



Par EIS Fund

Information Memorandum

April 2020
Confidential

Key parties and advisors

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Par Fund Management Limited is a member of the British Venture Capital Association and the EIS Association. It is authorised and regulated by the FCA and is entered in the register under reference 485668.

Kin Capital and Chiene + Tait have been named above for information purposes only and take no responsibility for any statement or omission from this Information Memorandum. Par Fund Management Limited reserves the right to change professional firms at any time.

“The Par Investor Network is a key component in the operational, hands-on approach we take with portfolio companies.”

Paul Munn *Managing Partner*

Par by Numbers

Par Equity has realised £56 million for Investors from 18 exits.

2008

Year founded

58

Companies invested in

329

Investments

9.6

Months to full deployment

96%¹

of Subscription is EIS qualifying

7.3%

of “skin-in-the-game” from the team

£194m

Invested in Portfolio

£53m

from Par Equity

£23m

from our authorised co-investment partner

£118m

from third parties

18

Realisations

3.3x

Exit multiple

27%

IRR

4.0

Years average holding period

£56m

Returns for Par Investors

EIS Fund at a glance

Closing Dates

As transactions complete

Sector focus

Technology or technology-enabled growth companies across a range of sub-sectors

Minimum Subscription amount

£20,000

EIS Qualifying Percentage

96%¹ of Investor’s subscription deployed in EIS Qualifying Companies

Target deployment period

12 months from the acceptance of subscription

Minimum number of Portfolio Companies

5 companies minimum, but with a target portfolio of 7-8 companies per Investor

Expected Holding period

6 – 8 years from the date of investment

Tax Efficient Review

86/100

Tax Efficient Review	
Issue No:	381
Product:	Par EIS Fund

MJ Hudson Allenbridge

85/100



¹) 94% for Non-advised Investors

Important notices

It's important to have all the necessary information when investing in funds focusing on early stage companies. If you have any questions, please don't hesitate to contact Par Equity.

| Summary Notice

This document (the "Memorandum") is a financial promotion and has been issued by Par Fund Management Limited ("Par Equity", "Par", the "Manager" or "We"), which is authorised and regulated by the Financial Conduct Authority ("FCA") with registered number 485668.

The Memorandum relates to the Par EIS Fund (the "Fund") managed by Par Equity. The Fund is an Alternative Investment Fund ("AIF") and not a non-mainstream pooled investment, each as defined in the FCA's handbook (the "FCA Rules") and invests in Non-Readily realisable Securities. Accordingly, the Memorandum constitutes a direct offer promotion of Non-readily Realisable Securities. If you are unsure about the contents of the Memorandum, you should consult an appropriate professional adviser who specialises in advising on the acquisition of interests in Non-readily Realisable Securities.

| Authorised Recipients and restrictions

This Memorandum must only be distributed to the categories of investor listed below:

- Certified High Net Worth Investors as defined in COBS 4.7.9(1);
- Certified Sophisticated Investors as defined in COBS 4.7.9(2);
- Self-Certified Sophisticated Investors as defined in COBS 4.7.9(3);
- Restricted Investors as defined in COBS 4.7.10;
- Advised Investors who declare they are already an existing client of an advisor who will confirm the suitability of the Fund for their needs, as per COBS 4.7.8(2);
- Non-advised Investors in respect of whom the Manager has made an assessment as required by COBS 4.7.9; or
- Investors and intermediaries who could be classified as professional clients as per COBS 3.5

Certain other requirements may apply under the FCA Rules regarding appropriateness or suitability.

The Memorandum is confidential and is intended only for the persons to whom it has been provided. It is not transferable and is not to be reproduced, disclosed or distributed to any other person, in whole or in part, except with the prior written permission of Par Equity. By accepting delivery of the Memorandum, each recipient agrees to keep confidential the Memorandum and the information contained in it.

The Memorandum does not constitute an offer or solicitation to any person in any jurisdiction outside the United Kingdom in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such an offer or solicitation.

Without prejudice to the generality of the foregoing, neither the Memorandum, nor any copy of it, may be taken or transmitted into the United States of America, Canada, Australia, Republic of Ireland, South Africa or Japan or into any other jurisdiction where it would be unlawful to do so. Any failure to comply with this restriction may constitute a violation of relevant local securities laws.

| Risk Warnings

The Fund is intended for persons who are able to bear the loss of some, or even the whole, of any amount invested and who have no need for immediate liquidity in their investment. The relationship between the Investors, Par Equity and the other entities providing services in connection with the Fund or between any of them and their respective clients may give rise to conflicts of interest. Investors should refer to the pages marked 'Risk Factors' for further information.

Any reference to track records and other historical

performance data, should not be relied upon as an indicator of future performance. Reference to forward-looking statements are based upon estimates and assumptions Par Equity believes to be reasonable. However, such predictions are inherently uncertain and as actual events or results may differ from those projected, no reliance should be placed on them.

Taxation levels, bases and applicable reliefs may change over time. These are dependent on each Investor's personal circumstances and are also contingent on Investee Companies maintaining their qualifying status.

Par Equity has endeavoured to ensure that the information in this Memorandum is correct at the date printed on the front cover of the Memorandum.

| Advice

The Fund may not be a good fit for all Investors. Investment in unlisted companies involves a high degree of risk and tends to be illiquid. Your investment in any company may be difficult to realise at an appropriate value and may depend on factors such as market conditions and the availability of other potential investors, which are beyond the Manager's control. An investment in this Fund should therefore be viewed as long term, and Investors may not get back the full value of the capital they invest.

Prospective investors should not invest in the Fund unless they are satisfied that they have asked for and received all the information that they consider they need to evaluate the merits and risks of the interests they may acquire as a result. It is the responsibility of Investors and/ or their advisors to seek any legal, tax or investment advice required. Nothing in this Memorandum is or should be treated as advice.

| Pauline Cassie
Investor Relations Manager

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“ Par Equity became the lead investor into PathXL. As company CEO, I found their advice, support and challenge to be absolutely first class, and they played a very important role in setting and helping to implement the strategy that led to our growth and highly successful exit.”

Des Speed

PathXL CEO, and subsequent EIS Fund Investor

Overview

Par Equity is an award-winning EIS fund manager, investing in innovative, high growth technology businesses across the north of the UK. We harness the expertise and contacts of our Par Investor Network and wider contacts to create a distinctive, operationally focused investment model that benefits both investors and entrepreneurs.

Commercial Focus

Par Equity is an Edinburgh-based venture capital firm, formed in 2008 to identify exceptional management teams of young technology companies, to accelerate their ambitions and business plans, and to help secure a successful financial exit for the entrepreneurs and shareholders alike.



Portfolio Company: BrainWaveBank

We are principally technology investors, but while technology can flourish in the hot-house environment of universities, laboratories and test-sites, technology of itself doesn't make a business. That's why, over the last 11 years, we've prioritised sound commercial judgement in our investment criteria. We look through the smart technology to the underlying business and management team. Can they execute, can they innovate, can they sell? Not only do we focus on the commercial acumen of the entrepreneurs, but our business model is built through the commercial focus of our Investment Team and Par Investor Network to work through the difficulties of bringing new products to market and the challenges of scaling a business quickly.

Hands-on Approach

Par Equity is recognised in the market as being a hands-on, value-add investor. In a typical year, Par will lead 5-6 new investment opportunities, as well as supporting c. 25 follow-on investments in existing portfolio companies. In this way, Investors in the Fund benefit as Par Equity has the ability to follow its money on deals, protecting our collective investor group's position. Furthermore, Investors' Subscriptions can be deployed into more mature portfolio companies, which have already received investment from the Par Investor Network (and potentially the Fund) and where we have a better understanding for the potential, as well as the risks.

The best entrepreneurs look for experienced investors with a track record of adding value, which is exactly what Par Equity brings to the table. The core investment team has, collectively, worked as entrepreneurs, management consultants, corporate finance professionals and technologists. Given our regional focus, we believe that the depth and breadth of the wider Investor Network around Par Equity is second to none.

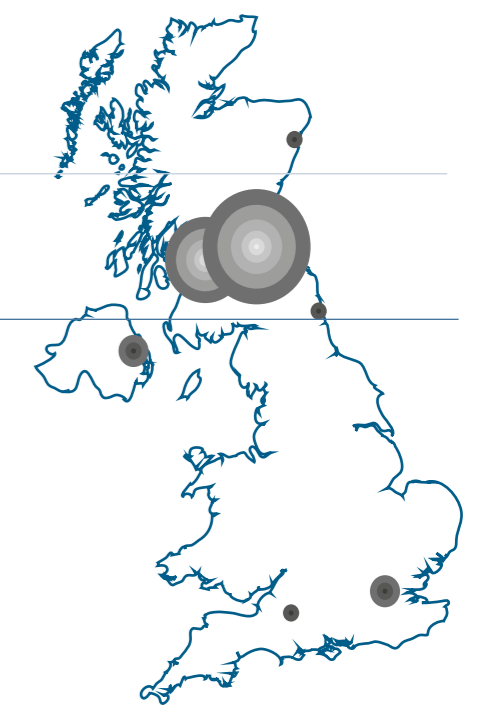


Portfolio Company: VertRotors

Northern Focus

Par Equity is based in Edinburgh, investing UK-wide but with a bias towards opportunities in Scotland, Northern Ireland and the North of England. However, every single opportunity we invest in will have the potential to win in a global market.

We are based in Edinburgh, investing UK-wide but with a bias towards opportunities in the north.



Par Equity's distinctive networked model creates a proprietary deal flow through our investor base, unearthing opportunities that are pre-qualified and matching our investment criteria. A London centric investor with a similar investment outlook will not see these types of opportunities which, on balance, have more realistic value expectations.

Scottish based portfolio companies also benefit from the support of the Scottish Investment Bank as a co-investor of Par Equity and Scottish Enterprise for additional grants and awards.



The Par Investor Network

Par Investor Network

The Par Investor Network comprises c. 200 experienced business angels. Not only does our distinct investor group bring financial firepower, but each investor also brings their own experience and contacts from their respective industries.

This network provides unrivalled access to the right people at the right time, who enhance our deal flow, improve our due diligence, fine tune business models and guide the entrepreneurs through to exit. As a result, entrepreneurs recognise Par Equity as a value-add investor, which is reflected in our strong flow of investment opportunities.

Four Sources of Capital

We can call on four sources of capital to support our new and follow-on investment activity:

1. Par EIS Fund – a growing source of capital, the Fund leads Par’s investment activity
2. Par Investor Network – a stalwart of capital since Par’s inception, the Investor Network provides supplementary capital, diligence and expertise to the companies we work with.
3. Scottish Investment Bank – as a tier 1 co-investment partner, Par can call on additional funding for investee companies in Scotland.
4. British Business Bank – through its commercial subsidiary, British Business Investments, we have received £15m of pledged capital to deliver up to 25% more fire power for our investee companies over the next 3 – 5 years.

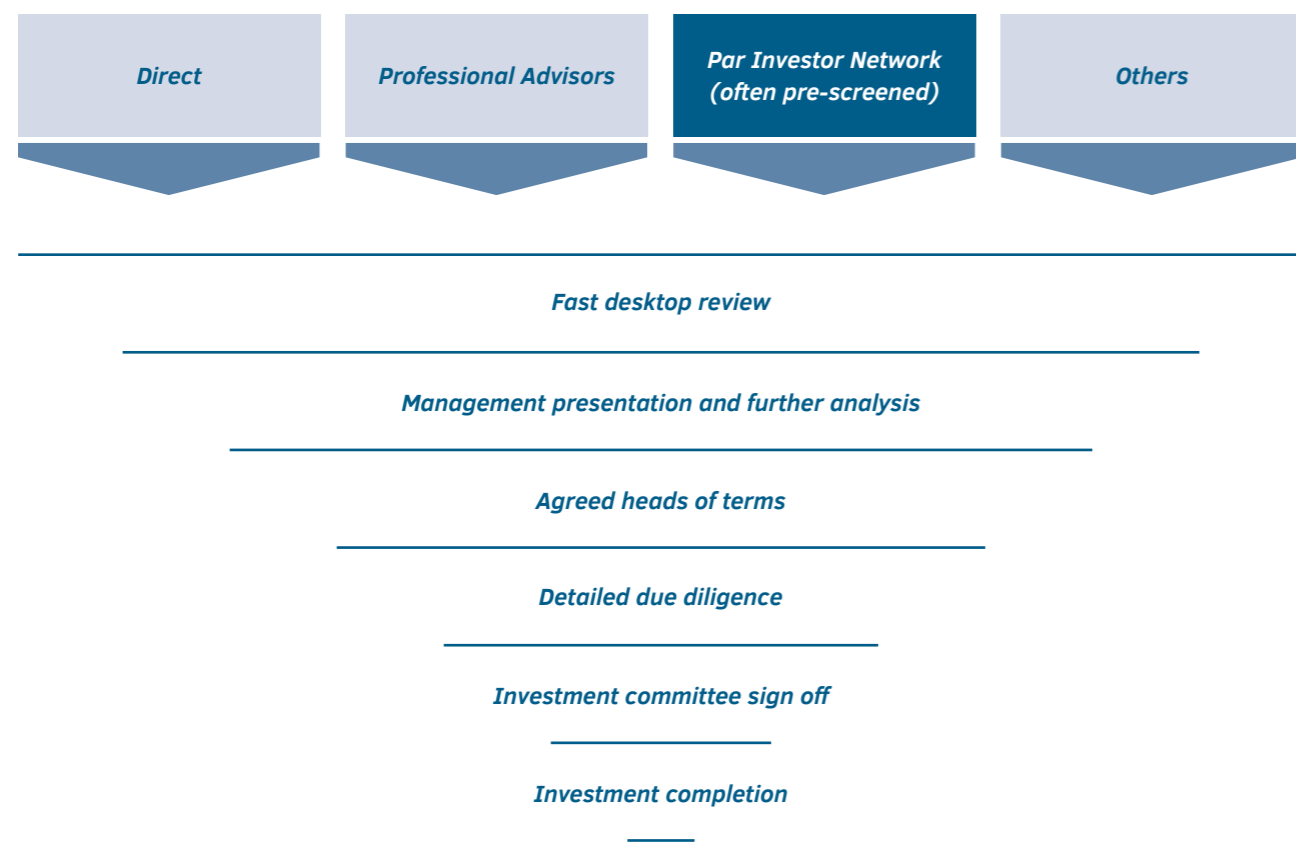
Pipeline

Swift deployment in high quality opportunities is critical to Par Equity’s investment approach. We review more than 600 new investment opportunities every year, of which only 1% secure funding.

The Par Investor Network has proved to be a fruitful source of high quality opportunities. Our investors know us, they understand our investment thesis and how we add value to companies. Furthermore, with deep expertise in their respective fields, our investor base is often the first to see exciting opportunities in their sector, meaning that Par receives pre-screened businesses, which most of our competitors won’t see.

The Investment Team meets on a weekly basis to review new and current investment opportunities. These regular Investment Committee meetings allow the team to respond quickly to requests for funding to ensure the necessary due diligence is being carried out as we move forward with an opportunity.

Since 2016, an Investor in the Fund has reached full deployment in 9.6 months on average.



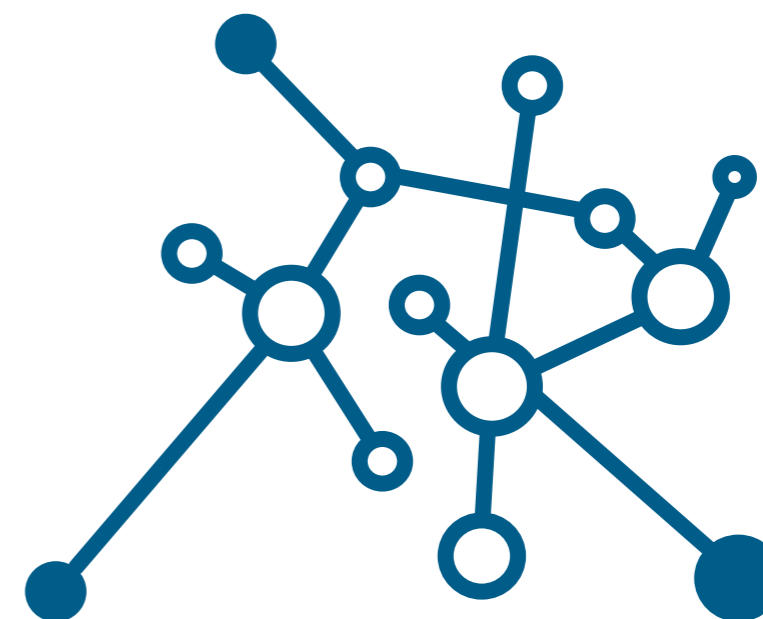
The Network Effect

People are the most important asset to any successful business. Par’s investor base provides access to the right people at the right time, making a material difference to a company’s growth trajectory. This is Par’s Network Effect.

Entrepreneurs

Experience the added value of the Par Investor Network through:

- Enhanced support, as our Network opens up access to experience, talent and contacts to help propel their business. Many of our investors have successfully built and sold their own companies.
- Increased market insight, as our network shares key information and knowledge in domestic and foreign markets, including awareness of potential acquirers.
- Amplified reach, as our network makes it easier for entrepreneurs to find a warm introduction to Par and to qualify their business plan and funding strategy before contacting us.



Investors

Benefit from the diligence and support of the Par Investor Network through:

- Improved deployment of funds, as our network delivers a continuous flow of higher quality young companies to invest in.
- Increased returns, as our network improves the screening of opportunities and the ongoing support and mentorship the entrepreneurs need through to exit.

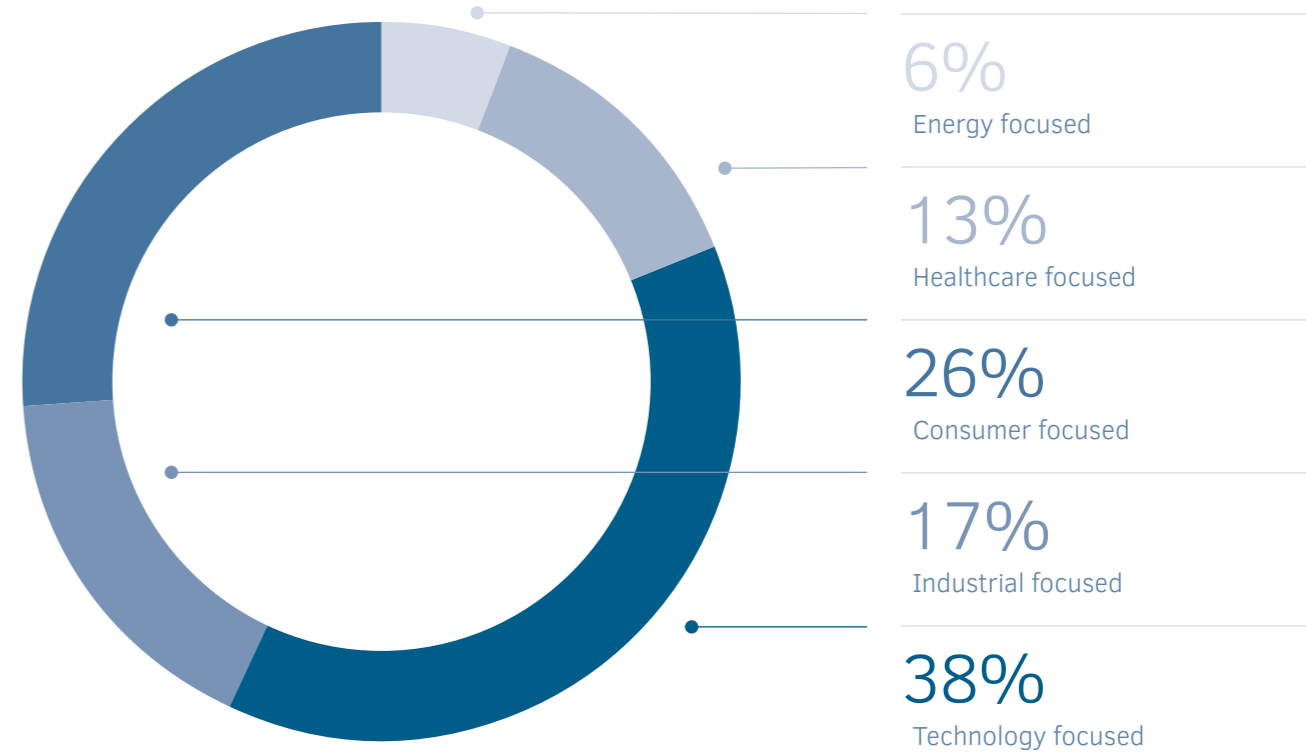
Intermediaries and advisers

Benefit from the professionalism of the Par Investor Network through:

- Heightened downside protection, as our network bolsters our due diligence process and the underlying performance of our Investee Companies, aiding better outcomes across the portfolio and enhancing the upside potential of their clients’ investments.

Portfolio

The current portfolio is made up of 40 companies across 5 themes, with a predominant focus on technology.



“The Par team really care about what they do, they’re adroit with any required due diligence and, crucially, they fully support high-energy, winning teams. They are also swift to address any drift in company performance and sponsor growth in shareholder value wherever possible.”


Guy Martin
Par Syndicate member, Par EIS Fund Investor and portfolio company director.

Adaptix	Kibosh	Pufferfish
Amiqus	Kiltr	PureLiFi
BrainWaveBank	Mallzee	QikServe
Censo	Manus	QSpine
Covec	MarktoMarket	Red61
Current Health	Money Dashboard	Speech Graphics
Datactics	My1 Login	Sunamp
Earth Rover	Novosound	Swipii
East Coast Oil & Gas	NPT	Symphonic Trust
Flightman	Optoscribe	The ID Co.
For Spills	Particle Analytics	The Skinny
Greengage	Plotbox	UnikLasers
GSI	Publisher Discovery	Vert Rotors
Invrep (Bond Mason)		

Live case study

Sector | Healthcare

Investment date | September 2016

 current health

£3.8m

Invested to date

| What does the company do?

Developed a remote patient monitoring platform, combining ICU- accurate wearable monitoring with precise early warning alerts and video visits.

| Why did we invest?

We are excited about the global size and growth of digital healthcare. Every government, hospital and healthcare system around the world is being challenged by changing demographics and a worsening dependency ratio. Current Health provides nursing staff with an automated alternative to taking regular manual observations allowing them to concentrate on higher value tasks. Through the triangulation of data across seven vital signs the product is able to provide early warning signs of a deterioration in health.

| How has the Par Investor Network helped?

68 members of the network have invested alongside the Fund, and also supported the company in further rounds of investment. The Par Investor Network has been particularly helpful with the execution of the company's US expansion strategy, including introducing Current Health to prospective customers, as well as strategic co-investors needed to support its large funding requirements.

| At what stage is the business at now?

The company is benefitting from a significant inflow of demand during the Covid-19 crisis, signing up new hospitals in the US and the UK. Having completed a £9m Series A investment in November 2019, it is now confirming strategic investor and commercial partner interest from the likes of the prestigious Mayo Clinic in the US.



Portfolio company: Current Health

Live case study

Sector | Industrial

Investment date | April 2018

 **NOVOSOUND**

£1.5m

Invested to date

| What does the company do?

Developed and patented a methodology to mass manufacture printable ultrasound sensors.

| Why did we invest?

We were introduced to the opportunity by Novosound CEO, Richard Cooper, who was an existing Investor with Par. The company had already seen the potential of industrial non-destructive testing markets, but through our experience in healthcare investing, we saw an exciting opportunity to bring the product to the lucrative medical imaging market. The company has a strong management team and we believe that the company is well positioned to capitalise on Par's operationally biased investment style and network of industry experts.

| How has the Par Investor Network helped?

20 members of the network invested alongside the Fund. A handful of investors have been heavily involved in commercial and technical diligence leveraging their professional and sectoral experience to validate the opportunity in the medical, veterinary and industrial markets. Following the investment, the network has provided key introductions to specialist skills as this university spin-out has grown rapidly.

| At what stage is the business at now?

Novosound has transitioned from a research company into a fully-fledged product provider. To accelerate the opportunity, the company raised a further £3m of capital in December 2019 to launch the next generation of advanced products to the industrial non-destructive testing market and kickstart its OEM wearables project.



Portfolio company: Novosound

Exit case study



2.7x

Exit multiple (not including EIS relief)

Sector | Healthcare

Investment date | November 2012

Holding period | 3.6 years

| What does the company do?

PathXL uses machine learning in digital pathology to improve speed and efficacy of the cancer diagnosis process.

| Why did we invest?

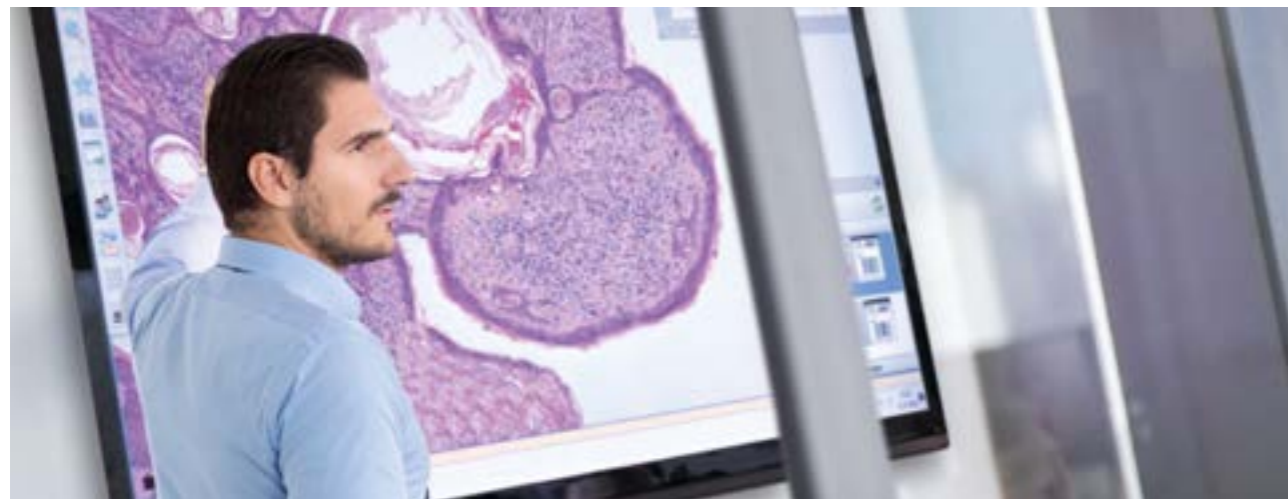
PathXL had an existing suite of process management software in the digital pathology market and were in process of bringing to market a series of software algorithms intended to identify and analyse tumour tissues and digitised images of tissue samples. We were attracted by the specialist technology and strong management team, as well as our ability to add value to the company.

| How did the Par Investor Network help?

32 members of our network invested directly into PathXL, alongside the Par EIS Fund. One of those investors, professor Simon Best, who has deep expertise in biotechnology and life sciences, became a non-executive director of the business, bringing his experience to the board and connections that ultimately helped with the identification and successful sale of the business to Philips Healthcare.

| What went well and what did we learn?

Identifying a strategic buyer was critical to the success of the investment opportunity and we were pleased to help make this happen. The alternative would have been further, and much larger, investment rounds to fully commercialise the technology, which would have meant a high degree of dilution to our investor base, as well as additional execution risk. Backing a fantastic management team who were aligned to this vision was also critical.



Exited portfolio company: PathXL

Exit case study



Undisclosed

Exit multiple

Sector | Battery management technology

Investment date | April 2012

Holding period | 7.4 years

| What does the company do?

Dukosi is a highly innovative semiconductor company providing chips for wireless, power management and battery management applications. The company's battery sensing technology targets next generation lithium ion battery management systems for future hybrid electric vehicles, and sets new standards in performance, accuracy, and functionality, enabling automotive manufacturers to make lighter, more fuel-efficient cars with lower CO2 emissions.

| Why did we invest?

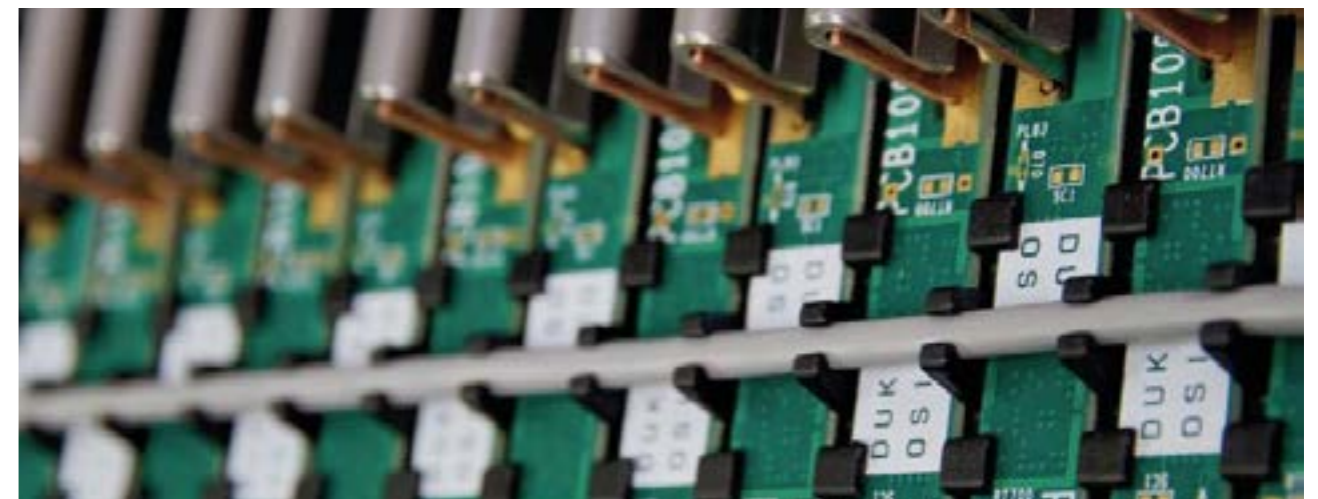
Par Equity was attracted to Dukosi due to its novel solution to a global problem in the rapidly growing hybrid vehicle battery management system market. The move by the automotive industry away from nickel metal hydride batteries to lithium ion batteries has placed much greater demands on the accuracy of battery monitoring sensors and Dukosi's technology was well-placed to meet these demands.

| How did the Par Investor Network help?

In 2013, not long after Par invested, the CEO and founder of Dukosi was tragically killed in a road traffic accident. Par and the Investor Network responded quickly, adding an interim CEO from the Investor Network and, with the work of Par's appointed Chairman, raised a rescue funding round to stabilise the business. Dukosi went on to develop and roll out its market leading technology, attracting further investment from IP Group, with the company eventually being bought by KCK Partners.

| What went well and what did we learn?

It's helpful to widen the investor base for early stage deep-tech investments, shouldering the responsibility for any unforeseen circumstances or longer than anticipated product development and commercialisation road maps. Additionally, Par's Network Effect was crucial in providing support when Dukosi was in an existential position and seeing the company through to exit.



Exited portfolio company: Dukosi

Exit case study



76x

Exit multiple (not including EIS relief)

Sector | Consumer

Investment date | November 2012

Holding period | 5.5 years

| What does the company do?

Distance learning for students of all ages, with a focus on vocational and professional learning.

| Why did we invest?

At the time of investment, ICS Learn was a loss-making distressed business that the previous owner, a German education trust, was looking to quickly offload or put into administration. Around 50 employees' jobs were at risk and c. 6,000 students were in danger of losing their education provider altogether. We saw an opportunity to save jobs, acquire a substantial stake in a business with brand value and quickly grow the company with the addition of a new board, CEO and investment in its customer service technology.

| How did the Par Investor Network help?

16 members of the network invested in ICS Learn. 3 of these Par investors joined the board together with

Paul Munn and remained in place until exit, during which time they helped and advised on digital marketing, property, finance and strategy development, as well as the appointment of a new CEO to drive the business through to exit.

| What went well and what did we learn?

The most satisfying part of the sale was the success story it represented for the investors, the company, its employees and the thousands of students who use ICS Learn to improve their knowledge. We succeeded in acquiring a loss-making business and turning it into a profitable growth company in 5 years. Key to the deal was in achieving a very attractive entry price, but this was supplemented by some more detailed due diligence on the way in. A very professional management team, together with the board and its advisers, identified the opportunity for a sale, developed a strategy and saw it through to completion.



Exited portfolio company: ICS Learn

Exit case study



Undisclosed

Exit multiple

Sector | Online gaming

Investment date | July 2013

Holding period | 6.5 years

| What does the company do?

deltaDNA provides Player Relationship Management for F2P Games, Social Casino and Real Money Gambling. Its technology uses advanced data mining and predictive modelling to identify and segment player behaviours. Through this insight, players can be targeted with real-time individual in-game messages offering personalised experiences that build engagement and increase retention to drive significant revenue growth for the game publishers

| Why did we invest?

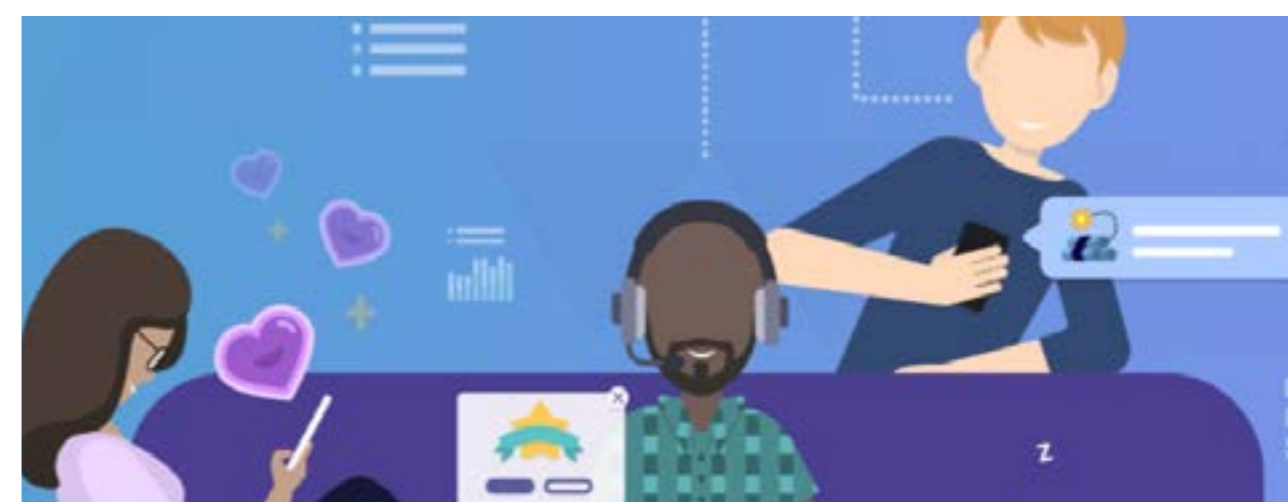
Par Equity was attracted by deltaDNA's novel and highly skilled approach to improving revenue for games publishers on their freemium titles within the burgeoning mobile games development market. Another attraction was the combined experience of the Company's management team in the gaming and data mining industries. Par Equity made its initial investment in deltaDNA in July 2013 and supported the business in 3 follow-on investment rounds.

| How did the Par Investor Network help?

On initial investment, we appointed an Investor Network member to the board with a strong background in customer analytics, advertising technology and gaming, with Paul Atkinson (Par Equity Partner) as board observer. In the first 2-3 years, the company struggled to find its product market fit, mostly because it was too early to the market. However, with our guidance and continued financial support, the company kept its focus and eventually converted customers into significant contract wins.

| What went well and what did we learn?

Prudent cash flow management was key to the success of the business and returns to shareholders. As an active investor, it's a challenge to strike the right balance between heavy handed intervention and patient capital. With DeltaDNA, we recognised the size of the opportunity and the team's capability to execute on the plan



Exited portfolio company: deltaDNA

Fund Structure

Par Equity's objective is to put both financial and intellectual capital to work. We seek to align the Fund's interests with entrepreneurs by investing in their businesses and working with them to add value for the benefit of all parties, helping the business to fulfil its potential.

Overview

| Enterprise Investment Scheme

Par Equity seeks to generate attractive investment returns and to offer Investors the opportunity to mitigate investment risk by investing only in EIS Qualifying Companies. EIS allows qualifying Investors considerable scope to benefit from tax relief and tax planning opportunities. Intentionally, the Par EIS Fund is an unapproved Fund, meaning that EIS Relief will accrue as and when investments are made, rather than being constrained by the tax year.

| Investment Stage and Size

The Fund will provide growth capital, targeting pre-series A and Series A funding rounds whereby the company has a monthly revenue somewhere in the region of £20k - £200k, i.e., the business has good traction, proven demand and is rapidly establishing its position in the market, but valuations are still in an acceptable range. We will also consider pre-revenue opportunities if the proposition is particularly

attractive. Par Equity generally participates in investment rounds of at least £0.5 million per Investee Company and will consider rounds of up to £5 million of equity finance.

| Collaborative Investment Approach

The Fund co-invests with the Par Investor Network as well as other angel groups and institutional investment partners. Par Equity believes that this collaborative approach benefits Investors, as investment decisions are informed by the views of experienced individuals with sector knowledge and contacts.

| Concentration Limit

Each Investor's Subscription will be used to invest in no fewer than 5 companies, but with a target portfolio of 7-8.

| Fund Size and Subscription Size

The Fund has no maximum or minimum size. Investors may subscribe in multiples of £1,000, subject to a minimum Subscription of £20,000. There is no maximum Subscription, but individuals are currently restricted to £1 million of EIS investment for each tax year.

| Legal Form and Investment Mechanics

The Fund will comprise of shares in a selection of EIS companies and uninvested cash. Each Investor, for legal and tax purposes, is the beneficial owner of a specific number of shares in each Investee Company. Each Investor has an EIS Share Account maintained by the Administrator and segregated from the EIS Share Accounts of other Investors. All shares and cash will be managed on a collective basis. If an investment is deemed to be a Knowledge Intensive Company (as defined by HMRC), investors will be notified accordingly.

| Governance and Compliance

The Investment Committee meets weekly to review new deals and discuss live Investments opportunities, and once Par Equity is satisfied on the investment terms and due diligence, the committee will sign off the Investment. For every Investee Company, our standard terms are to have board representation and

information rights, as well as the formation of a remuneration committee and audit committee.

| Fees

Par Equity retains 6% of the Subscription, (subject to loyalty discount) for Non-advised Investors, and 4% of the Subscription for Advised Investors, such that up to 96% of the Subscription is available for investment in EIS Qualifying Companies. Within this retention of 4% to 6%, we include four years' worth of Annual Management Charges at 0.75%, inclusive of VAT and any other dealing charges. For the fifth and subsequent year, Annual Management Charges will be deducted from the Investor's EIS Share Account (subject to available funds and net of any realisations after year 4). There is also a Performance Fee of 20% of returns in excess of 120% of the Subscription. The Performance Fee is not payable until the Investor has received, as a minimum, the entire value of their Subscription, plus 20%. The cost of the EIS Share Account is met from fees paid to Par Equity.

All fees are quoted inclusive of VAT where applicable.



Portfolio Company: Optoscribe

“Building a high growth tech company isn't easy - it's important to have great backers that understand your business and closely support the management team. For us Par Equity have been just that.”

Cally Russell
Mallzee CEO

Investment Objectives

| Realising Value

The Fund's principal Investment Objective is to generate capital gains for Investors through increases in value of Investee Companies, realised through Exit Events. The Fund's Benchmark Return Objective is a realised pre-tax internal rate of return on Subscriptions of 15%. The Benchmark Return Objective has been provided in accordance with the FCA Rules to allow Investors to assess Par Equity's performance, but there can, however, be no certainty that this benchmark will be achieved.

| Investee Company Management

In assessing management teams, we look for a demonstrably deep knowledge of the domain in which the team operates or plans to operate. Value is placed on the management team's commercial acumen as well as their uncompromising commitment to achieving success. Previous success through entrepreneurial or management experience and track record is highly desirable.

Smaller companies are typically run by small teams with lots to do. Where a team needs to develop in certain areas, the Investment Team and the Par Investor Network are available to mentor managers and give them the benefit of their own experience, bringing focus to important decisions as well as urgent ones.

| Sector Focus

The Fund is focused on innovative companies. These are companies which are developing new technologies for sale or using advances in technology to disrupt existing markets. Par Equity has invested in companies operating in areas such as software, public health, e-commerce, social media, consumer electronics, photonics, technical textiles and medical devices. The unifying characteristic of Par Equity's portfolio is therefore the importance of innovative technologies to the investment case underpinning each commitment of capital. In building the investment case, Par Equity draws on the experience, expertise and contacts of the Investment Team, but also the resources of individuals within the Par Investor Network. In this way, Par Equity can make informed decisions across a range of sectors, providing the potential for Investors, over a series of Subscriptions, to gain exposure to a diverse range of growth-oriented investments.

| Risk and Return

The Fund's Investment Objective of generating capital gains from high growth potential companies involves substantial investment risk. Par Equity seeks to manage this risk at a Fund level through its careful investment and due diligence screening, its hands-on investment approach and to an extent, portfolio diversification.



Robert Higginson, Par Equity Founding Partner

Investment Restrictions

| EIS Qualifying Companies

The Fund's principal Investment Restriction is that it only invests in EIS Qualifying Companies. Specifically, the Fund only invests in securities entitling holders (who are themselves eligible) to claim EIS relief, issued by EIS Qualifying Companies. The Fund will not invest in any other form of security, or in derivatives.

| Investing Alongside the Par Investor Network

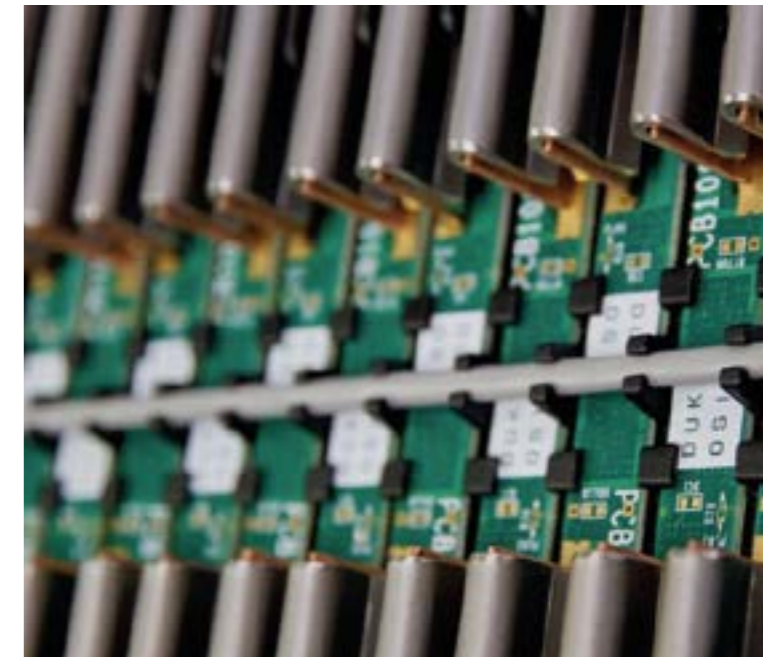
The Fund has been formed specifically to invest alongside the Par Investor Network, a feature that distinguishes it from the majority of other EIS funds. We believe, and experience has proven, that the deep sector knowledge and contacts brought by our Investor Network to companies they invest in will benefit the Fund. In this way, we have established a powerful environment for creating value in Investee Companies.

| Geography

Par Equity has a hands-on, operational bias. This means that we like to be geographically close to management teams. This, and the geographic limitation of EIS, means that Investee Companies will be based in the UK. That said, we are particularly interested in companies with a scalable business that can address a global market – companies from 'over here' that have the potential to do rather well 'over there'.

| Sectors

We are sector agnostic, focusing on opportunities whereby technology can be a disruptive force. In addition, we are aware of our social responsibilities as Investors in the next generation of businesses. We will not invest in companies operating in armaments or weapons technology sectors, and we will tend to give a higher weighting to companies which benefit the broader society.



Recent Exit: Dukosi

| Revenue

Par Equity does not invest in technology for technology's sake. The Fund will only invest in companies with a clear focus on generating revenues and dominating their target markets. The Fund will only invest in pre-revenue companies in a minority of cases.

| Future Funding Requirements and Follow-on Rounds

In exceptional circumstances Investors may be offered their pre-emption rights, subject to the Fund's Investment Agreement. However, for the avoidance of doubt, the Par Investor Network will not invest in follow-on situations where an Investee Company seeks to deprive Fund Investors of pre-emption rights.

Fund Investment Process

Finding Investments

As investment manager of the Fund, Par Equity is responsible for identifying and evaluating potential investments. Par Equity combines the co-ordination of an active investor network and the management of venture capital funds and has access to a significant pipeline of opportunities. Members of the Par Investor Network are often involved in the sourcing and reviewing of potential investments in conjunction with Par Equity, bringing valuable commercial insights and sector knowledge to the process.

Deciding What to Invest In

Par Equity has sole discretion as to whether or not to make an investment on behalf of the Fund. In reviewing potential investee companies, the Investment Committee considers a range of factors including the status of any technology on which the company relies, its competitive position, its growth prospects, the quality of its management team and the prospects for an exit. In addition to forming a view on the commercial rationale for investing, Par Equity also undertakes or commissions confirmatory due diligence in areas such as the company's legal and financial position.

Concluding Investments

The Investment Team includes experienced dealmakers, with many years' experience in negotiating and concluding corporate transactions. By using template investment documentation and a core team of legal advisers wherever possible, we seek to keep deal costs down. These costs are usually borne by the Investee Company and any abort fees, should they arise, are borne by Par Equity.

Investors' Subscriptions are held by the Administrator and deployed as investments are made. Investors receive both a contract note and an EIS3 Form in respect of each Investee Company. Holdings in Investee Companies are credited to the Investors' EIS Share Accounts.

After Completion of the Investment

Through board appointment rights, information rights and regular informal contact with management teams, Par Equity keeps close to developments in Investee Companies and is well placed to help add value, whether in response to opportunities or challenges, as well as to report back to Investors. Par Equity charges Investee Companies a monitoring fee to cover the time spent in this regard.

Investment committee

Convening weekly, the Investment Committee sits at the centre of Par's investment activity. It's the beating heart of our operations, as we engage with the wider Par network on all our deals. We provide the right people at the right time to test and verify (or refute) the entrepreneur's assumptions. Management presentations will typically have members of our Par Investor Network with relevant sector experience present and sometimes even prospective customers of the potential investment opportunity.



The Par Investor Network

Exit Strategy and Process

This is, of course, a key area of focus and critical to driving returns to Investors. An investment in the Fund will create a portfolio of holdings in privately held companies, with no established secondary market for the sale of such holdings. Investments are therefore held for the medium to long term driven by a requirement to qualify for EIS relief (minimum holding period of 3 years) and to also allow enough time for the company to create significant value in the business. In the ordinary course of business, Par Equity will not look to dispose of holdings in portfolio companies within the 3-year period, although in exceptional circumstances it may be commercially sensible to do so. Critical to Par's investment strategy, and once the 3-year holding period has been satisfied, we will work with the management team and our Investor Network to identify and secure attractive sale opportunities.

Exits may be achieved through one of the following routes:

- Trade sale
- Sale of shares on the stock market following an Initial Public Offering (IPO) on AIM or the main market
- Management buy-out
- Sale of shares to other shareholders either directly or through a buy-back by the Investee Company itself
- Liquidation of an Investee Company potentially resulting in a return of capital to shareholders

Net Exit Proceeds will be distributed to Investors each time an Exit Event occurs and will not be reinvested, unless we receive written instruction from the Investor or their appointed adviser to do so.

“The funding process, from agreement of terms through to completion, was mutual and robust giving Par first mover advantage and Novosound a swiftly secured investment.”

Richard Cooper
Novosound CEO

Meet the Team

Par Equity has attracted talent from top tier institutions such as McKinsey, Deloitte, Baillie Gifford and Adam & Co. Notably, the team has substantial “skin-in-the-game”, as the partners and wider team have personally invested over 7.3% of Par’s core AUM.



Leith Robertson
Chairman

Leith has over 50 years’ experience in the financial services industry having held senior roles in large international banks with a focus on structured finance. Highly experienced in his field, Leith is disciplined and focused on exit strategy and planning for our portfolio companies.



Paul Munn
Managing Partner

Paul is a Chartered Management Accountant and has experience of corporate management, turnarounds, business development and active shareowner engagement. He has a Bachelor of Laws degree from the University of Glasgow.

“They have worked together for over 10 years and built up a track record of investments with some notable exits.”

Martin Churchill, Tax Efficient Review *EIS Fund Analyst*
February 2020



Paul Atkinson
Founding Partner

Paul is an entrepreneur and serial angel investor. He has a substantial track record building value for companies in the technology and services sector and taking them to a successful exit. He has a BSc in Physics from Manchester University.



Robert Higginson
Founding Partner

Robert is well-versed in the software and technology industry, having held a number of senior strategy positions within blue-chip organisations, based in various European countries and the US. Prior to co-founding Par Equity he was an investor on his own account.



Andrew Castell
Founding Partner

Andrew is a Chartered Accountant with extensive corporate finance and corporate restructuring experience. Andrew began his career at Touche Ross (now Deloitte), before several years in investment banking, gaining broad-based experience in transactional corporate finance advisory work.



Andrew Noble
Partner

Andrew is an entrepreneur and serial angel investor in technology companies with a broad range of experience in venture capital, private equity and management consulting. Andrew competed for Team GB in Alpine Skiing at the 2010 Winter Olympics and holds an MBA from INSEAD Business School.

“Par’s team is formed of individuals which are well-placed to execute the Fund’s strategy, based on their previous venture capital and commercial experiences.”

MJ Hudson Allenbrdge *EIS Fund Analyst*
March 2020



Pauline Cassie
Investor Relations Manager

Pauline has worked in the financial services sector for over twenty years with international experience advising retail clients on complicated financial products. Pauline has a postgraduate in Information Systems at Napier University.



Aidan MacMillan
Investment Manager

Aidan has a background in corporate finance having worked in transaction services in London and Edinburgh. He holds an Economics & Finance degree from the University of Strathclyde and is a member of the Institute of Chartered Accountants England and Wales. Aidan has also passed CFA Level 1.



Mandy Porteous
Executive Assistant

Mandy is the executive assistant to the four Partners and a key contributor to Par Equity’s personal touch when it comes to our investors. Mandy assists in all aspects of Par’s day-to-day activities and has been with the Company since inception.



Emily Thompson
Financial Controller

Emily has eighteen years’ experience within accounting and finance function of the largest retail bank in the UK. Emily is a Chartered Accountant with a Bachelor Degree in Accountancy.



Monika McIver
Accounts Assistant

Monika is responsible for maintaining the financial records of the Par Equity group with particular focus on sales ledger control. In addition Monika supports the preparation and delivery of the groups management and financial reporting.



Tom Croy
Investment Manager

Tom’s background is in corporate law, having worked on buyout transactions and early stage investments for PE and VC clients. He holds a First Class honours degree in Law from the University of Aberdeen and is a member of the Law Society of Scotland, and has a certificate in Corporate Finance from CISI.

“The team brings a broad range of backgrounds with experiences in different areas.”

*Hardman & Co EIS Fund Analyst
April 2019*



Alastair Orr Ewing
Portfolio Manager

Alastair’s experience is in operational strategy and strategic relationship management. He has a degree in Land Management from Newcastle University and completed the Saltire Fellowship in entrepreneurship at Babson College, Boston US.



Sabina Mahmood
Office & Investment Administrator

Sabina is the first point of contact for those visiting or contacting our office. She also assists in all areas of office and investment administration.



Alasair Moore
Investment Manager

Alastair has a background in corporate banking with Natwest and subsequently with KPMG’s M&A team where he worked with a mix of Private Equity clients and owner managed businesses across Scotland and the North of England. Alastair holds an MBA from Alliance Manchester Business School.



Diane McLaren
Financial Controller

Diane’s career in accounts and office management has taken her from the Post Office to the National Trust for Scotland to one of Scotland’s high end jewelers. Diane keeps a keen eye on suppliers and service providers both for Par Equity itself and its property activities.



Nicola McLeod
Compliance Manager

Nicola has over 15 years Regulatory experience in the Investment Management sector. She spent 9 years advising on U.S. policy and regulation at Baillie Gifford before moving to Aubrey Capital Management, advising the firm on all areas of Compliance. Nicola has a BA in Law & Management.



Claire Cramm
Investment Analyst

Claire’s experience is in finance and marketing, having completed previous internships across areas including marketing analytics, business development and investor relations. She recently graduated from Northeastern University, Boston with a B.S. degree in International Business.

Fees and Charges

We have carefully constructed our fee model to strike a fair balance between the Investor and the Investee Company, ensuring we remain an attractive investment partner for entrepreneurs and provide successful outcomes for Investors.

Investors pay the following fees:

Fee type	Fee	Applied to	When due	Frequency
Initial Charge	1.0% (3.0% Non-advised Investor)	Subscription	On inception	Once
Annual Management Charge	0.75%	Subscription, net of realisations	From inception	Quarterly in advance
Performance Fee	20%	Investment profits	Once an Investor has received Exit Proceeds at least equal to 120% of the Subscription and any additional fees paid	As Exit Proceeds are received

For Advised Investors, a retention of 4% will be made from the Investor's Subscription to cover the Initial Charge (1.0% inc. VAT) and 4 years of Annual Management Charges (0.75% inc. VAT). This means that 96% of an Advised Investor's Subscription will be available to be invested in EIS Qualifying Companies. Once the retention has been utilised, payment of further Annual Management Charges will only be extracted from Exit Proceeds and be charged against the original subscription amount, net of any realisations.

For Non-Advised investors there is a 3% Initial Charge to cover any additional reviews and know your customer checks required by the FCA rules. However, there is a loyalty discount for repeat Investors and members of the Par Investor Network, applicable at the Manager's discretion.

We are also able to facilitate the payment of fees that the Investor has agreed with their adviser in relation to a Subscription.

“Par quotes all initial and annual fees charged directly to investors as inclusive of VAT, which is not always the case in this market and should be applauded.”

MICAP Offer Review
July 2019

Par Equity reserves the right to charge Investee Companies arrangement fees on completion of an investment and fees relating to its ongoing monitoring of the Investee Company. Where it is unable to charge these fees, Par Equity bears these costs itself and does not recover them from the Fund. Since Par Equity also facilitates investments on behalf of various capital providers, such as the Par Investor Network and the Scottish Investment Bank, these fees may not specifically relate to the Fund. As the percentage shareholding that the Fund will have in any given Investee Company will vary, as well as the financial circumstances of the Investee Company, the notional impact of such fees on an Investor cannot be readily quantified.

Par Equity also expects to recover professional fees in connection with an Exit Event from Investee Companies, but where it is unable to do this it reserves the right to apportion some or all of the fees incurred to the various parties on whose behalf it is acting in connection with the Exit Event (including the Fund). These costs would be apportioned pro rata to Exit Proceeds realised.

Other than those described above, no fees are charged to Investee Companies by Par Equity or its Associates for matters including but not restricted to company secretarial, accountancy, human resources, recruitment, consultancy or other services, nor does Par Equity (or its Associates) have any arrangements whereby it receives payment in connection with the provision of services to Investee Companies by third party service providers. Investee Companies may, however, voluntarily contract with connected companies of Par Equity's principals from time to time, on an arms' length basis.



The Par Investor Network

Tax and EIS Considerations

The following is a summary of the UK tax regime as it applies to investment by individuals in EIS Qualifying Companies. The summary is based on professional advice received, but any person who is in doubt about their tax position, or is subject to tax in any jurisdiction other than the UK, should consult an appropriately qualified independent professional adviser.

EIS and the Investor

Overview

EIS offers potentially attractive reliefs and tax planning opportunities to individuals who are UK taxpayers with sufficient taxable income or gains to take advantage of the opportunities available. EIS Relief that may be available comprises income tax relief, capital gains tax deferral relief and exemption, loss relief and inheritance tax relief. To obtain the benefit of these reliefs, the taxpayer must first invest in the EIS Qualifying Company and then make the necessary claim to HMRC, whilst both the taxpayer and the EIS Qualifying Company must comply with the relevant requirements of EIS. The Fund is an unapproved EIS fund and so Investors will become eligible to claim EIS reliefs from the point that investments in Investee Companies are made, rather than on subscription to the Fund (which is the case with HMRC-approved EIS funds). The following description of reliefs and tax planning opportunities is an overview only and is not intended to be an exhaustive statement of EIS and its workings.

EIS Relief is not available to Investors who are connected with the Investee Company. Investors may be connected if they are employees or directors (certain exceptions apply), or own more than 30% of the ordinary shares, voting rights or rights to assets on a winding up. The 30% test is particularly important if any Investors ever consider any direct investment in Investee Companies. Accordingly, the Investment Agreement requires Investors to disclose any connections to Investee Companies (practically speaking, Investors might wish to notify Par Equity of all their EIS investments).

Further, existing shareholders in a company are unlikely to qualify for EIS relief unless they acquired all their existing shareholding upon incorporation of the company or through SEIS/EIS or similar schemes.

Income Tax Relief

UK taxpayers who invest in, but are not connected with, an EIS Qualifying Company may reduce the amount of their liability to income tax, provided that they hold their shares for at least three years (in certain circumstances, the three year rule can be extended, depending on the date on which an EIS Qualifying Company commences its qualifying trade). Connected investors include employees, directors receiving remuneration and investors with shareholdings of 30% or more and their associated persons (i.e. grandparents, parents, children, grandchildren, spouse, civil partner and/or business partner). Individual investors may claim relief against income tax at a rate of 30% on a maximum of £1 million of investment in EIS Qualifying Companies in each tax year (£2 million in respect of knowledge-intensive EIS Qualifying Companies). Relief may also be carried back to the prior tax year.

An investor who subscribes £100,000 in EIS Qualifying Companies can therefore (subject to his having sufficient taxable income against which to claim the relief) receive £30,000 in the form of a tax rebate or an adjustment to his PAYE code, making the net cash cost of his investment £70,000 for shares costing £100,000.

Income Tax Relief may be claimed as soon as an Investor receives the relevant form – EIS3 – from the Investee Company concerned. Accordingly, Income Tax Relief should become available on an investment by investment basis (in contrast with an HMRC-approved EIS fund, where reliefs may only be claimed once at least 90% of the fund's capital has been invested).

Capital Gains Tax (“CGT”) Deferral Relief

UK taxpayers, whether or not they are ‘connected’ to the EIS qualifying company, with chargeable capital gains unconnected with their EIS Qualifying Companies may defer the assessment of the chargeable gain, or a part of it, provided that the chargeable gain or part thereof arises within a period commencing three years prior to an investment in an EIS Qualifying Company and ending one year after it. There is no limit on the gains that may be deferred in this way, other than the amount invested in the EIS Qualifying Company. Gains are deferred until the earlier of certain specified events or the disposal of the shares, whereupon the gains will fall to be assessed and capital gains tax may become payable. Deferred gains can be further deferred through investment in other EIS Qualifying Companies and, should the taxpayer die, deferred gains at the time of death will not come back into charge.

If the same illustrative investor, having subscribed £100,000 in EIS Qualifying Companies, has chargeable capital gains of at least £100,000, he could therefore reduce his net cash cost of investment by up to £30,000 through claiming income tax relief and by up to a further £20,000 to £28,000 (depending on the nature of the gains) by deferring assessment on £100,000 of his chargeable gains, giving a net cash cost at the point of investment of £42,000 to £50,000 for shares costing £100,000 (£100,000 – £30,000 – £28,000 or £20,000). The CGT liability is only deferred, however and will have to be accounted for on disposal of the shares, at which point the investor's annual exemption might be available.

Capital Gains Tax Exemption

Provided that shares in an EIS Qualifying Company

are held for at least three years from issue (or from the date on which the EIS Qualifying Company's trade commenced, if later) and EIS qualifying status is retained throughout this period, gains arising on disposal of such shares are exempt from assessment for Capital Gains Tax. It is also a condition for claiming the Capital Gains Tax exemption that Income Tax Relief has been claimed by the Investor in respect of the company concerned, even if for as little as £1.

The same illustrative investor who has subscribed £100,000 in EIS Qualifying Companies and who has disposed of his shares for £150,000 would therefore have a tax-free gain of £50,000. Taking into account his income tax relief of £30,000, therefore, he would have had tax-free cash receipts of £180,000 – a net tax-free gain of £80,000. Any chargeable gains deferral claimed pursuant to the investments will become chargeable at this time.

Loss Relief

Loss relief is available in connection with realised capital losses in respect of shares in EIS Qualifying Companies (net of any initial income tax relief). The loss may be offset against the taxpayer's liability for income tax in the same year as the loss arises, or carried back to the preceding year and is available at an Investor's marginal (highest) rate of income tax. It may also be offset against capital gains of the same year or carried forward to offset against future gains. Investors are encouraged to consult their tax adviser regarding the utilisation of Loss Relief if available, as complex rules apply to the order in which losses are set against income.

Provided that the insolvency proceedings are entered into for genuine commercial reasons and not as a scheme or arrangement for avoiding tax, the liquidation, administration or receivership of a company will not lead to Income Tax Relief being withdrawn from investors.

Inheritance Tax (“IHT”) Relief

Shares in EIS Qualifying Companies may qualify for 100% relief from IHT provided that they have been held for at least two years. Relief is available for assets falling within the category of relevant business

property that has been held for two years or more, whereby the value transferred can be reduced to nil for IHT purposes. Relevant business assets include both unlisted shares and shares listed on AIM or the Plus-quoted or Plus-traded markets. Relief may be restricted or unavailable in certain circumstances, for example where the company owns an asset that is not required for its business or where the business is carried on otherwise than for gain.

Currently, IHT is payable at a rate of 40% on all relevant transfers over £325,000. Accordingly, the cost of an investment in EIS Qualifying Companies can be reduced by 40% if it allows a taxpayer to avoid IHT on a transfer of assets. An investor who has

subscribed £100,000 in EIS qualifying Companies and has claimed income tax relief at 30% can reduce the effective cost of his investment by up to a further 40% to not less than £40,000 by avoiding IHT on the transfer of assets in life, provided that the transfer takes place at least two years after the shares were first acquired and that the company continues to be qualifying for the IHT relief up to the date of transfer of the shares. The following table sets out a hypothetical portfolio purely for the purposes of illustrating the effects of EIS Relief and is not intended as a forecast of investment returns.

	Company A	Company B	Company C	Company D	Company E	Fund
Subscription						£100,000
Fees and charges retention	-	-	-	-	-	£(4,000) ¹
Cost of shares	£(19,200)	£(19,200)	£(19,200)	£(19,200)	£(19,200)	£(96,000)
Income tax relief	£5,760	£5,760	£5,760	£5,760	£5,760	£28,800 ²
Net cost of shares	£(13,440)	£(13,440)	£(13,440)	£(13,440)	£(13,440)	£(67,200)
Exit proceeds	£35,000	£NIL	£10,000	£20,000	£60,000	£125,000
Annual Management Charges	-	-	-	-	-	£(750) ³
Net proceeds	-	-	-	-	-	£124,450
Performance Fee attachment point	-	-	-	-	-	£(120,900)
Profit subject to Performance Fee	-	-	-	-	-	£3,550
Performance Fee ⁴	-	-	-	-	-	£(710)
Profit after all fees and charges	-	-	-	-	-	-
◦ before tax	-	-	-	-	-	£23,740
◦ after tax	-	-	-	-	-	£52,540
Additional Tax Advantages						
CGT Deferral ⁵	-	-	-	-	-	-
◦ CGT @ 20%	-	-	-	-	-	£19,200
◦ CGT @ 28%	-	-	-	-	-	£26,880
Loss Relief ⁶	-	-	-	-	-	-
Capital losses ⁷	-	£13,440	£3,440	-	-	£16,880
◦ income tax @ 45%	-	-	-	-	-	£7,596

1) A retention of 4% is made from the Subscription to cover the Initial Charge and c. 4 years of Annual Management Charges.

2) Income tax relief is available for up to 30% of the amount invested, but relief may be restricted if the Investor has insufficient income tax to relieve against.

3) Once the initial fee retention of 4% has been exhausted, additional Annual Management Charges are deducted from Exit Proceeds. £750 is illustrative of a 5 year holding period and all realisations being at the end of the 5th year.

4) Performance fees are detailed on pages 28-29 of this Memorandum.

5) CGT arising on chargeable gains may be deferred at the rate applicable to the gains in question. These gains may become effectively exempt under certain circumstances, for example by utilising annual allowances in later years.

6) The value of Loss Relief depends on the Investor's marginal rate of income tax. Alternatively, losses may be relieved against capital gains in the usual way.

7) Illustrative for non-Scottish domiciled higher rate taxpayers. Scottish domiciled taxpayers will be subject to different rates of income tax.

Taking the illustrative portfolio return set out on the preceding page, the following table below shows some of the potential effects of EIS Relief on a pre-tax return of £23,740 (23.7%), as well as how EIS can significantly mitigate a total pre-tax loss scenario.

Depending on the Investor's tax circumstances, a pre-tax profit of 23.7% can therefore be increased to as much as 85.3%, while a total loss could potentially be reduced to 14.1%.

	1 - pre-tax	2	3	4	5	Total loss
Proceeds	£125,000	£125,000	£125,000	£125,000	£125,000	£NIL
Cost of shares	£(96,000)	£(96,000)	£(96,000)	£(96,000)	£(96,000)	£(96,000)
Fees and charges	£(5,460)	£(5,460)	£(5,460)	£(5,460)	£(5,460)	£(4,000)
Pre-tax return	£23,740	£23,740	£23,740	£23,740	£23,740	£(100,000)
EIS Relief @ 30%	-	£28,800	£28,800	£28,800	£28,800	£28,800
Loss Relief @ 40%	-	£6,752	-	-	-	-
Loss Relief @ 45%	-	-	-	£7,596	-	£30,240
CGT Deferral @ 20%	-	£19,200	£19,200	-	-	-
CGT Deferral @ 28%	-	-	-	£26,880	£26,880	£26,880
Post-tax return	£22,890	£78,492	£71,740	£87,016	£79,420	£(14,080)

It should be noted that the ability to benefit from CGT Deferral is not wholly within an Investor's control, as the timing of gains returning to charge on the disposal of the associated shares may or may not coincide with the Investor having available capacity within their annual allowance, or off-settable capital losses. Deferred gains will come back into charge on the sale or realisation on a loss, unless such gains are once again invested into EIS Qualifying Companies.

EIS and the Company

Overview

Investors' ability to benefit from EIS Reliefs is determined not only by their own personal circumstances, but by those of the Investee Companies. EIS Relief is only available in respect of investment in shares issued by EIS Qualifying Companies and, generally, Investee Companies must continue to be EIS Qualifying Companies for at least three years from the date of issue of the shares in respect of which EIS Reliefs are claimed.

Many of the rules regarding what constitutes an EIS Qualifying Company are of technical interest, rather than being commercially significant from an investment perspective.

Important changes have, however, been made to EIS in the Finance Act 2018 with a view to refocusing the

scheme on growth company investment, rather than tax-driven capital preservation schemes.

The observations that follow are intended to highlight certain aspects of EIS that may be relevant to the risk/reward characteristics of an investment in the Fund and are not intended to be an exhaustive analysis of the detailed provisions of EIS.

Importantly, HMRC offers an advance assurance service, providing comfort before completion of an investment that the proposed Investee Company is an EIS Qualifying Company. It is Par Equity's practice to require advance assurance to be obtained prior to all investments. It should be noted, however, that continued provision of service by HMRC cannot be guaranteed.

The company should be raising funds to enable its qualifying trade to develop and grow. Practically, this means that funds will be used to acquire plant and machinery or on revenue expenditure such as staff costs and sales/marketing activity. The funds cannot be used to settle outstanding debt arrangements or to enable the company's activities to continue in their current form, or to acquire another business. Further, HMRC take this provision to mean that a company's trade should be capable of being undertaken without an anticipated termination of trade in the future.

Limits also apply to the length of time during which the qualifying trade has been carried out, if commenced prior to investment.

These provisions, including the exclusion of a number of types of trade from the list of qualifying trades, have the effect of focusing investments on companies engaging in trades that can involve a higher than average level of risk.

| Risk to Capital

In addition to the higher levels of business risk faced by Investee Companies, Investors should be aware that the rules of EIS place a constraint on Par Equity in terms of structuring investments in Investee Companies, when compared to the range of structures available and commonly used in the venture capital industry where EIS Relief is not an objective. In assessing whether to grant advance assurance, HMRC applies a principles-based approach, a key feature of which is an assessment of risk to capital. In order for a company to be approved as an EIS Qualifying Company, therefore, not only must the company's trade and business model be one that involves a degree of risk to capital, but the arrangements governing the issue of shares, rights attaching to those shares and the circumstances in which shares may be sold must expose shareholders to a level of risk that is in keeping with the expectation of gain. This means that some of the structuring techniques usually adopted by venture capital funds to mitigate investment risk will not be available to the Fund.

| Corporate Finance

Certain EIS rules can have the effect of distorting corporate or investor behaviour in ways that are unhelpful, by depriving an EIS Qualifying Company of the full range of corporate finance techniques it might otherwise have recourse to in attempting to develop and grow.

Broadly, the risk of having EIS Reliefs withdrawn in respect of existing investments, or losing the ability to benefit from EIS in respect of further investments, can result in individual investors being deterred from supporting measures that might ordinarily be uncontroversial – for example, merging two EIS Qualifying Companies that are sub-scale to create a combined business with a better prospect of success, or using convertible loan notes to secure short-term bridging finance from existing investors in situations where other forms of borrowing are unavailable.

| Liquidity

Investors in the Fund cannot easily sell shares in Investee Companies. The EIS rules require that at the date of issue of the shares, the company must not have any of its shares, debentures or other securities listed or have arrangements in place for a listing or an acquisition by a company whose securities are listed. Providing there are no pre-existing arrangements at the point of issue of the shares, however, an EIS Qualifying Company will not cease to be qualifying as a result of a subsequent listing.

| Qualifying Trade

Generally, EIS is intended to stimulate investment in certain types of business activity. The Fund invests in businesses that exist for the purposes of carrying out a qualifying trade (directly or as parent company of a group whose business is essentially that of carrying out qualifying activities). For these purposes, any subsidiary should be at least 90% owned. A qualifying trade is any trade other than one that is excluded and excluded trades and other activities may not represent a substantial (generally c. 20%) element of the company's activities.

Frequently Asked Questions

| Investor Protections

Do Investors have limited liability?

Yes. An Investor's liability for investment losses is limited to the amount of the Subscription.

Are the Fund Providers authorised by the FCA?

Yes. Both Par Equity and the Administrator are authorised and regulated by the FCA.

Can I be compensated if I suffer losses on my investment?

Par Equity participates in the FSCS and, if Par Equity defaults, Investors may have a claim against the FSCS if they are classified under the FSCS's rules as "eligible claimants". The maximum amount of such a claim is currently £50,000. Further details on how the FSCS operates and how claims are made and processed can be found at www.fscs.org.uk.

Can I complain to the Financial Ombudsman if I am unhappy with the services of the Fund Providers?

All Investors who meet the eligibility criteria (see www.financial-ombudsman.org.uk) should be able to bring complaints to the attention of the Financial Ombudsman. The Fund Providers will take all complaints seriously and have procedures in place to ensure that complaints are properly dealt with on their merits and, if possible, resolved to the parties' mutual satisfaction.

Do I need to seek financial or other professional advice in relation to the Fund?

If you are in any way unsure about the nature of the Fund, EIS or the risks associated with the Fund or EIS, or whether the Fund might be right for you in the context of your financial circumstances and risk appetite, it would be prudent to consider seeking appropriate advice. Some types of more experienced investor may, however, invest in the Fund without the benefit of such advice, providing that they meet certain criteria, detailed in Part B of the Application Form.

| Tax

The Fund has not been approved by HMRC. What does this mean?

If an EIS fund is approved by HMRC, EIS Relief may be claimed by an investor immediately following, but not before, the final closing date of that fund. HMRC then requires that at least 90% of aggregate subscription monies be invested within 12 months. HMRC approval, in relation to an EIS fund, has no regulatory significance, nor does it imply that HMRC has in any way approved matters such as the fund's investment objectives or the investment manager's track record. From 2020 HMRC approval will only be given to knowledge-intensive EIS funds.

When can Investors claim EIS Relief?

EIS Relief is only available to individuals who are UK taxpayers and becomes available as investments are made. The Fund Providers will arrange for EIS3 forms to be sent to Investors promptly following completion of each investment. Investors may claim EIS Relief on the portion of their Subscription invested once they have the EIS3 form relating to that investment.

Do I get EIS Relief automatically?

No. Investors are responsible for submitting claims for EIS Relief to HMRC in respect of each Investee Company. Investors should take professional advice if they are in any way uncertain as to how to claim EIS Reliefs, as failure to submit claims properly could lead to loss of EIS Reliefs.

How much tax relief will Investors get?

This will depend on individual circumstances, so Investors should seek the advice of an appropriately qualified professional in relation to their tax planning. Excluding the effects of rounding investments in Investee Companies to the nearest whole number of shares, the percentage of a Subscription available to be invested (and therefore able to benefit from EIS Relief) is 96.0%.

Will Investors be able to claim SEIS relief?

Although the tax advantages offered by the SEIS regime are more generous than under EIS, SEIS relief tends to be available only in respect of investments in very early stage companies. This, combined with the fact that a company may raise a maximum of £150,000 of aggregate investment under SEIS, means that the Fund will invest in situations where SEIS relief is available only in exceptional circumstances. Should it do so, however, a similar procedure to that followed to allow Investors to claim EIS Relief will be followed.

Can Investors withdraw money from the Fund?

If an Investment Agreement is terminated by an Investor before all of a Subscription has been fully invested, Par Equity will return any Subscription Surplus to the Investor, less estimated future dealing commissions. Net Exit Proceeds will automatically be paid to Investors following completion of the relevant Exit Event and will not be reinvested by Par Equity.

What fees and charges will be deducted from my Subscription?

There is a fixed deduction from a Subscription of 4.0% - 6.0%, of which up to 2.0% may be refunded if the Investment Agreement is terminated early. This deduction is used to pay Investment Management Fees comprising the Initial Charge of 1.0% for Advised Investors (or 3% for Non-advised Investors) and four years' worth of Annual Management Charges at 0.75% per annum. Annual Management Charges due in respect of the fifth and subsequent year are paid from available funds held within the EIS Share Account. The Administrator's fees and charges are borne by Par Equity. The Performance Fee is only payable from Exit Proceeds.

Is the Fund an unregulated collective investment scheme?

No. The Fund is managed on a collective basis as an AIF, but Subscriptions are not pooled and the Fund is not treated as an unregulated collective investment scheme by virtue of an exemption within the Financial Services and Markets Act (Collective Investment Schemes) Order 2001.

Is the Performance Fee deducted on an investment-by-investment basis?

No, unless the Exit Proceeds from the relevant Investee Company generate aggregate Exit Proceeds in excess of the Investor's Subscription or the Investor has already received aggregate Exit Proceeds in excess of this performance fee threshold.

| Amount and Timing of Investment***When can Investors invest in the Fund?***

The Fund is evergreen, so Applications may be accepted at any time. Applications will, however, be grouped within Investor Intakes, so if an Application is received just after an Investor Intake has closed, there may be a wait of some weeks, or possibly even months, before the Subscription begins to be invested. Par Equity will be able to provide further context on this if required.

How much can be invested?

The minimum investment is £20,000. There is no maximum, but the maximum investment in respect of which EIS Relief can be claimed in a tax year is currently £1,000,000 (£2,000,000 in respect of investment in knowledge-intensive EIS Qualifying Companies).

I've looked at some of the existing Investee Companies, which seem interesting. Can a Subscription be backdated?

An Investor's Subscription cannot be backdated to include transactions completed prior to their Subscription being received, nor can an Investor's shareholding in Investee Companies be diluted by other Investors joining the Fund at a later date. It is possible, however, that the Fund may participate in follow-on rounds on the part of existing Investee Companies.

| How the Fund Works***What is the life of the Fund?***

The Fund itself has no specific life, but the individual Investment Agreements that comprise the Fund have a lifespan of seven years. An Investor may terminate the Investment Agreement at any time, subject to a requirement to give not less than three months' written notice. Otherwise, unless it is extended by Par Equity, an Investment Agreement will terminate after seven years.

Is the Fund liquid?

An investment in the Fund involves significant liquidity risk, as it will result in the Investor holding a portfolio of Non-readily Realisable Securities. Although individual Investors will, in principle, be free to sell their shares in Investee Companies at any time, such shares are unlikely to be readily marketable, other than through an Exit Event. The terms on which the Fund will invest may in addition require shares to be offered to other shareholders (at the same price as has been offered by a third party) before a sale can be concluded, which can complicate the process further. EIS Reliefs claimed may be lost if an Investor sells shares before the expiry of the three-year minimum holding period.

How can I assess Par Equity's performance?

The FCA Rules require that Par Equity establish an appropriate method of evaluation and comparison such as a meaningful benchmark so as to enable an Investor to assess Par Equity's performance in relation to the management of the Fund. A realised pre-tax internal rate of return of 15% has been selected as the Benchmark Return Objective for this purpose.

As an illustration, an investment of £100 today that was sold for £200 after five years would yield a realised pre-tax internal rate of return of fractionally over 15%. The post-tax internal rate of return for an Investor able to benefit from EIS Reliefs would be somewhat higher. It should be noted, however, that it may take a number of years to achieve exits and so the realised return on an Investor's Subscription will only be determined after some time. Portfolio valuations will be undertaken periodically, but unrealised profits or losses may not be a good indication of ultimate realised performance.

What if an Investor should die while holding shares in Investee Companies?

If an Investor dies while there is still a Subscription Surplus, this will be frozen and returned to the executors, as soon as possible once Par Equity or Administrator has been informed. Any holdings in Investee Companies will be transferred into the names of the executors or beneficiaries, as appropriate. Currently, any shares in EIS Qualifying Companies that have been held for at least two years will be exempt from inheritance tax.

| Other Questions***How will Par Equity report to Investors?***

Par Equity will report to Investors every six months with a commentary on the Fund's portfolio of holdings in Investee Companies and provide each Investor with a statement including a valuation of their Portfolio.

Risk Factors

Subscriptions to the Fund will be used to make investments in Non-readily Realisable Securities, which can involve a high degree of risk. The Fund may not be right for all investors and so potential investors should seek independent financial and tax advice before investing. A non-exhaustive description of certain key risk factors is set out below.

Investment Risk

| Nature of Investment

Investment results may vary substantially over time, and there can be no assurance that the Fund will achieve any particular rate of return. When reviewing the track records and other historical performance data in this Memorandum, prospective investors should bear in mind that past performance is not indicative of future performance.

The Fund will hold investments of a long-term and illiquid nature in Investee Companies whose shares are not quoted or dealt in on any stock exchange and so cannot easily be sold. As there is no available market for such shares, it may not be possible to establish their current value at any particular time, and the timing of any cash distributions to investors is uncertain and unpredictable.

Investments in unlisted companies involve a high degree of risk and Investee Companies may be adversely affected by global or local economic, political, environmental, health & safety or other factors beyond their control or the control of Par Equity. Accordingly, Investors may not receive back the amount they invest and Subscriptions to the Fund should be made only by those who can bear such risks.

| Sourcing of Investments

The success of the Fund depends on the ability of Par Equity to locate, select, develop and realise appropriate Investments. There is no guarantee that suitable Investments can or will be acquired nor that Investments will be successfully realised. In the event of the failure of an Investee Company, part or all of the value of an Investment may be lost, which may

comprise a material part of the value of the Investors' Portfolio.

| Portfolio Diversification

A single Subscription is expected to provide an Investor with interests in at least five Investee Companies, but is not expected to be invested in more than ten. In order to achieve a high degree of portfolio diversification, an Investor may need either to make further Subscriptions over time, or undertake comparable investment activity on his own initiative.

| Lack of Investor Control

As the Fund itself is Par Equity's client, Investors will have no opportunity to control the day-to-day operations, including investment and disposal decisions, of the Fund or of individual Investee Companies. Whilst Par Equity may consult with outside experts about certain aspects of the Fund's business, the Fund will be managed exclusively by Par Equity. Investors will not be able to make investment decisions or any other decisions on behalf of the Fund

| Par Equity

In certain circumstances, more particularly referred to in the Investment Agreement, Par Equity and others may be entitled to be indemnified out of the Investor's assets held within the Portfolio for liabilities, costs and expenses arising in connection with services in relation to the Fund.

There can be no assurance that key individuals employed by Par Equity will continue to be employed by Par Equity for the duration of the Investment

Agreement, nor that suitable replacements can be found. The performance of the Fund could be adversely affected should Par Equity fail to maintain a suitably qualified and experienced team.

| Concentration on Small, Innovative Companies and Technologies

Investee Companies may often be relatively small and highly dependent on the skills of a small group of key executives. Such companies may, in addition, often be especially vulnerable to changes in technology, government actions, changes in statute and competitive pressures.

Investments will be concentrated in companies operating with innovative technologies or business models. Such companies are likely to operate in fast-moving environments where the risk of technologies becoming redundant as a result of advances made is high, with a consequent risk to companies reliant on such technologies. Conversely, companies seeking to develop innovative technologies, to service developing technologies or to make use of such technologies may find that such technologies fail to

reach their potential. For these and other reasons, valuations of innovative companies can be volatile and the risk of such companies failing can be higher than for companies with more established business models, or products or services.

| Restrictions on Transfer and Lack of Liquidity

Investments will be in the form of unlisted shares and other securities issued by Investee Companies. Shareholder Agreements entered into at the time Investments are made will typically place restrictions on shareholders' ability to transfer shares in Investee Companies. This may restrict Investors' ability to sell their shares or other securities in isolation. Investors should not rely on being able to sell shares or securities, other than on a trade sale or following an initial public offering. Investors' ability to secure exits at an attractive valuation will be dependent upon such factors as, in the case of a trade sale, the number of interested potential purchasers and the willingness of such potential purchasers to pay an appropriate price, or, in the case of an initial public offering, market conditions and appetite.

Taxation Risk

| General Tax Regime

The Fund will only invest in EIS Qualifying Companies. If EIS is withdrawn or substantially changed, the Tax Advantages described in this Memorandum may be wholly or partially varied or removed. Par Equity cannot guarantee that all investments will qualify for EIS relief, or if they do initially, that they will continue to do so over the duration of the holding period. Investors should familiarise themselves with the rules of EIS and take professional advice where appropriate. The content of this document is based on our understanding of current taxation law and HMRC practice.

| EIS Qualifying Companies

The nature of EIS is that, at the point of investment in a company, an Investor cannot rely on that investment qualifying for EIS Relief until after it has been made. Before completing an investment, the Investment Team will seek appropriate assurance

that there is a high degree of likelihood that the proposed investment will be approved by HMRC and so qualify under EIS.

An Investee Company having been confirmed as an EIS Qualifying Company may cease to qualify under certain circumstances, such as ceasing to carry on an eligible trade. Whilst such circumstances may be beyond the control of Par Equity, it will through its ongoing monitoring of Investee Companies seek to ensure that Investee Companies' boards have due regard to the interests of their shareholders.

| Investors Qualifying for EIS Reliefs

EIS Relief is dependent on each Investor's circumstances. Some Investors may not be eligible for EIS Relief and some Investors may cease to qualify for EIS Relief during the life of the Fund. If in doubt, Investors should seek advice from a suitably qualified professional. In addition, EIS imposes certain restrictions on Investors, such as the three

year holding period during which they must retain their shares in Investee Companies. In the event that Investors fall foul of such restrictions, they can lose the benefit of EIS relief and/or the Tax Advantages.

Investors must actively claim EIS Relief. Should the relevant claims not be made to HMRC, EIS Reliefs will be lost.

| Exit Within Three Years

EIS Relief is withdrawn in the event that Investors receive value from an investment in an EIS Qualifying Company within minimum three year holding period

Potential Conflicts of Interest

| Equity between the Fund and Business Angels

Investee Companies frequently require more than one round of investment, whereas Par Equity has a restricted discretion to apply the Fund to follow-on rounds. Ordinarily, the Fund will invest on the first occasion that the Par Investor Network (or another group of Business Angels) is investing in a company, although exceptionally it may invest at a later stage. For example, where there is a limited early round intended to allow the company to prove the feasibility of its technology, or demonstrate the potential, to be followed by a larger round once the investment risk has been judged to have been mitigated. Thereafter, the Fund may participate in one or more follow-on rounds, but only where the circumstances of the fundraising provide sufficient comfort that the investment is likely to be in the best interests of the Fund on a stand-alone basis (recognising that the constituent Investors within the Fund are likely to change over time).

Once the Fund has invested, there are potential conflicts in relation to the terms on which subsequent investment rounds are completed. These terms, particularly share price, may vary, reflecting the progress made by the Investee Company, demand from investors and so on. Investors' decisions regarding participation in follow-on rounds are likely to result in a range of individual investment performance experiences in respect of any given Investee company.

applying to their shares. In the case of an Exit where proceeds are received in excess of the amount paid for the shares, occurring within three years, EIS Reliefs will not be available and any EIS Relief received falls to be returned (this may also be the case in respect of lesser receipts of value). Investments made by the Fund in a follow-on round will, all other things being equal, carry a higher risk of EIS Reliefs being forfeit as a consequence of an exit within three years. In principle, however, the risks associated with the investment may be lower than on an initial investment.

Par Equity has a responsibility to Investors and also to its Arrangement-only Clients in the Par Investor Network, but the terms of business applicable to the Par Investor Network state that Par Equity's primary responsibility is to the Fund. Par Equity will decline to be involved with any follow-on rounds where the pre-emption rights of existing shareholders, including the Fund are not respected.

Investors who qualify may choose to become Arrangement-only Clients of Par Equity for the purpose of participating in subsequent investment rounds. Pre-emption rights will only be offered in exceptional circumstances and we will not accept an application to become an Arrangement-only Client without the consent of the introducing party, e.g., the wealth manager or IFA, who's client is interested in such an arrangement.

| Fees and Charges Levied on Investee Companies

Under the terms of the Investment Agreement, Par Equity or its Associates may charge fees to and recover costs from Investee Companies. There is no obligation to account to Investors for these receipts. Par Equity maintains policies and procedures intended to ensure that any fees paid, or costs recharged to, Investee Companies are fair and proportionate. Par Equity's policy is to disclose to Investors any fee or charge that diverges from its standard practice, as described in the Fees and Charges section of this Memorandum.

Definitions

In this Memorandum, unless the context otherwise requires, the following words and expressions have the meanings shown:

“Adjusted Subscription” means, in relation to each Investor, the Subscription, less any Subscription Surplus returned to the Investor, together with any Equalisation Adjustment falling to be added to the Subscription for the purpose of calculating Performance Fees due;

“Administrator” means Kin Capital, East Side, King's Cross, London, N1C 4AX or such administrator as may be appointed from time to time by Par Equity;

“Administrator's Terms of Business” means the Administrator's standard share dealing account terms of business, as amended from time to time;

“Administrator's EIS Account Terms of Business” means the Administrator's additional terms of business for Enterprise Investment Scheme accounts, as amended from time to time;

“Advised Investor” means a person who has received financial advice regarding the Fund from an Authorised Intermediary for the purposes of COBS 4.7.8;

“Advised Investor Application Form” means the version of the Application Form used in respect of Advised Investors;

“AIM” means the Alternative Investment Market;

“Annual Management Charge” means the fee payable to Par Equity by Investors during the term of the Investment Agreement. Annual Management Charges comprise a fee of 0.75% (inclusive of VAT) per annum;

“Applicable Laws” means all relevant UK laws, regulations and rules, including those of any Government or of the FCA;

“Applicant” means a person who has submitted an Application to Par Equity;

“Application” means a completed Application Form, having been submitted to Par Equity together with

the Subscription;

“Application Form” means the application form made available by Par Equity in relation to a prospective investment in the Fund, completed and executed;

“Arrangement-only Client” means a member of the Par Investor Network who is responsible for his own investment decisions in respect of individual Investee Companies;

“Arrangement Fee” means a fee charged to an Investee Company by Par Equity in connection with investments arranged by Par Equity;

“Associate” means, in relation to a Fund Provider, a member of that Fund Provider's group of companies;

“Authorised Intermediary” means a financial adviser, authorised and regulated by the FCA or a recognised professional body, who has provided financial advice to an Investor regarding the Fund and recommended that the Investor enter into the Investment Agreement;

“Benchmark Return Objective” means the benchmark rate selected by Par Equity to provide Investors with a means of judging Par Equity's performance in respect of the Fund. The Benchmark Return Objective has been set at a realised pre-tax internal rate of return of 15%;

“Business Angel” means an individual, typically a high net worth individual, professional investor or sophisticated investor, who engages in making investments, either solely or in conjunction with other Business Angels, in unlisted companies at an early stage in their development;

“Cash Offer” means in respect of an Investee Company an offer by a third party to buy the entire issued share capital of an Investee Company where the consideration for such offer consists of cash;

“Certified High Net Worth Investor” has the meaning given in COBS 4.7.9 in the FCA Handbook;

“Certified Sophisticated Investor” has the meaning given in COBS 4.7.9 in the FCA Handbook;

“CIS Exemption Order” means the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended);

“EIS” means the Enterprise Investment Scheme as constituted under the legislation in force at the date of this document, or as subsequently amended, as the context requires;

“EIS Qualifying Company” means a company in respect of which SEIS Relief or EIS Relief may be available to Investors, as the context requires;

“EIS Relief” means the income tax, capital gains tax and inheritance tax reliefs available to be claimed by subscribers for shares in EIS Qualifying Companies;

“EIS Share Account” means a segregated account administered by the Administrator and held in the name of an Investor for the purposes of holding the Investor’s Subscription, Exit Proceeds, dividends and shares in Investee Companies as Client Money and/or Client Assets as defined in the FCA Rules;

“EIS3 Form” means the form issued by an Investee Company evidencing an investment by an Investor in that Investee Company and allowing the Investor to claim EIS Relief from HMRC;

“Elective Professional Client” has the meaning given in COBS 3.5.3 of the FCA Handbook;

“Equalisation Adjustment” means an amount added to a Subscription for the purposes of calculating the Performance Fee;

“Exit Event” means, in respect of an Investee Company, the point at which (a) any of a Cash Offer, a Share Offer or an IPO is completed or (b) insolvency proceedings have commenced;

“Exit Proceeds” means, in respect of an Investee Company, the proceeds arising from an Exit Event and attributable to an Investor;

“FATCA” means the Foreign Account Tax Compliance Act, legislation enacted by the US and intended to counter suspected tax avoidance by US citizens and others liable to pay US taxes through holding financial assets outside the US in accounts

maintained with non-US financial institutions;

“Financial Promotion Order” means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended);

“FCA” means the Financial Conduct Authority, 12 Endeavour Square, Stratford, London E20 1JN;

“FCA Handbook” means the instrument setting out the FCA Rules as amended from time to time;

“FCA Rules” means the rules governing, inter alia, the conduct and regulation of firms regulated by the FCA, which may be found at <https://www.handbook.fca.org.uk/handbook>;

“FSCS” means the Financial Services Compensation Scheme;

“Fully Invested” means the point at which an Investor’s Subscription Surplus is less than 10% of his Subscription;

“Fund” means a number of individual discretionary investment management agreements between Investors and Par Equity in the form of the Investment Agreement set out in the Memorandum, whereby Investors invest collectively in EIS Qualifying Companies;

“Fund Provider” means Par Equity and the Administrator

“HMRC” means Her Majesty’s Revenue & Customs;

“Initial Charge” means a fee of 1.0% inclusive of VAT payable to Par Equity by the Investor on commencement of the Investment Agreement;

“Investee Company” means a company in which Par Equity intends to make an investment, or has made an investment, on behalf of Investors and which has not been the subject of an Exit Event;

“Investment” means shares in an Investee Company held by an Investor in his Portfolio;

“Investment Agreement” means the agreement between Par Equity and each Investor, as set out in this Memorandum;

“Investment Committee” means the committee established by Par Equity for the purpose of making investment decisions on behalf of the Fund;

“Investment Management Fees” means the Initial Charge and the Annual Management Charge payable to Par Equity by Investors, which is ordinarily expected to be recovered from arrangement and monitoring fees paid to Par Equity by Investee Companies;

“Investment Objectives” and **“Investment Restrictions”** means the information set out in Part 1 of this Memorandum, describing the principal investment aims of the Fund and the principal restrictions placed on it;

“Investment Period” means the period during which Par Equity has discretion to invest Subscriptions in EIS Qualifying Companies, which shall end on the earliest of: the Subscription becoming Fully Invested; the Investment Agreement being terminated; and the second anniversary of the inception of the Investment Agreement;

“Investment Team” means the individuals employed by Par Equity from time to time to manage the Fund, including, but not restricted to, the individuals whose names and biographies are contained in this Memorandum;

“Investor” means a person who is either an Advised Investor or a Non-advised Investor, whose Application and Subscription have been accepted by the Fund Providers and who has in consequence become an investor in the Fund;

“Investor Intake” means the group of Investors whose Applications become effective on a given Investor Intake Inception Date;

“Investor Intake Inception Date” means the earliest date on which the Subscriptions within an Investor Intake are available to be invested in Investee Companies, such date to be determined by Par Equity in its sole discretion;

“IPO” means the initial public offering of a company’s shares or other securities to investors on a Recognised Investment Exchange or other exchange that in Par Equity’s judgment will provide an Investor with sufficient liquidity as to be able freely to sell his shares, in consequence of which the company ceases to be an EIS Qualifying Company;

“JMLSG” means the Joint Money Laundering

Steering Group, which is made up of the leading UK Trade Associations in the financial services industry. Its aim is to formulate and promote good practice in countering money laundering and to give practical assistance in interpreting the UK Money Laundering Regulations;

“Key Information Document” means a short document to be prepared and distributed in respect of Packaged Retail and Insurance-based Investment Products as specified by Commission Delegated Regulation (EU) 2017/653 and the FCA Rules;

“Knowledge Intensive Company” means as defined by HMRC;

“Manager” means the investment manager of the Fund, Par Fund Management Limited, a company registered in Scotland with registered number SC338649 and whose registered office is at 3a Dublin Meuse, Edinburgh EH3 6NW, or its successor for the time being appointed as manager of the Fund in accordance with the Investment Agreement;

“Memorandum” means this document, being an Information Memorandum relating to the Fund;

“Minimum Subscription” means the smallest amount that an Investor may subscribe to the Fund, being £20,000;

“Monitoring Fee” means a fee payable by an Investee Company to Par Equity or another member of the PEH Group in respect of the ongoing monitoring of that Company on behalf of, inter alia, Investors;

“Net Exit Proceeds” means Exit Proceeds less any fees or expenses falling to be deducted by Fund Providers, including but not confined to the Performance Fee;

“Net Subscription” means that part of a Subscription applied to making investments in Investee Companies;

“Non-advised Investor” means a person who has not received financial advice regarding the Fund from an Authorised Intermediary and has submitted an Application directly to Par Equity;

“Non-advised Investor Application Form” means the version of the Application Form used in respect of Non-Advised Investors;

“Non-mainstream Pooled Investment” or “NMPI”

means a fund of the type specified in the FCA rules;

“Non-readily Realisable Security”

means an investment which is not listed or regularly traded on a or under the rules of a securities exchange;

“Packaged Retail and Insurance-based Investment Product”

means an investment product as defined by Regulation (EU) 1286/2014 and the FCA Rules;

“Par Equity” is the trading name of Par Equity LLP and its various trading companies, in particular Par Equity;

“Par Equity LLP” means Par Equity LLP, a limited liability partnership registered in Scotland with registered number SO301563 and whose registered office is at 3a Dublin Meuse, Edinburgh EH3 6NW;

“Par Fund” means a fund managed by Par Equity;

“Par Partners” means Paul Atkinson, Simon Best, Andrew Castell, Robert Higginson, Andrew Ley, Paul Munn, Malcolm McPherson and Andrew Noble;

“Par Investor Network” or “Investor Network” means Par Equity’s private clients as a body;

“Par EIS Fund Services” means the services provided by Par Equity pursuant to the Investment Agreement;

“Par Investor Network Arrangement-only Services” means the services provided by Par Equity to the Par Investor Network;

“PEH” means Par Equity Holdings Limited, a company registered in Scotland with registered number SC337533 and whose registered office is at 3a Dublin Meuse, Edinburgh EH3 6NW;

“PEH Group” means PEH and its subsidiaries, including PAL and Par Equity;

“Performance Fee” means a fee of 20% payable by an Investor on all Exit Proceeds in excess of the performance fee threshold;

“Portfolio” means an Investor’s Subscription together with his holding of shares in Investee Companies subject to the Investment Agreement;

“Professional Investor” has the meaning given in COBS 3.5 in the FCA Handbook;

“Readily Realisable Investment” means an

investment in shares or other securities that may be traded or otherwise realised for cash on a Recognised Investment Exchange;

“Recognised Investment Exchange” means an investment exchange recognised by the FCA;

“Relevant Financial Services Experience” Means, in relation to COBS 3.5.3(2)(c) of the FCA Handbook that the person concerned has worked in a professional capacity for twelve months or more in the financial services sector during which time his role involved investment management, corporate finance or similar activities;

“Restricted Investor” has the meaning given in COBS 4.7.10 in the FCA Handbook;

“Retail Client” has the meaning given in COBS 3.4 in the FCA Handbook;

“Rule 3 Adviser” means a financial adviser appointed to report to a company’s shareholders for the purposes of Rule 3 of the Takeover Code;

“Scottish Enterprise” means Scottish Enterprise, Atrium Court, 50 Waterloo Street, Glasgow, G2 6HQ;

“Scottish Investment Bank” or “SIB” means the investment arm of Scottish Enterprise and a co-investment partner of Par Equity;

“SEIS” means the Seed Enterprise Investment Scheme as constituted under the legislation in force at the date of this document, or as subsequently amended, as the context requires;

“Self-Certified Sophisticated Investor” has the meaning given in COBS 4.7.9 in the FCA Handbook;

“Share Offer” means in respect of an Investee Company an offer by a third party to buy the entire issued share capital of an Investee Company where the consideration for such offer consists of shares or other securities;

“Shareholder Agreement” means an agreement entered into by an Investee Company, its directors and external investors at the time an investment is made;

“Subscription” means the money subscribed by an Investor and available to be applied to investment in Investee Companies;

“Subscription Surplus” means an Investor’s Subscription less any amounts applied to invest in Investee Companies and less any fees, costs or expenses properly deducted in accordance with this document;

“Suitability Advice” means a written recommendation provided to an Applicant by an Authorised Intermediary in compliance with COBS 9 to the effect that the Applicant’s proposed Subscription to the Fund is suitable for that Applicant;

“Syndicate” means a group of Business Angels;

“Takeover Code” means The City Code on Takeovers and Mergers as promulgated by the Takeover Panel;

“Tax Advantages” means the reliefs and other tax benefits that may be available to Investors through the Enterprise Investment Scheme;

“Taxes Act” means the Income Taxes Act 2007;

“UK” means the United Kingdom;

“US” means the United States of America;

“VAT” means Value Added Tax.

Pauline Cassie

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Par Equity

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This document is intended solely for use in the United Kingdom to inform institutional investors and their advisers of a proposed investment fund, the Par Equity EIS Fund LP (“the Fund”), to be promoted in the United Kingdom.

Par Fund Management Limited (“PFML”) is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Par Equity Management (U.S) LLC, an affiliate of PFML, will, on establishment of the Fund, register with the United States Securities and Exchange Commission as advisor to the Fund.

Any investment decision should be made on the basis of the information memorandum relating to the Fund, the governance documents (including the limited partnership agreement and the investment management agreement) and such due diligence as an investor may wish to carry out in respect of PFML and its affiliates, the investment team and the broader health technology venture capital sector. This document sets out introductory information regarding the proposed Fund, but does not constitute an invitation to invest in the Fund.

