing an Investment. The Manager will request from the Investee Companies and retain copies of the EIS 3 certificates sent to Investors.

A claim for income tax relief and deferral of CGT on other gains can be made once the Investor has received the EIS 3 covering the relevant Investment. A claim must be made by the investor before the fifth anniversary of the 31 January following the tax year for which the claim is made (TA 1988, s306(1)(b)).

The minimum amount of Investment by an individual seeking EIS relief in a Qualifying Company is currently £1,000 per Subscription. The maximum amount a Qualifying Company can raise to provide Investors with EIS relief is currently £5 million within a 12 month period.

CGT deferral and Business Property Relief

The relevant date in respect of claims for CGT deferral relief is the date that the Investments in qualifying Investments are made. This is also the date for determining the required holding period for claiming business property relief for IHT purposes. Investments need to be held for at least two years to qualify for 100% business property relief (IHT exempt).

Early Realisations

Investments must be held for two years to qualify for full IHT exemption and three years to maintain eligibility for EIS tax relief. In a circumstance where a company agrees to a sale of all its Shares or an IPO on a recognised stock exchange within either a two or three year qualifying period, the Investor may lose the benefits and reliefs under IHT and for EIS purposes. The Manager intends, in normal circumstances, that Investments in Investee Companies will be maintained in LPS II for at least three years. However, there may be circumstances where the Manager considers that the interests of Investors as a whole may be best served by realising all or part of an Investment at an earlier date, despite the possible loss of EIS income tax relief.

In a situation where an Investment is realised within a qualifying period, the Manager will endeavour to offer investors opportunities to invet further and receive tax relief to affect any claw back of tax relief on an early sale realisation.

The Manager specifically draws the attention of the Investor to the following:

- no guarantee can be given by the Manager that specific exit arrangements can or will be made since, in order to ensure the availability of EIS and CGT deferral relief, specific arrangements cannot be made in advance
- Investors should be aware that the articles of association of many unquoted companies may place restrictions on share transfers. Such restrictions are removed to enable a trade or a flotation

In the event of the death of an Investor, any Shares or monies held by the Manager on behalf of the Investor shall be held by the Manager on behalf of the person or persons entitled thereto under the terms of the Investor's estate but otherwise on the terms of Investor Agreement. Such person or persons shall have no greater right to dispose or otherwise deal with such Shares than the Investor would have had.

Any monies which become available for distribution to Investors as a result of realisations of Investments will be distributed according to Investors' beneficial entitlement as soon as practicable, after deduction of fees and expenses payable and subject to the payment of a performance fee to the Manager, where applicable.

For further information on Tax Reliefs available to a UK taxpayer, additional details are set out in Appendices I & II over pages 17 to 20 of this Memorandum.

UK based Investors will need to be classified by the Manager or their appointed FCA regulated adviser as an EPC under the rules of the FCA in order to invest via LPS II. This is covered in Section 6 of the Investor Agreement. Completing an Application Form is a two step process, as follows:

- the Application Form, as found on page 28 of this Memorandum, needs to be completed and returned to Longbow, together with a cheque payment or electronic payment in accordance with the Application Form
- once an Application Form has been accepted by Longbow, Longbow will forward a Charles Stanley Account Form to enable the Custodian to accept an Investor's Subscription and open up a Nominee Account for the investor

Applications will be accepted at the discretion of the Manager and the Custodian. Investors may be based in the UK or be resident overseas. UK tax relief is restricted to UK tax payers. The Manager will need to be satisfied that an Investor can continue to be treated as an EPC and may review this from time to time.

Investing within a SIPP

Investments held within LPS II may qualify as eligible Investments for inclusion within a SIPP. Investors should check with their individual SIPP provider to confirm that their SIPP trustees will allow inclusion of unquoted Investments through LPS II within their SIPP. Investments within a SIPP will not be eligible for EIS benefits, since tax relief was already realised on payment into the SIPP. Investor's wishing to invest funds held by their SIPP will need to complete a separate application form that the Manager will provide upon request.

Overseas Citizens

US Investors based in the UK

For US citizens living in the UK, the Longbow Portfolio Service can provide a tax effective way to invest in unquoted companies. The significant tax advantages to be gained by holding EIS qualifying Shares within a US tax payer's Investment portfolio are:

US Income Tax

- a US citizen living in the UK is subject to both US and UK income tax, and the US allows relief for UK tax paid
- currently the top UK rate is 50% (due to reduce to 45% after 5 April 2013), and the top US tax rate is 39.6%
- by investing in EIS Shares the UK tax rate is reduced, and because that is the higher of the two rates, the global tax rate is reduced to 39.6%

US Capital Gains Tax

- at present, the top long term US CGT rate is 23.8%. As the condition for EIS is to invest for three years, any gains realised will be taxed at this rate

PFIC Issues

The US Passive Foreign Investment Company ("PFIC") rules make very unattractive Investment in any foreign Investment trust which generates the majority of its income from passive sources, such as dividends and interest. PFIC rules apply to products such as UK unit trusts and Venture Capital Trusts ("VCTs").

However PFIC, would not apply to an Investment in LPS II, because an LPS II investor makes Investments directly and so is the direct holder of Shares in the companies that LPS II invests in.

Investment visas

The UK Government's Home Office provides for overseas citizens to be able to apply for permission to settle in the UK (indefinite leave to remain) where they are considered as High-value migrants (as defined by the Home Office) and are able to satisfy the relevant conditions of the Immigration Rules. Such conditions can be met under Tier 1 (Investor) Rules, which enable an overseas citizen to receive the necessary number of points needed to apply for a visa, under the UK Immigration Rules. This requires an overseas citizen applying for a permanent UK visa or a permanent extension to an existing visa, to invest at least £1,000,000 in qualifying UK private companies. An Investment through LPS II can be tailored to meet the criteria of qualifying UK private companies for such a purpose. Investors interested in this process should consult with a professional adviser.

Other non UK domiciled persons (Non-doms)

The Finance Act 2012 introduced a Business Investment Relief for remitted foreign income and gains with effect from 6 April 2012. UK resident non-UK domiciled persons are able to remit overseas income and gains to the UK tax-free in respect of certain qualifying business Investments (all LPS II Investments would qualify). It allows the person to utilise offshore resources which have previously been ring-fenced from remittance. There is no constraint on the amount that can be brought to the UK and on which Business Investment Relief is claimed.

Such business Investment will attract other existing tax relief for which the qualifying conditions are met, including EIS relief (both income and CGT).

Basis of Participation in LPS II

LPS II is managed by Longbow Capital LLP. The structure of LPS II is that of an agreement between the Manager and each Investor, as set out in this Memorandum together with the Investor Agreement and Application Form, enclosed.

LPS II's principal objective is to achieve growth in capital values invested in Qualifying Companies under the Enterprise Investment Scheme or through a SIPP, Private Pension Plan, Trust or other corporate structure, in a tax efficient manner.

Investment in LPS II is made on the terms and conditions set out in the attached Investor Agreement. Investors should therefore carefully consider the content of this Memorandum, including specifically the Risk Factors together with the Investor Agreement.

Prospective investors should not treat any part of this Memorandum as constituting advice, any warranties, representation or undertakings to them on taxation, legal, Investment or any other matters. Prospective investors should consult their own professional advisers before completing the Application Form.

The Subscription made may be aggregated for the purpose of making Investments through LPS II. The Manager will be responsible for executing each investor's instructions in relation to the selection of, the exercise of rights in relation to, and the sale of, Investments made. An Investor may only be able to dispose of one particular portfolio holding at the same time as a disposal of LPS II's overall position in that company.

Form and Acceptance of Application

Upon receipt of the Application Form, the Manager will forward to the Investor an Account form for completion and return to the Custodian. The Account Form is required to enable the Custodian to provide a Nominee account and safe custody to hold the cash balance and securities purchased through LPS II by the Manager, on behalf of the Investor. The Manager or the Custodian reserves the right to accept or reject any application. Should a Subscription not be accepted for any reason, Subscription monies will be returned by the Manager, as soon as practicable, by return of the Investor's cheque or by cheque from the Custodian.

Beneficial Ownership

The Custodian will hold Shares subscribed for by LPS II on behalf of each Investor as Nominee for the Investor, in safe custody. An Investor will be the beneficial owner of a specific number of Shares in each Investee Company. The number of Shares allotted to each Investor will be determined in accordance with the allocation policy, and will be calculated by reference to the proportion that his or her Subscription bears to the total Subscriptions to LPS II. Minor variations in Shares allotted to Investors may occur to avoid allotting fractions of Shares to individual Investors. Except in the case of manifest error, the decision of the Manager is final. Although the Investor will beneficially own the Shares in each Investee Company, Investors are not permitted to request the Custodian to sell their Shares.

Reporting, Valuation Policy and Certificates of Relief

The Investor will receive an immediate confirmation of receipt of their Investment commitment and six monthly reports showing: Investments made; the Shares allocated to each Investor; the cost of the Investment; any change in valuation and a statement of any fees or charges made and any dividends or distributions received. In valuing the Investments, the Manager's policy is to follow procedures, which comply with the 'Guidelines for Valuation and Disclosure of Venture Capital Portfolios', issued by the British Venture Capital Association.

Once an Investment in an Investee Company has been made, the Manager will use reasonable endeavours to arrange for the Investee Company to seek certification from the Inland Revenue that it is a qualifying company for EIS proposes. (Preliminary approval will normally have been sought from the Inland Revenue prior to any Investment.) Based on previous experience, the EIS 3 certificates relating to Investments made are normally issued by the Inland Revenue within two months of an application by the Qualifying Company following the completion of an Investment.

In order to claim EIS income tax relief and CGT deferral relief, Investors will receive an EIS 3 certificate in respect of his or her Investments in the Investee Companies. The Manager will endeavour to ensure these certificates are provided to Investors within 6 months of the date of Investment and issue of Shares.

Dividends

It is not one of The Manager's primary objectives in selecting Investments to obtain a dividend stream over the Investment term in a Qualifying Company. However, dividends may be paid by certain Investee Companies over the Investment term, prior to exit. When dividends are received from the Investee Companies, appropriate statements will be sent to the Investor in accordance with Section 234A, Taxes Act 1988. Any dividend income received on Shares held through LPS II may be subject to income tax in the hands of an Investor. Dividends will be remitted to an Investor's Nominee account provided by Charles Stanley, as soon as practicable, after receipt together with a tax voucher after deduction of fees and expenses payable, if appropriate, to the Custodian.

Amendments & Termination

The Manager reserves the right to alter the method of operating or administering LPS II, except to the extent that such amendment will result in Investors losing their entitlement to EIS relief on Investments already made through LPS II.

An Investor is not entitled to terminate his or her participation in LPS II early save in circumstances set out in the Investor Agreement in this document. The Manager may at its absolute discretion, however, have regard to any requests made to it to terminate any individual participation in LPS II. On such termination of participation, an Investor's Investments will be sold where possible, and cash transferred to the Investor (which may result in a claw back of EIS relief). On termination of participation, whether on termination of LPS II or otherwise, notification of the fact shall be given in writing to the Investor. 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.

The Custodian

Charles Stanley & Co ("Charles Stanley") have agreed to provide an administrative and safe custody service as the Custodian to LPS II Investors. The Manager has the sole discretion to select the Custodian. Charles Stanley is recognised as one of the larger UK private client stockbroking firms and is a subsidiary of Charles Stanley Group PLC. Charles Stanley is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange, the London International Financial Futures and Options Exchange and the International Capital Market Association.

Charles Stanley has a long-established history of providing professional advice and services to the private investor. After 200 years, it can claim an unbroken record of professional skill, commitment to the private investor, and independence from conflicts of interest.

The Manager's association with the Custodian dates back to 2005, since when the Custodian has provided custody and administrative services for its Portfolio Service and EIS Fund clients.

The Custodian will hold the Investments of LPS II Investors in Nominee accounts and will deposit client money with leading banks. The Nominee account offers an Investor simplicity, security, safe custody and efficiency, with the added benefit of prompt settlement for the purchase of Investments and for the receipt of distributions and realisations. All cash funds are held in an interest bearing account. LPS II Investments are registered in the name of Rock (Nominees) Limited, a wholly owned subsidiary of Charles Stanley & Co. LPS II Investors remain the beneficial owners of the Investments. The Custodian will handle all the paperwork involved with settling purchases and sales of Shares, collection of dividends, taking instructions from the Manager with regard to any shareholder votes and resolutions required by each LPS II Investment when these occur. Investors will receive regular statements and reports every six months. They will also receive an annual Securities Report, including a Consolidated Tax Certificate, to assist with the completion of their annual tax return to HMRC.

Security of LPS II Investments

Charles Stanley holds approximately £15 billion of Investment assets for an extensive range of clients, including approximately £1 billion of cash deposits and credit balances for clients. Client funds and securities are held by the Custodian on trust for LPS II investors, ring-fenced from the assets of the Custodian and segregated as client money, in accordance with the rules of the FCA.

The Manager

Longbow Capital LLP is the Manager to LPS II.

The Manager is authorised and regulated by the Financial Conduct Authority. Longbow was formed in late 2004 as a specialist venture capital finance business by a group of experienced venture capital managers combined with leading and successful entrepreneurs, raising capital from private investors to make Investments of between £250,000 and £10 million in high growth, early stage unquoted UK based companies.

Invested Capital

Since 2004, 11 companies have received Investment support from Longbow and have raised a total of over £90 million, of which Longbow has accounted for £57 million. Just over 76% of the capital invested by the Manager was subscribed by high net worth individuals and family offices, in some cases through their wealth managers and advisers. The balance was subscribed by institutional co-investors. In addition to this amount, the Investee Companies have attracted capital from third parties as well as through additional grants and tax credits.

The Manager's partners or associates (profiles of whom are available on the web site: www.longbow.co.uk) sit on the Boards of these companies.

Track Record

The £57 million invested for the Manager's clients was valued at more than £75 million (excluding benefits from tax relief) as at 1 January 2014 and is consistent with the strategy to deliver absolute returns for Investors.

Looked at from the perspective of an individual private UK tax paying Investor, if a notional unit of £5,000 was subscribed to each round of Investment into each of our portfolio companies, a total of £200,000 would have been invested in 40 separate rounds of investment to date. This sum would have been eligible for income tax relief amounting to just over £56,000, resulting in a net cost to the Investor of approximately £144,000. As at 1 January 2014, such a portfolio was valued at almost £327,000. However, this represents a mid-term point where exits have commenced but where the Manager considers there remains much further scope to enhance value over the latter stages of the Investment holding periods.

To date, three companies which received a total of £17.11m from Longbow clients, have delivered £9.7m of cash profit, through exit realisations, which has been fully distributed to the investors.

Of the remaining 8 companies, into which the Manager has made Investments on behalf of its clients, these are summarised as follows:

- Ambicare: £2.77m invested, valued at £1.40m: LED light-based treatment for acne and skin cancer
- Biotronics 3D: £1.24m invested, valued at £1.51m: software based virtual scanning & 'cloud'-based sharing of 3D medical images
- Calon: £1.62m invested, valued at £1.91m: is developing a superior 'heart pump' for use in humans with both chronic and acute heart disease, has commenced animal testing
- iPulse: £22.25m invested, valued at £27.08m: is an IPL light therapy technology company which will partner with major FMCG companies to retail its iPulse devices for use in hair removal and other skin treatment applications
- Destiny Pharma: £3.67m invested, valued at £3.13m: patented anti-infective drug compounds able to prevent and combat highly resistant bacterial and fungal infections in humans
- Domainex: £2.74m invested, valued at £6.30m: operates a profitable biotech feasibility service business and has developed intellectual property for drug candidates able to control and manage difficult to treat diseases
- PolyTherics: £2.30m invested, valued at £3.08m: enhanced drug performance through pegylation and modification of existing drug compounds to enhance biological performance
- SKY Medical: £3.32m invested, valued at £4.86m: is now building revenues through the sale of its patented circulatory assist devices that offer DVT prevention and improved venous blood flow

Investing in Emerging Companies for Growth

Initially, the Manager concentrated on early-stage Investments in the health and well being space. In recent years, Investment periods have lengthened for early stage pre-revenue businesses. This is as a result of reduced activity for the flotation of small companies on public markets and the appetite for mergers that favours more mature businesses with stronger commercial validation. As a result, the Manager is re-focussed around a broader definition of the well being sector and will favour later stage (pre exit) businesses into which LPS II will make Investments. Such business will need to be capable of growing rapidly. The Investment required will provide working capital to finance the 'bridge to exit' with a target 3 year Investment term, offering the prospect of strong returns while delivering tax reliefs for Investors.

Charges

Under the terms of the Investor Agreement, the Investor agrees to, and agrees to keep the Manager and the Custodian indemnified in relation to, the following:

Management Charges

- Annual Fee: 1% of LPS II Subscriptions per annum, charged half yearly in advance
- Performance Fee: 20% of any proceeds payable to Investors above £1 for each £1 invested in LPS II, payable at the point of distribution where the Investor will receive the balance of 80%

Custodian charges

- Commission Fee: 0.5% on all sales and purchases (minimum £25). In addition, a paper & administration charge of £10 per bargain
- Annual Custody Fee: Minimum of 0.05% or £20 per line of stock, (whichever is the greater). Charged half yearly on 1st March and 1st September on the basis of assets held in custody for all, or part of, the 6 month period
- Nominal fees for the transfer or reregistration of LPS II holdings or the payment of dividends by investee companies
- Corporate Actions – Any registrations, splitting transfers, transfers out or similar actions are charged at £10, plus stamp duty if applicable

Where applicable charges will be subject to VAT at the prevailing rate.

The above charges will be met out of Subscriptions to LPS II, whereby an amount of 5% will be reserved to cover fees and charges falling due over the first three years following an Investment other than the Performance Fee. This will provide a minimum of 95% of amounts subscribed to LPS II will be available for Investment. It should be noted that EIS relief is only available on the amounts invested in EIS Qualifying Companies.

In addition, the Manager will be entitled to receive fees and warrants from the Investee Companies at the point of Investment and annual monitoring fees as agreed with the Investee Companies. Investors will be liable to maintain their custodian account in credit to provide funds for Subscription to Shares and to meet charges for fees as they fall due for the duration of Investments made through LPS II until such Investments have been completely realised and the Shares or securities held have been sold.

Performance Fee

The Manager shall take as fee a performance fee, designed to align the Manager's interests with those of Investors, equal to 20% (+VAT if applicable) of the total incremental value returned to the Investor. This performance fee only applies on realisation of Investments after the gross return, including dividends or other amounts paid to the Investor, has exceeded the initial capital invested. For example, an Investment of £25,000 in LPS II would require £25,000 to be returned to the Investor before the performance fee applies on future returns.

The performance fee will be payable from the proceeds realised for the Investor.

In circumstances where the Investor wishes to retain their shareholding at the point that LPS II makes a realisation, the realisation shall be treated as a chargeable event for the purposes of the performance fee, and the Investor will be required to settle the fee owed directly to Longbow.

All fees are subject to the application of VAT at the prevailing rate, if applicable.

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 Nominee account with Charles Stanley
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 II completed by the prospective Investor in the form provided by Manager
ASSOCIATE	Any person or entity which (whether directly or indirectly) controls or is controlled by LPS II 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 II 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	Charles Stanley & Co. Limited or one of its wholly owned subsidiaries, 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 II investors
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 II has an initial close and 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

INVESTEE COMPANY	A company in which LPS II invests
INVESTMENT	An Investment made through LPS II
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 II
INVESTOR AGREEMENT	An investor agreement to be entered into by each Investor, in the terms set out in the Appendix of the Application Form
IPL	Intense pulsed light
LED	Light emitting diodes
LONGBOW CAPITAL LLP, LONGBOW OR MANAGER	Longbow Capital LLP, which is authorised and regulated by the Financial Conduct Authority
LONGBOW PORTFOLIO SERVICE II OR LPS II	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 LPS II and dated January 2014
NOMINEE	Longbow or such other Nominee as may be 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
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 customer
PLUS	The market for trading in unquoted securities operated by PLUS Markets Group PLC
PORTFOLIO OR PORTFOLIO SERVICE	The Investments made through LPS II 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 II
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 PLUS traded Investments, nor does it include unlisted securities
SAFE CUSTODY SERVICES	The administering and safeguarding of cash deposits and Investments made by the Nominee for and on behalf of Investors in LPS II, 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 II 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 II 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

Appendix 1 I Risk Factors

An Investment in the LPS II may not be suitable for all recipients of this Memorandum. In particular, prospective Investors should be aware that the value of an Investment in each Qualifying Company may fluctuate. In addition a valuation of the Shares may not fully reflect either the underlying net asset value at the time of purchase or the realisable value that an Investor may wish to sell at.

Before investing, all Investors are strongly recommended to: seek specialist tax and financial advice; and, to carefully consider the risks attached to an Investment through LPS II together with all other information contained in this Memorandum, including the key risks associated with LPS II, set out below:

- The value of any Investment made by the Portfolio Service may fall or in some cases incur a total loss. Investors may not receive back the full amount invested.
- No guarantees can be given as to the investment performance or the level of return achieved from the Investments made or that the overall objectives of the Portfolio Service will be achieved.
- The past performance of Investments managed by the Manager should not be regarded as an indication of performance of future Investments made by LPS II.
- Investment will be in companies whose securities are not publicly traded or freely marketable, therefore realisations of such Investments can be difficult and may take considerable time. There may also be constraints imposed on the realisation of Investments by reason of the need to maintain the tax status of an Investment in the Investee Companies.
- The illiquidity of the market for unquoted securities means that it may be difficult to obtain reliable information in relation to the value of the securities and the extent of the risk to which they are exposed.
- Many unquoted companies have small management teams and are highly dependent on the skill and commitment of a small number of individuals. Smaller unquoted companies requiring venture capital are commonly experiencing significant change and carry a higher risk than would an Investment in a larger or longer established businesses or listed companies. In particular, smaller companies often have limited product lines, markets or financial resources. They are often less likely to have multinational markets for their products or services than larger companies and, as a result, may be exposed more to national or local economic cycles rather than global economic cycles.
- Technology or scientific research related risks may be greater in such companies.
- Investors should not invest in LPS II if they require income. The level of income, generated from dividends from the underlying Investments and interest earned on funds awaiting Investment, is likely to be low.
- Longbow is substantially dependent on the services of certain key individuals for the management of LPS II. While Longbow has entered into contractual arrangements with such individuals with the aim of securing their services, the retention of their services is not guaranteed. The loss of key personnel at Longbow could have an adverse impact on the performance of LPS II.

Taxation Risks

- Cash will be held on deposit for the benefit of the Investor, earning interest at the prevailing rate prior to an Investment being made. Any tax advantages that may accrue to the benefit of the Investor will not be effected until such time that the cash has been invested.
- While it is the intention of the Manager to invest in unquoted companies qualifying for tax relief under EIS & BPR legislation, the Manager cannot guarantee that all Investments will, although qualifying initially, continue to do so throughout the life of the Investment.
- The dates on which income tax relief, CGT deferral relief and inheritance tax relief are available will vary and will only be confirmed once LPS II has completed each Investment.
- Following an Investment in an EIS or BPR qualifying company, the continued availability of EIS or BPR relief to the Investor relating to any individual Investment depends on compliance with the requirements of the EIS or BPR legislation by both Investor and Investee Company.
- Although Longbow expects to receive certain conventional venture capital rights in connection with its unquoted investments, as a minority Investor it will not control the boards of directors of Investee Companies and may not always be in a position to fully protect its interests or influence an investee Company's activities with regard to preservation of the tax status of the company or otherwise.
- Where an Investor or an Investee Company ceases to maintain EIS or BPR status in relation to any individual Investment, it could result in loss of some or all of the available relief (together with a possible charge of interest thereon).
- The levels and bases of reliefs from taxation may change or such relief may be withdrawn. The tax reliefs referred to in this Memorandum are those currently available and their value depends on the individual circumstances of the Investor.
- Rates of CGT may increase and the availability of reliefs may change and adversely effect the tax position of an Investor, in particular by crystallising their original capital gain.

Appendix 2 I Enterprise Investment Scheme

The Enterprise Investment Scheme (EIS) is designed to help smaller higher-risk trading companies to raise finance by offering a range of tax reliefs to Investors who purchase new Shares in those companies. The Manager's intention is that Income Tax Relief, under EIS, provides the Investor with a cash benefit in the form of a tax credit or tax payment due to the Investor from HM Revenue & Customs (HMRC) within the first year, following the making of Investment(s) in a Qualifying Company. This can be considered to reduce the initial cost of the Investment (by up to 30%) and also partly offsets the lack of liquidity over a minimum Three Year Period, which needs to be completed to retain EIS tax relief. After the end of the Three Year Period Income Tax relief cannot be clawed back by HMRC and is retained by the Investor.

Where Investors have capital gains arising from other Investment activity these can also be offset against the value of an Investment made through LPS II, which carries EIS relief. This is achieved through a deferral of CGT tax not yet paid, or a reclaim of CGT that has been paid on earlier realisations (subject to certain time limitations), upon the purchase of an EIS qualifying Investment through LPS II. This is referred to as CGT deferral relief. In the event that an Investment ceases to qualify for EIS, or is sold after the Three Year Period, the original amount of CGT deferred becomes payable to HMRC. However, under current EIS rules, if an Investor wishes to continue to defer the CGT liability this can be achieved through making a further EIS qualifying Investment.

At the point of an exit or sale of Shares in a Company that has qualified for EIS relief, provided the sale is deemed to have occurred after the Three Year Period, the capital gain on the value of the Shares is exempt from CGT, under the current rules of EIS.

In order that companies, in which LPS II will consider making Investments, can offer investors tax reliefs, the Manager will need to be satisfied that the Company and the Shares to be issued to LPS II Investor will qualify for EIS tax reliefs. HMRC can provide advanced assurance prior to an Investment that a Company and the Shares to be issued should qualify for EIS. The Company is responsible for applying for EIS relief for Investors once the Investment has been completed. The Company is also responsible for ensuring that it follows the rules of the EIS scheme to retain the tax reliefs over the period of Investment. The two key rules to retain the benefit under EIS are that:

- the Shares are held by an Investor who has claimed EIS relief, for a minimum Three Year Period, from the date of the Investment
- the company and the Shares issued continue to be qualifying for EIS purposes

Qualifying for EIS and IHT relief

In order for its Investors to be able to claim, and keep, EIS and IHT tax reliefs relating to the Shares purchased, a Company must satisfy HMRC that it meets these requirements, and is therefore a Qualifying Company. The Manager will need to be satisfied that before LPS II makes an Investment that there is an assurance that a company and the Shares it proposes to issue will qualify for EIS and IHT relief purposes.

If a Company fails to continue to comply with the requirements over the Three Year Period following an Investment on which EIS relief was available, EIS tax relief will be withdrawn. The Manager will monitor this situation closely with a view to ensuring the benefits accrued under EIS and IHT tax reliefs can be maximised.

Generally, where a company qualifies for EIS purposes it will also qualify for Inheritance tax relief purposes through being eligible also to claim Business Property Relief (BPR).

A scenario where the Manager may deem it is in the LPS II Investors best interest to potentially surrender their EIS and IHT reliefs is where a Company is the subject of an attractive offer, within the Two or Three Year Period, by a third party to acquire Shares held by LPS II Investors. In such a case, where the offer price may outweigh the financial benefit of the reliefs made available under EIS and / or IHT. In such a scenario the Manager will consult with LPS II Investors and will endeavour to offer the Investors the opportunity to make a subsequent EIS and IHT qualifying Investment to the extent that:

- the claw back of tax relief on the Investment being sold can be matched by tax reliefs available on further Investment(s)
- EIS and IHT tax reliefs continue to be available

Process for applying and receiving EIS tax relief

The Enterprise Investment Scheme is administered by HMRC. HMRC decides if a company and a share issue qualifies. The Manager will need to be provided with sufficient comfort by the Company that the Shares that LPS II Investors will subscribe for will qualify for EIS. EIS qualifying Shares must be full-risk ordinary Shares, and may not be redeemable or carry preferential rights to the company's assets in the event of a winding up.

Following an Investment a Qualifying Company will apply to HMRC using a form EIS 1, for EIS relief to be granted to qualifying Investors.

Once HMRC accepts that the Company, its trade, and the Shares all (continue to) meet the requirements of EIS, HMRC:

- issues a form EIS 2 to give notice to the Company to that effect, and;
- supplies sufficient EIS 3 forms for the Company to issue to each of the investors so they can claim tax relief

This process is repeated each time a Company issues Shares which can attract EIS reliefs for Investors. The Manager will monitor this process and check that the EIS 3 forms are correctly completed to enable LPS II Investors to claim EIS relief.

Further information on tax reliefs available to LPS II Investors is provided in Appendix 2 – Taxation with Illustrations.

How to claim tax relief

Investors cannot claim relief until a Company issues the EIS 3 form. The tax relief claim can be made on the self assessment tax return for the tax year in which the Shares were issued. If the Shares were issued in a previous year, and/or if the claim is for capital gains deferral relief, the claim part of the EIS 3 form must also be completed and sent to your tax office.

If you have an EIS 3 for a year for which an Investor has not yet received or is not otherwise going to complete a tax return, the Investor can request a change to their PAYE tax code, or an adjustment to any self assessment payment on account due is put into effect, to claim the tax relief and benefits.

Claims to relief can be made up to five years after the first 31 January following the tax year in which the Investment was made.

Please note: the Manager can not provide tax advice to Investors nor can it be held responsible for the decisions of HMRC in relation to Investors' tax affairs. The Manager recommends that LPS II Investors do not rely solely on any guidance and should take professional tax advice from their qualified advisers or accountants in relation to the claiming of tax reliefs.

Appendix 3 I Taxation

Tax Reliefs available when making, holding and disposing of Qualifying Investments in LPS II may be claimed on the following basis:

INCOME TAX	Relief claimed in the tax year of Investment Relief at 30% since 6 April 2011 Relief available on up to £1 million of U.K. taxed income p.a. Carry back provision to claim relief against previous tax year's income tax
CAPITAL GAINS TAX	Deferral relief at the point of Investment Relief at 28% since 23 June 2010, 18% previously No limit of maximum amount of deferral relief Carry back provision to claim deferral relief on CGT paid over previous 36 months Exemption relief at 100% of capital gain of the Investment
INHERITANCE TAX	Relief claimed as Business Property Relief 50% relief 12 months after the date of Investment 100% relief 24 months after date of Investment Roll over relief available on exit proceeds reinvested in Qualifying Investment
LOSSES	Relief claimed on net Investment after tax relief Relief claimed at highest rate of tax paid Relief claimed against income or capital gains tax Relief can be carried forward indefinitely Carry back provision to claim relief in previous tax year Carry forward provision to claim relief in subsequent tax years

The information set out in Appendix 2 is prepared in accordance with current legislation and Inland Revenue practice. Legislation and Revenue practice may change. The rates of tax and tax relief may be altered. The levels and bases of reliefs from taxation may change. The tax reliefs referred to are those currently available, and are personal to the Investor. Their value depends on the individual circumstances of the Investor. Investors are advised to pass a copy of this document to their own professional advisers. The Manager does not provide and can not be held responsible for taxation advice. The information given below is for illustration purposes only.

Stamp Duty & Stamp Duty Reserve

No stamp duty or (unless Shares are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax should be payable on the issue of Shares. The transfer on sale of Shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such Shares is not completed by a duly stamped transfer within two months) stamp duty reserve tax, generally, in each case, at the rate of 50 pence for every £100 or part thereof of the consideration paid.

Although the availability of tax relief does not drive an Investment decision, the relief offered through the EIS scheme or under BPR can be considered as a way of reducing cost and risk of loss once an Investment decision has been made. The following table (on page 19) illustrates the effect this can have across three examples:

1. The effect of income tax relief alone

2. The effect of combining income tax and CGT deferral relief

3. The effect of income tax, CGT deferral relief, and loss relief

The illustrations are provided on the basis of an Investor's marginal rate of income tax being 40%, unless stated otherwise

Illustration of Effect of Tax Reliefs on Investment

	Income Tax Relief Only	Income Tax & CGT Deferral Relief combined	Income Tax & Loss Relief combined
INVESTMENT AMOUNT[1]	£100,000	£100,000	£100,000
30% INCOME TAX RELIEF	-£30,000	-£30,000	-£30,000
28% CGT DEFERRAL RELIEF[2]	0	-£28,000	0
41% LOSS RELIEF[3]	0	0	-£31.500
NET INVESTMENT COST	£70,000	£42,000	£38,500

[1] It should be noted that if the LPS II will invest 90% of amounts subscribed and retain up to 10% to cover fees and expenses an Investor would need to invest £111,111 for 90% to equate to £100,000.

[2] See information below under Deferral of CGT.

[3]See information below under Loss Relief.

Income Tax

Income tax relief under the EIS of up to 30% of the amount invested in the ordinary equity of Qualifying Companies is available. Tax reliefs will only be given in relation to an individual's total Investments qualifying for EIS relief in any tax year not exceeding £1,000,000. The relief is restricted to the amount which reduces the Investor's tax liability to nil. If the Shares are sold or otherwise disposed of (other than to the Investor's spouse) within three years of their issue (or within three years of the commencement of trade if later) then some or all of the income tax relief obtained will have to be repaid. The Investor must not have been connected with the Investee Company either before the Shares are issued or for three years after.

As soon as authorised to do so by the Inland Revenue, Longbow Capital will issue to each Investor a certificate (Form EIS 3) which he or she can use to claim the income tax relief, either (where applicable) immediately by obtaining an adjustment to his or her tax coding from the Inland Revenue or by waiting until the end of the tax year and claiming the relief on his or her tax return.

There is a 'carry back' facility which allows all or part of the cost of an individual's Investment in one tax year, to be treated as though that Investment had been acquired in the preceding tax year. Relief is then given against the Income Tax liability of that preceding year rather than against the tax year in which the Investment was made. This is subject to the overriding £1,000,000 limit for relief for each tax year.

Deferral of CGT

A person making an investment qualifying for EIS relief through LPS II may make a claim to defer a chargeable gain made on the disposal of any asset within the period beginning three years before and one year after the dates on which LPS II invests in Qualifying Companies. The amount of the chargeable gain which can be deferred in relation to any particular Investment is limited to the amount subscribed for those Shares. A deferred capital gain will comeback into charge, at the full amount of deferment, on the disposal of the Shares (other than to the investor's spouse), or other event deemed to constitute a disposal or sale. Liquidation is considered to be a disposal event if the company ceases to meet the qualifying conditions or if the Investor ceases to be resident and ordinarily resident in the UK, within 3 years of the issue of the Shares a deferred capital gain will come back into charge. Further deferment by reinvestment in qualifying Investments is possible. The Investor defers the capital gain, and therefore the capital gains tax, by notifying a claim to the Inland Revenue using form EIS 3. If the Investor has already paid the capital gains tax, he or she can obtain a repayment plus interest from the Inland Revenue. For a person paying income tax at a rate of 40% or more, since CGT is charged at 28%.

Capital Gains Tax Exemption

Providing all relevant conditions are met, Investors qualifying for EIS relief who realise their Investments after three years are exempt from CGT on any gain in the value of their Investments realised by the Manager. On the death of an Investor who has acquired ordinary Shares through a Portfolio Service within marriage, no deferred capital gains tax or any income tax relief previously claimed will become payable by either the Investor's estate, his or her spouse or anyone inheriting the EIS Shares.

Loss Relief

Should an Investment in an EIS Qualifying Company realise a loss, an additional relief of up to 31.5% (based on a marginal rate of 45% income tax) of the amount invested in the company is available for qualifying Investors. The total relief including initial income tax relief can be as high as 61.5% for higher rate Investors. Loss relief can be taken against either income or capital gains or a deferred capital gain that comes back into charge.

Inheritance Tax

Under present legislation an Investment in EIS qualifying Shares, once held by an individual for at least two years, will be eligible for BPR and exempt from Inheritance Tax. Such Shares would cease to be eligible if the ordinary Shares were admitted to the official list of the Stock Exchange, or beyond the point of disposal, where the proceeds are held in cash.

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

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 2014 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 II

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 II.

2.2 This Agreement enables the Investor to invest through LPS II. LPS II 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 II, 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 II 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); and

(c) the 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 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 II 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 II. The Manager will not be obliged to warn the Investor of the nature of any risks involved in any potential Investments in LPS II. 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 II, 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 II as a retail client and best execution does not apply to LPS II. 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 II, as the case may be, in any event, the Manager shall continue to be entitled to treat all Investors in LPS II as Professional Clients and the Manager shall be entitled to terminate this agreement pursuant to clause 15.3.

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 II of not less than the minimum amounts shown in the Application Form at the same time as submitting his/her Application Form to LPS II; and
3.2 The Investor may not make a withdrawal from LPS II 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 II 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 II will be carried out by the Custodian and the Nominee 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 Client 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 II.
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 II 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 II, 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 II, (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 II 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 II 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 II 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 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 II will therefore be beneficially owned by the Investor at all times but the Nominee will be the legal owner of the Investments in LPS II.
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. Investors will be required

to enter into such agreement with the Custodian in order to be provided with Safe Custody and a Nominee account.

8. Reports and Information

8.1 The Manager shall send to the Investor a report relating to Investments made through LPS II, 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 II 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 and the Nominee;
(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 II, unless the Manager directs otherwise; and
(d) remitting promptly such monies as are required to meet the Custodial and Management fees as invoiced half yearly following the fifth anniversary of LPS II to the extent these can't be met out of the relevant Nominee account of LPS II.

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 II 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 II 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, Nominee or other person or entity which holds money, Investments or documents of title for LPS II, 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 II. Investments made by LPS II 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 II will terminate. This will usually be five years after the final Investment made for the Investor by the Manager through LPS II, 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 II, 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 II 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 II 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 II 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 II when the Manager advises the Investor in writing that his/her LPS II 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 II 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

Other than the Custodian and Nominee, 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 II

1A Investment Objective

1. 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 II approved pursuant to section 251 of the Income Tax Act 2007.

1B Investment Restrictions of LPS II

1. In carrying out its duties in respect of LPS II, 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.

2. Investors should be aware that LPS II'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.

3. In the event of a gradual realisation of Investments prior to termination of LPS II 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 II or in installments in advance of termination, as determined by the Manager, subject to HMRC approval.

SCHEDULE 2

In Respect of LPS II

Fees and Expenses

1. Manager's management fee:

The Investor will pay Longbow an annual management fee of 1% of the total amounts subscribed to LPS II exclusive of VAT which shall be added. Such management fee shall accrue half yearly in advance or pro rata to any period less than half yearly. The first such period commencing on the acceptance of the Application Form half year date and ending on the earlier of either 31 March or 30 September following an investment in LPS II. The last such period ending on the earlier of either 31 March or 30 September following the date of termination of the relevant LPS II agreement.

2. Manager's performance fee

(a) The Investor will pay the Manager a performance fee equal to 20% of Investor profits. This is designed to align the interests of the Manager with those of the Investors. The performance fee will be payable only upon distributions of LPS II to Investors and only after an Investor has received back an amount equal in aggregate to the entire amount invested.

(b) Any amounts in excess of the entire amount invested by the Investor in LPS II will be paid 80% to the Investors and 20% 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.

3. Administration fees

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

3.1 Commission Fee: 0.5% on all sales and purchases (minimum £25). In addition, a paper & administration charge of £10 per bargain
3.2 Annual Custody Fee: Minimum of 0.05% or £20 per line of stock, (whichever is the greater). Charged half yearly on 1st March and 1st September on the basis of assets held in custody for all, or part of, the 6 month period
3.3 Nominal fees for the transfer or reregistration of LPS II holdings or the payment of dividends by investee companies
3.4 Corporate Actions – Any registrations, splitting transfers, transfers out or similar actions are charged at £10, plus stamp duty if applicable
Where applicable charges will be subject to VAT at the prevailing rate.

4. Expenses

The Manager will meet expenses incurred in managing LPS II from the annual management fee. The Manager will have a lien on all assets being withdrawn from an 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 II in respect of damages or accrued but unpaid fees.

5. General

5.1 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 II invests. Such charges are in line with industry practice.

5.2 All requests from the Investor to the Custodian to issue payment from the Investor's Nominee 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.

6. VAT

Fees, costs and expenses are exclusive of any applicable VAT, which shall also be payable from LPS II.

7. Payment arrangements

Fees payable to the Manager and the Custodian 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 and the Manager's management fee. On termination, pursuant to Clause 16, the Investor's liabilities, including fees, costs and expenses shall be payable from LPS II 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 Scotland base rate, accruing on a daily basis until the date of settlement.

8. Allocation of fees and expenses

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

Section 1
Personal Details

Title

Full Name

Permanent Address

Postcode

Time lived at address

Daytime Tel:

Mobile:

Correspondence Address
(if different from above)

Date of Birth

Place of Birth

Nationality

Country of Residence for Tax Purposes

National Insurance No.

Email

Amount to Invest

£

Section 2
Bank Account Details

(account in which distributions will be credited)

Name of Bank or Building Society

Address

Postcode

Account Number

Sort Code

Building Society Roll Number (if applicable)

Section 3
Suitability Questionnaire

The Manager is required by the FCA to obtain sufficient information from Investors to enable it to ensure this Investment is appropriate for them. If your circumstances or your requirements change in the future you must notify the Manager in writing immediately. The Manager cannot accept an application if this information is not completed.

Investment objectives

The Investment is designed to be held for the medium to long term (between three to five years). Please note that Shares in small unquoted companies are higher risk than Shares quoted on the main market of the London Stock Exchange. The Fund is designed to provide Investors with access to a portfolio of Investments in small unquoted companies, which qualify for EIS tax benefits and have a potential for capital appreciation.

Please tick this box to confirm that you understand the higher risk Investment objectives of the Fund (including the risk factors detailed on page 17 of the Memorandum) and that these are consistent with your personal financial objectives. ☐

Please also confirm the following:	YES	NO
Have you previously made Investments in unquoted companies?	☐	☐
I am able to invest in the Fund over the medium to long term of approximately three to five years (i.e. you will not need income or access to the capital invested during this period)	☐	☐
I wish to take advantage of the EIS taxation reliefs	☐	☐
Are you seeking to defer a capital gain?	☐	☐
Are you seeking to claim full income tax relief? (Investors should consider whether they have sufficient income tax liability)]	☐	☐
Are you seeking to benefit from relief from inheritance tax (after two years from the dates of the underlying Investments)?	☐	☐
Have you received any taxation or Investment advice (e.g. from an IFA) relating to this Investment?	☐	☐
Have you any significant capital commitments which cannot be funded from your annual disposable income or liquid savings within the next four to eight years? If your answer to this is yes, please confirm below how this commitment will be funded.	☐	☐

Section 4
Declaration

IMPORTANT

I acknowledge that my Investment is made on the terms set out in the Investor Agreement and I am aware of the consequences of losing the protections and investor compensation rights that I lose by participating in either or both of the Funds as an elective professional client and waiving the protections of the client money rules.

I confirm, in relation to my Investment in either or both of the Funds, that;

> I am applying on my own behalf;
> I will notify Longbow Capital LLP of any Investment through either or both of the Funds in which I have an Investment in any company with which I am connected within section 163 and sections 166 to 177 of the Income Tax Act 2007; and
> I will notify Longbow Capital LLP if, within three years of the date of issue of Shares by an EIS Qualifying Company, issued in relation to my Investment in either or both of the Funds in which I have an Investment, I become connected with the EIS Qualifying Company or receive value from such a company; and
> I have read the Memorandum and the Investor Agreement. I have understood and I agree to be bound as a party to the terms of the Investor Agreement and authorise the Manager to enter into a Custodian Agreement on my behalf;
> I accept that the information supplied in Section 3 is only provided to enable the Manager to assess the suitability of my Investment in LPS II. I acknowledge that the Manager is not my general financial adviser and that any tax information provided is in the context of the service offered;
> I have read this Application Form and I confirm that I have provided full and accurate information on my personal and financial circumstances in order that the Manager may assess the suitability of an Investment in LPS II. I understand that the Manager may decline to act on my behalf in the event that the information provided is incomplete;
> I agree and acknowledge that where the Manager is required by FCA Rules to provide information to me, such information may be provided by means of the Manager's website.

A. I enclose two forms of identification in accordance with List A and List B on page 3.
B. I undertake to notify you immediately if any of the aforementioned changes, or other relevant circumstances of which you should be aware in relation to managing my Portfolio(s).
C. I attach my cheque for the aggregate amount above/will instruct transfer of such aggregate amount by bank transfer on request upon confirmation my application has been accepted.

CHEQUES SHOULD BE MADE PAYABLE TO:
Charles Stanley

BANK TRANSFERS SHOULD BE MADE TO:
Bank of Scotland
Charles Stanley Client Account
Sort Code 12-21-39
Account No. 00100367

Name of Applicant	
Signature	Date

Application forms should be returned to Longbow Capital LLP, Barnham Broom, Honingham Road, Norwich, NR9 4DD. If you have any questions please contact Edward Beckett or Ron Petersen on Tel. 01603 757 509 or fax. 01603 757 529 or ebeckett@longbow.co.uk or rpetersen@longbow.co.uk.

Section 5
Money Laundering

MONEY LAUNDERING REGULATIONS 2007 - IMPORTANT

The verification of identity requirements in the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant may be required. Failure to provide the necessary evidence of identity may result in your Application being treated as invalid or result in a delay. You must ensure that enclosed with the Application Form is one document from list A below and one document from list B below.

Each item must be original, less than six months old and should show your name and permanent residential address. Original documents will be returned by post at your risk. Alternatively, verification of the Applicant's identity may be provided by means of a "Confirmation of Verification of Identity" in the prescribed form from an EEA regulated financial institution which is required to comply with EU Money Laundering Directives.

LIST A

EITHER, certified copy of the following:

(issued by a Government and which incorporates full name, photograph and either i) residential address, or ii) date of birth)

A. Passport
B. Photo Driving license;
C. National Identity Card
(issued by UK, other EEA Member state or Switzerland)
D. Firearms certificate or shotgun license
E. Identity card issued by Electoral Office for Northern Ireland

LIST B

Or, one of the following:

(issued by a Government which incorporates full name)

A. Valid (old style) full UK driving license
B. Recent evidence of entitlement to a state or local authority-funded benefit (including housing and council tax benefit), tax credit, pension, educational or other grant

OR, one of the following:

(issued by a Government, judicial authority, regulated utility company, or an FCA-regulated firm in the UK financial sector or in an equivalent jurisdiction and which incorporates full name, photograph and either i) residential address, or ii) date of birth)

A. Instrument of a court appointment (such as liquidator, or grant of probate)
B. Current council tax demand letter or statement
C. Current bank statement or credit card statement, issued by a regulated financial sector firm in an EU equivalent jurisdiction (not printed off the internet)
D. Utility bill (not printed off the internet)

Section 6
Financial Adviser Details

Firm Name

Address

Postcode

Contact Name

Tel

Fax

Email

We have undertaken such an adequate assessment of the applicant's expertise, experience and knowledge as to give reasonable assurance to the Fund Manager in light of the nature of the transactions or services envisaged that the applicant is capable of making his own Investment decisions and understanding the risks involved in a participation in LPS II.

FCA Registration No. and Company Stamp

Signature

Apr 2014

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