



Par EIS Fund

Information Memorandum

November 2025
Confidential



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 us.

| 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:

1. Advised Investors who declare they are already an existing client of an advisor who will confirm the suitability of the Fund for their needs.
2. Investors who elect to be classified as professional clients.
3. Non-advised Investor in respect of whom the Manager has made an assessment of appropriateness as required.
4. Investors who are certified or have self certified:
 - Certified High Net Worth Investors
 - Certified Sophisticated Investors
 - Self-Certified Sophisticated Investors
 - Certified as a Restricted Investor

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.

| Sustainability Disclosure

The FCA's Environmental, Social and Governance Sourcebook ("ESG Sourcebook") requires that the Manager prepares and publishes certain disclosures in relation to the sustainability characteristics of the Fund. This requirement arises because the Manager has used certain of the terms set out in ESG4.3.2(2)R in connection with the Fund, but has chosen not to use a sustainability label for the Fund.

Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not have a UK sustainable investment label because, although the Fund's Investment Strategy contains certain restrictions in accordance with the Manager's ESG Policy and the Fund's Investment

Restrictions, the delivery of specific sustainability objectives is not a goal of the Investment Strategy and the restrictions set are not expected to have a measurable effect on the Fund's risk or return profile.

In undertaking due diligence in respect of prospective investments in Investee Companies, the Manager seeks to establish whether certain legally-required or best-practice standards are met by the companies concerned, such as compliance with the Modern Slavery Act (2015) or maintaining a policy of ensuring that no employees are paid less than the Living Wage. Ongoing monitoring of the activities and interests of the underlying Investee Companies is carried out with a view to (amongst other things) obtaining assurance that these standards continue to be met. Similarly, the Manager has a limited number of excluded activities that, on ethical grounds, would if carried out by a prospective Investee Company be grounds for not investing in that company. Such activities include, for example, the design or manufacture of offensive weapons technologies.

The investment restrictions are binary in nature and so the Manager makes use of checklists to ensure that the restrictions are complied with during the investment process and, post-investment, that Investee Companies remain compliant. It relies on reserved matters set out in the investment documentation which are intended to allow the Manager to require compliance in the event that an Investee Company becomes non-compliant, although ultimately it may not be possible either to enforce compliance or to sell shares held in a non-compliant Investee Company.

| 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 ourselves, the Investors, 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 we believe 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 Portfolio Companies maintaining their qualifying status.

We have endeavoured to ensure that the information in this Memorandum is correct at the date printed on the front cover of the Memorandum.

| Seek 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.

Key Investment Risks

Don't invest unless you're prepared to lose all the money you invest. This is a high risk investment and you are unlikely to be protected if something goes wrong. To learn more, please read the risk summary set out below.

Estimated reading time: 2 mins.

Due to the potential for losses, the Financial Conduct Authority (FCA) considers the Non-readily Realisable Securities (NRRS) to be high risk.

What are the key risks?

1. You could lose all the money you invest.

- If a business you invest in via the Fund fails, you are likely to lose 100% of the money invested in that business. If all the businesses you invest in via the Fund fail, you are likely to lose 100% of the money invested in the Fund. Most start-up businesses fail.

2. You are unlikely to be protected if something goes wrong.

- Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker: <https://www.fscs.org.uk/check/investment-protection-checker/>.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection: <https://www.fca.org.uk/investsmart>.

3. You won't get your money back quickly.

- Even if the businesses the Fund invests in are successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.
- The most likely way to get money back is if a business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.
- If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

4. Don't put all your eggs in one basket.

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments – <https://www.fca.org.uk/investsmart/5-questions-ask-you-invest>.

5. The value of your investments can be reduced.

- The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.
- These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

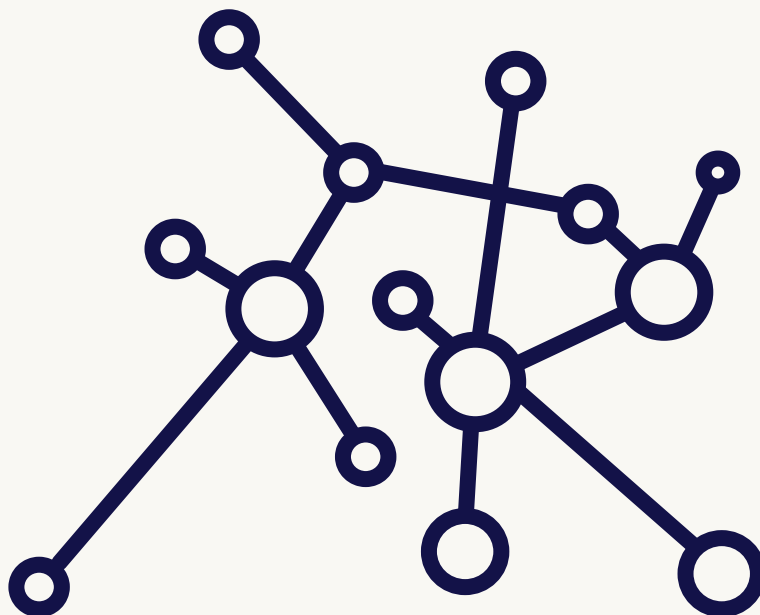
If you are interested in learning more about how to protect yourself, visit the FCA's website on <https://www.fca.org.uk/investsmart>.

The Network Effect

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

Entrepreneurs experience the added value of the PXN 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 PXN and to qualify their business plan and funding strategy before contacting us.



| **Investors** benefit from the diligence and support of the PXN 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 investors of the PXN Investor Network through:

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

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“I’ve been impressed by the professional and supportive approach taken by the PXN team to assist the respective boards engineer these exits and maximise returns for investor.”

George Elliot

Simple Audio Chair (profitable exit 2013) and Optoscribe Chair (profitable exit 2022)

Par Equity by Numbers

We made our first investment in 2009. Since then we've gone from strength to strength, investing a total of £169m into 84 Portfolio Companies.



£169m

from Par Equity, including over £6m
from the Par Equity team

£67m

from our strategic co-investment partners

£376m

from third parties

As well as deploying increasing amounts of capital, we have begun to build an enviable track record of returns on investment, with investors receiving exit proceeds every year since 2012.

37

Realisations

2.3x

Exit Multiple

20%

IRR

5.8

Years average holding period

£148m

Realisations for Par investors

Source: Par Fund Management Limited, as at 30th September 2025

Par EIS Fund at a glance

Closing Dates

Throughout the tax year as advised by the Manager.

Sector focus

Business-to-business technology companies with innovative, hard to replicate solutions and, where possible, proven demand.

The strategy covers 6 themes: enterprise software, health care & medical devices, industrial & space, energy & resources, food security and digital media & entertainment

Minimum Subscription amount

£25,000

EIS Qualifying Percentage

93–95% of Investor's subscription deployed in EIS Qualifying Companies

Target deployment period

12 months from the acceptance of subscription

Target number of Portfolio Companies

8–12 companies per subscription

Expected / Average Holding period

6 – 8 years from the date of investment

Awards



Why Par Equity?

We are an Edinburgh-based award-winning EIS fund manager, formed in 2008, 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 advisory community to create a distinctive, operationally focused investment model that benefits both investors and entrepreneurs.

In 2025, Par Equity merged with Praetura Ventures to form PXN Group, a £670m venture capital and tax-efficient investment firm with over 115 portfolio companies. The Par Knowledge-Intensive EIS Funds continue to be managed by Par Fund Management Limited in line with our established strategy. Following completion, PXN Investments (the adviser-facing division of PXN Group) will take forward distribution of the Funds, ensuring continuity for our investors and the entrepreneurs we back while giving access to the broader capabilities of the wider Group.

| Commercial Focus

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, since 2008, 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.

| Strong Dealflow

We review more than 1,000 new investment opportunities every year, of which only around 0.5% secure funding. The quality of our new opportunities, together with follow-on investments in existing portfolio companies, means that Investors can be confident that their Subscription

will be deployed into high quality opportunities within about a year of their Subscription date. Successful investment is not about sheer numbers, however our distinctive networked model creates proprietary deal flow through our investor base, unearthing opportunities that are pre-qualified and matching our investment criteria. Our regional focus allows us to access opportunities at more attractive valuations compared to the South-East of England.

| Value add Investor

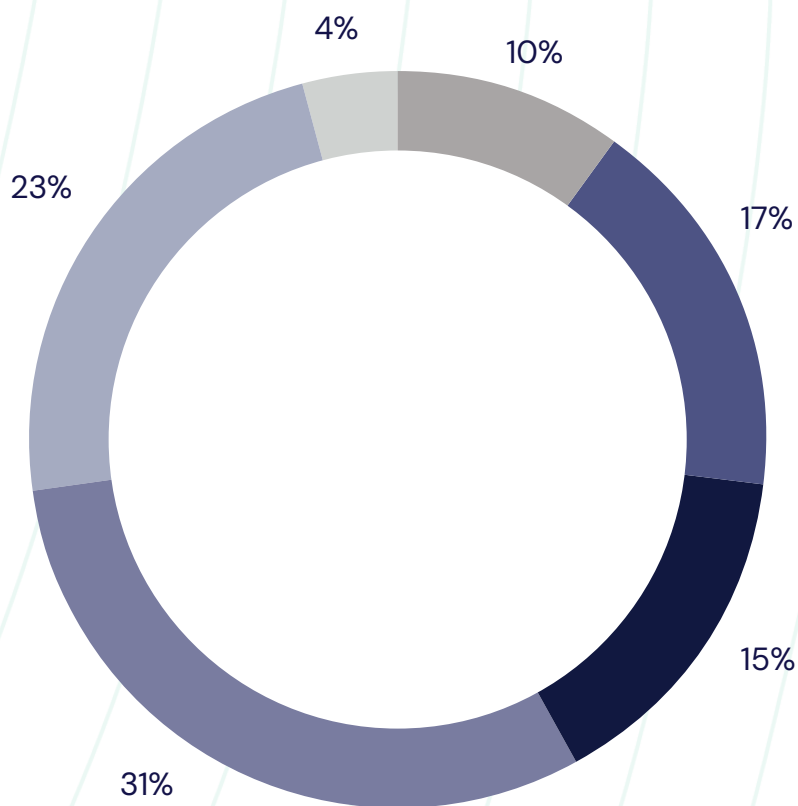
The best entrepreneurs look for experienced investors with a track record of adding value, which is exactly what we bring to the table. The core investment team has, collectively, worked as entrepreneurs, operators, management consultants, corporate finance professionals and technologists. The core team is supplemented by a wider Investor Network, which brings both investment capital and hands-on experience. The depth and breadth of the core team with the wider Investor Network around us is the key to our positioning as a value-add investor.

| Northern Focus

We are based in Edinburgh, Manchester, London and Leeds, investing UK-wide but with a bias towards opportunities in Scotland, Northern Ireland and the North of England. Every single opportunity we invest in will have the potential to win in a global market. A London centric investor with a similar investment outlook will not see these types of opportunities which, on balance, have more realistic value expectations.

Portfolio

Par Equity's portfolio is made up of 48 companies across 6 themes, with a predominant focus on technology.



10%

Digital, media & entertainment

17%

Health care & medical devices

15%

Energy & resources

31%

Enterprise Software

23%

Industrials, security & space

4%

Food security

AdInMo

Advanced Electric Machines

Amicus

Artus

Atto (formerly DirectID)

Aveni

Axol Bioscience

Cloudfind

Covec

CSignum

Cumulus Neuroscience

Cyacomb

Datactics

Dyneval

Earth Blox

Earth Rover

Flightman

Fuuse

For Spills

Gigged.AI

Heliex Power

iGii

Graphene

Interpac

Kibosh

Leap.AI

Little Journey

Machines with Vision

Manus Neurodynamica

MarktoMarket

MylLogin

Neuranics

Novosound

Nova Pangaea Technologies

Partful

Phlo

Plotbox

Pufferfish

PureLiFi

Re:course ai

Red61

SICCAR

Skylark Lasers

Speech Graphics

StretchSense

Sunamp

Verlume

Watercycle Technologies

Source: Par Fund Management Limited, as at 30th September 2025

* A subscription to the Fund will be invested in a mixture of new companies and existing portfolio companies, with a target of 8 – 12 investments in total.

Live case study

Sector | Energy and Resources

Investment date | November 2020

£4.8m

Invested to date

What does the company do?

Integrated Graphene has invented a completely new, cost-effective, patented way of making 3D graphene which removes major barriers to commercialising graphene-enhanced products. It can grow high purity, high-quality graphene foam at room temperature in seconds.

Why did we invest?

We consider that Integrated Graphene has strong potential to unlock a “wonder” material across several markets. Its patented protected process transforms graphene into a commercially viable, high-volume production material. The beachhead market, biosensors for point-of-care medical devices, is well known to Par and extremely attractive, currently valued at £18bn and growing at 11.4% CAGR. The company has also developed a graphene-enhanced supercapacitor expanding the technology’s potential application into electric vehicles, consumer devices and IOT.

How has the Par Investor Network helped?

To date 90 Investor Network members have invested in the business alongside Par Funds, and two members of the network have joined the board – Chris Gauld as Chairman and Ewan McLellan as Par’s Investor Director. Both Chris and Ewan have helped to shape the management’s approach and commercialisation strategy around this new technology.

What stage is the business at now?

The company raised Series A investment of £4m, led by Par Equity. Integrated Graphene just launched its biosensing product, Gii-Sens, with four distributors in place, and a letter of intent for a £1.2m proof-of-principle contract with LumiraDx. The company has a strong pipeline of 150 deals (50 RD Support, 70 Gii-Sens and 30 Gii-Cap), and following the recent investment round, will look to take these new products to market and add to its current headcount of 54.



Live case study

Sector | Energy and Resources

Investment date | February 2022

£4.1m

Invested to date

What does the company do?

Fuuse is a leading electric vehicle (EV) chargepoint management system with a mission to reduce carbon emissions in transport. Fuuse enables organizations to manage their charge point infrastructure, control access, ensure uptime, reduce energy costs, take payments, generate more income through roaming, and provide an excellent driver experience through their app.

Why did we invest?

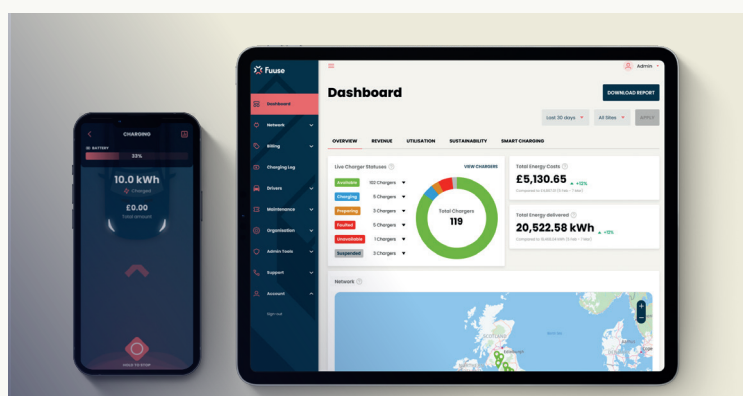
The modular Fuuse platform enables owners and operators of charge points, EV fleets and drivers to maximise utilisation of their assets in the most efficient manner. The exponential growth of EV adoption is creating an EV charging market forecast to be worth \$41bn by 2025. In the UK alone it is estimated that there will be at least 4m chargers live by 2030, up from a base of 245,000 in 2020. UK legislation also now mandates office and commercial buildings and new build homes to install EV charge points, which is being implemented through similar initiatives in international markets. Fuuse is also the first all in one fleet offering enabling drivers to access charge points at work, on the road and domestically anywhere in the UK.

How has the Par Investor Network helped?

To date, 80 Investor Network members have invested in the business alongside Par Funds, and Judith Halkerston was appointed as Non-Executive Chair of the board.

What stage is the business at now?

Since completing our initial investment, Fuuse has experienced significant customer interest from all corners of the market, with ARR growth during 2023 at 400% and NRR of 240%. Management has now completed a £8m-£10m round to accelerate their go-to-market capability and take the business to profitability or exit.



Exit case study

Sector | Software

Investment date | September 2016

Holding period | 5.1 years

13.4X

Exit multiple (not including EIS relief)

What did the company do?

deltaDNA provides Player Relationship Management for the computer gaming industry. 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 publisher

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 customer opportunities 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.

Why did we invest?

We were 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 has the Par Investor Network helped?

36 members of the network invested alongside Par Funds.

On initial investment, we appointed an Investor Network member to the board with a strong background in customer analytics, advertising technology



Exit case study

Sector | Healthcare

Investment date | September 2016

Holding period | 5.1 years

5.9x

Exit multiple (not including EIS relief)

What did the company do?

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

Why did we invest?

We were attracted by 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.

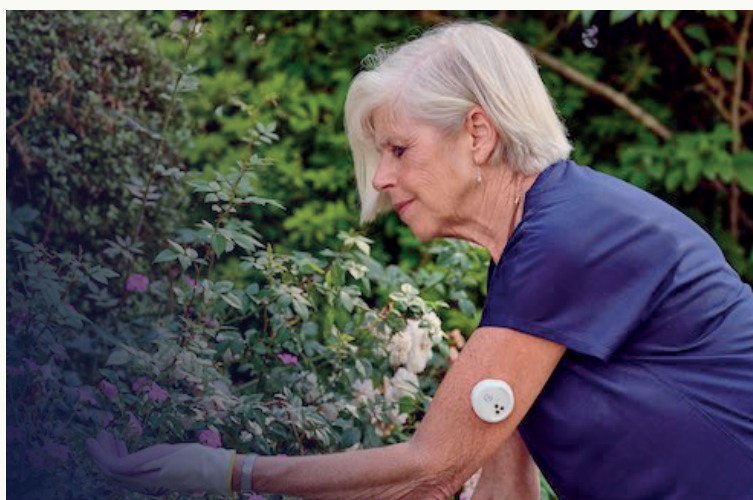
How has the Par Investor Network helped?

68 members of the network invested alongside Par Funds, and also supported the company in further rounds of investment. The Par Investor Network was 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.

What went well and what did we learn?

As one of the largest shareholders we needed to manage different investor groups, alongside an ambitious team. In addition, we learnt that in a highly competitive, global marketplace, weighing up the strategic opportunities against competitive threats and recognising when it was the right time to exit the business to maximised returns for investors.



Fund Strategy & Objectives

Our objective is to deploy both financial and intellectual capital to generate attractive returns for our investors. 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

We seek 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.

| Investment Stage and Size

The Fund will target Seed to 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, noting that our EIS Funds generally participate in investment rounds of at least £0.75 million per Portfolio Company.

| Collaborative Investment Approach

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

| Portfolio Size and Concentration Limit

Each Investor's Subscription will be used to invest into a target portfolio of 8 – 12 companies, with approximately equal amounts invested in each, although some investments will be over- or under-weighted within the portfolio.

| 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 £25,000. There is no maximum Subscription, but individuals are currently restricted to £1 million of EIS investment for each tax year, with up to a further £1 million available if invested in Knowledge Intensive EIS qualifying companies.

| Legal Form and Investment Mechanics

The Fund is made up of a number of Subscriptions, which are managed on a collective basis but are not pooled. This means that an Investor's Subscription, which is held in an EIS Share Account in that Investor's name, starts off as cash and this cash is converted into new shares issued by Portfolio Companies as the Subscription is deployed. A new Subscription will not participate retrospectively in any previous investment rounds undertaken by the Fund. Similarly, once a Subscription has been fully deployed, the Investor will have a selection of specific holdings in Portfolio Companies that will not be diluted by the entry of other Investors into the Fund (although the underlying shares themselves will be diluted if the Portfolio Companies concerned issue further shares).

| Governance and Compliance

The Investment Committee meets weekly to review new deals and discuss live investment opportunities, and once we are satisfied with the investment terms and due diligence, the committee will sign off the Investment. For every Portfolio 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

We retain 5% of the Subscription for Advised Investors and up to 7% of the Subscription for Non-advised Investors. A 5% retention will apply on a second or subsequent Subscription by a Non-advised Investor, other than one investing via a platform. Within this retention of 5% to 7%, we include four years' worth of Annual Management Charges at 1% per annum, inclusive of VAT and any other dealing charges. For the fifth and subsequent years, Annual Management Charges will be deducted from the Investor's EIS Share Account (subject to available funds arising from realisations after year 4) and calculated

against the unrealised investment cost, i.e., the Annual Management Charge is ratcheted back as realisations are made. The Performance Fee is 20% of returns in excess of 120% of the Subscription, i.e., 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, including the Performance Fee, are quoted inclusive of VAT, where applicable.



Portfolio company: Artus

Investment Objectives

| Realising Value

The Fund's principal Investment Objective is to generate capital gains for Investors through increases in value of Portfolio 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 our performance, but there can be no certainty that this benchmark will be achieved.

| Portfolio 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, we are able to enlist the Par Investor Network to provide mentorship or extra board-level resource, with the objective of bringing focus to important decisions, not just urgent ones.

| Tech Focus

The Fund is focused on business-to-business tech companies. These are companies which are developing new technologies for sale or using advances in technology or business models to disrupt existing markets. Examples of such technologies are artificial intelligence, machine learning, photonics, robotics, advanced materials and quantum computing. The unifying characteristic of our portfolio is therefore the importance of innovative technologies and

business models to the investment case underpinning each commitment of capital. In building the investment case, we draw on the experience, expertise and contacts of the Investment Team, but also the resources of individuals within the Par Investor Network. In this way, we 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. We seek 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.



Portfolio company: Dyneval

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.

Investment Restrictions

| EIS Qualifying Companies

The Fund's principal Investment Restriction is that it only invests in EIS Qualifying Companies.

| Investing With Support from 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 shown, 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 Portfolio Companies.

| Geography

We have 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 Portfolio 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'.

| Responsible Investing

Please refer to "Important Notices" at the beginning of the Investment Memorandum. While we aim to carry out our business ethically, the Fund is not managed with specific sustainability objectives to achieve. We are sector agnostic, focusing on opportunities whereby technology can be a disruptive force and we are cognisant of our social responsibilities as backers of the next generation of businesses. Our investment strategy integrates environmental, social and governance (ESG) considerations. We will not invest in companies operating in "sin" industries such as armaments or weapons technology, alcohol, tobacco and

gambling, and we will give a higher weighting to companies which benefit our broader society. We are founding members and current steering committee members of ESG_VC, a pan European initiative to improve the ESG credentials of early-stage companies.

| Revenue

We do 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 aims to invest in companies that are revenue generating or with a clear and credible pathway to revenue generation.

| 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 a Portfolio Company seeks to deprive Fund Investors of pre-emption rights.



Portfolio company: Heliex Power

Fund Investment Process

| Finding Investments

As the investment manager of the Fund, we are responsible for identifying and evaluating potential investments. Our team lead the due diligence and portfolio management workstreams, but the combination of the Par Investor Network, alongside our discretionary managed funds, affords us far greater reach to access a significant pipeline of opportunities. The Par Investor Network is made up of individuals with industry and technology domain expertise relevant to our strategy, and a subset of this community have founded and sold their own technology companies, meaning that they are often approached by early stage founders for mentorship and capital.

| Deciding What to Invest In

We have sole discretion as to whether or not to make an investment on behalf of the Fund. In reviewing potential portfolio companies, the Investment Committee considers a range of factors including the status of any technology on which the company relies upon, 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, we also undertake or commission confirmatory due diligence in areas such as the company's legal and financial position.

| Concluding Investments

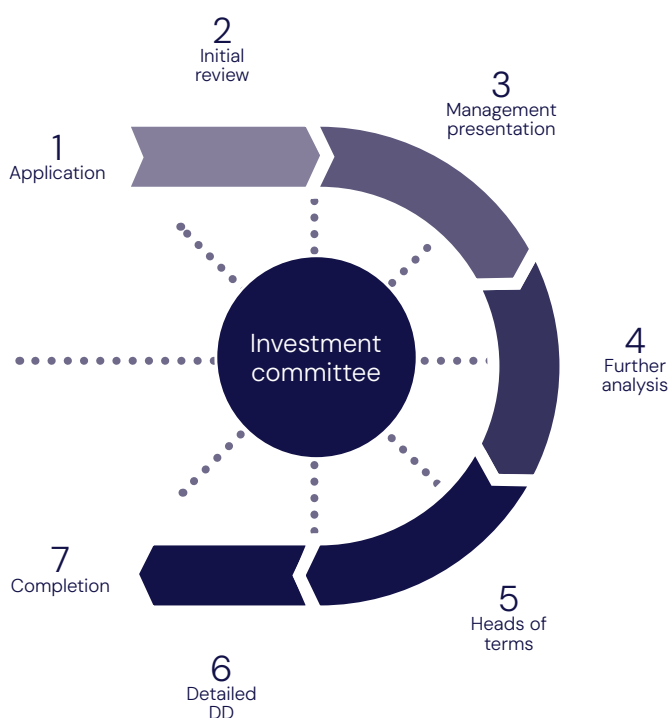
The Investment Team includes experienced dealmakers, with many years' experience in negotiating and concluding corporate transactions. By using template investment documentation and a core team of legal advisers wherever possible, we seek to keep deal costs down. These costs are usually borne by the Portfolio Company. Costs associated with an investment that fails to

complete are borne by the prospective Portfolio Company and/or Par Equity, but not the Fund.

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 Portfolio Company. Holdings in Portfolio 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, we keep close to developments in Portfolio Companies and are well placed to help add value, whether in response to opportunities or challenges, as well as to report back to Investors. We charge Portfolio Companies a monitoring fee to cover the time spent in this regard.



| 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 management to create significant value in the business. In the ordinary course of business, we 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 our 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 the following individual 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 Portfolio Company itself
- Liquidation of a Portfolio 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. Investors are not permitted to direct the Manager to dispose of particular shares. In the event of a partial exit, an Investor's shares will be sold by reference to the proportion that the Investors Subscription bears to the aggregate Subscriptions of all Investors. A Subscription will terminate when all investments have been realised, or transferred into names of individual Investors.

“When Fuuse began raising capital we were engaged with numerous funders, but Par Equity very quickly stood out. A highly professional team with a clear structured approach, and a refreshing honesty and openness that rapidly built trust. Additionally, the strength of their investor network came to the fore with a mix of experienced entrepreneurs, company leaders and investors.”

Michael Gibson
CEO, Fuuse

Key Stages in the Fund Journey



1. APPLICATION



2. ACCOUNT OPENED



3. INVESTMENT



4. TAX RELIEF



5. REPORTING



6. EXITS

1. Application Process

The minimum subscription is £25,000. 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 if at least £1,000,000 is in respect of investment in Knowledge-Intensive EIS Qualifying Companies).

Once an application is approved, you will receive a confirmation letter as well as an email invitation to access our investor portal ("CMS"). Over time, CMS will provide you with quarterly valuations and semi-annual reports on the underlying portfolio, as well as access to important documentation such as EIS5 certificates.

2. Investment Process

We aim to invest your Subscription into 8 – 12 KI EIS qualifying companies. HMRC requires that at least 50% of the Fund is invested by the first anniversary of the Closing Date (3rd April 2026), and at least 90% by the second anniversary.

Whilst speed of deployment is important, we believe that investment quality should not be compromised by a rush to deploy capital.

After each investment is completed, you will receive a Confirmation Letter which provides a brief overview of the Portfolio Company. Your shares will be subscribed for, issued to and held by a company acting as nominee of each Investor.. You will retain the entire beneficial interest in shares credited to your account by the Administrator at all times until they are disposed of (see "Exits" below).

3. Tax Certificates

A Knowledge-Intensive EIS Fund involves less paperwork for the investor than an unapproved EIS Fund. With a Knowledge-Intensive EIS Fund, we will retain the EIS3s until the Fund has been fully deployed and all EIS3s received. At that point, an EIS5 can be issued to the Investor, who can use it to start the process of claiming EIS reliefs (with all investments being treated for the purpose of claiming income tax relief as if they had been made on the Closing Date).

As it could take up to two years to deploy the Fund and a further period of some months for all EIS3s to be secured, it's likely that the time taken to realise the benefits (in terms of cash flows to and from HMRC) is likely to be longer for a Knowledge-Intensive EIS Fund, even if the value of those benefits is likely to be broadly the same in the end.

We will provide the relevant details (and EIS3 if required) for the purpose of claiming CGT deferral and IHT relief.

4. Reporting

We provide quarterly valuations on each underlying investment, following the International Private Equity Guidelines ("IPEV").

On a semi-annual basis you will receive qualitative reports on each company in your portfolio.

We also host an EIS Fund AGM in the Summer months. The event is hosted online, with the team providing an update on our EIS strategies and offering a forum for any questions from you or your financial advisers.

5. Exits

In addition to semi-annual reports, Investors will also be sent notification of an exit in their portfolio.

Where you are expected to be in receipt of proceeds from the sale or listing of the business, we will provide you with a realisation statement detailing your shareholding and the return of investment as well as a notice of any deferred consideration, if applicable. Where a Portfolio Company has failed, and we do not expect to receive any proceeds from the liquidation process, you will receive a similar realisation statement, including your investment cost such that you can apply for loss relief from HMRC.

“ 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.

Fees and Charges

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

Investors pay the following fees, inclusive of VAT:

Fee type	Fee	Applied to	When due	Frequency
Initial Charge	1.0% (3.0% Non-advised Investor)	Subscription	On inception	Once
Annual Management Charge	1.0%	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 5% will be made from the Investor's Subscription to cover the Initial Charge (1.0% inc. VAT) and 4 years of Annual Management Charges (1.0% inc. VAT). This means that 95% 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 charged from available cash in the Investor's account for that subscription. Where there is no cash remaining in the Investor's account, Annual Management Charges will be paid in arrears from Exit Proceeds.

For Non-Advised investors there is a 3% Initial Charge to cover the additional reviews and know your customer checks required by the FCA rules. This rate applies on a first Subscription. Any subsequent Subscription to either a Par Knowledge Intensive EIS Fund or the Fund by a Non-Advised Investor (other than one accessing the relevant fund via a marketing platform) will incur a 1% Initial Charge, in line with the rate applied to Advised Investors.

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

We reserve the right to charge Portfolio Companies arrangement fees on completion of an investment and fees relating to its ongoing monitoring of the Portfolio Company. Where we are unable to charge these fees, we do not recover them from Investors. Since we also facilitate investments on behalf of various capital providers, such as the Par Investor Network and Scottish Enterprise, arrangement and ongoing management fees may not specifically relate to Investors. As the percentage shareholding that the Fund will have in any given Portfolio Company will vary, as well as the financial circumstances of the Portfolio Company, the notional impact of such fees on an Investor cannot be readily quantified.

We also expect to recover third-party professional fees we incur in connection with an Exit Event from Portfolio Companies. In the case of Exit Events only, where we are unable to recover fees in full from the Portfolio company concerned, we reserve the right to apportion some or all of the fees incurred to the various parties on whose behalf we are acting in connection with the Exit Event (including Investors). These costs would be apportioned pro rata to Exit Proceeds realised.

Other than those described above, no fees are charged to Portfolio Companies by us or our 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 Portfolio Companies by third party service providers. Portfolio Companies may, however, voluntarily contract with connected companies of our principals from time to time, on an arm's length basis.



Portfolio company: Pufferfish

Price & Value

We prioritize transparency and simplicity when it comes to fees. We review fees and charges regularly to ensure that they reflect a fair price for investors relative to the value they receive.

We charge five main fees with each serving a distinct purpose, that provides added value to stakeholders. Initial Charge; Arrangement Fee; Annual Management Charge; Monitoring Fees and Performance Fees. By maintaining fair pricing and emphasizing value, we foster trust and confidence among our investors. Our commitment to simplicity and transparency sets us apart in the market.

Fee Type	Cost Borne	Use	Value Add
Initial Charge	Investors	Investor onboarding process	We assess non-advised investors to ensure that the fund is a good fit for them. We provide all investors and their third-party advisors (if requested) with access to our proprietary client management system.
Arrangement Fee	Portfolios	Deployment process	We identify promising investment opportunities, evaluate them, negotiate terms and conclude the investment. We provide investors with confirmation of investments made and work with investee companies to issue EIS claim forms.
Annual Management Charge	Investors	Ongoing management, monitoring, value creation & reporting	We offer comprehensive reports to the investors on the status of their investments. Our commitment to diligent monitoring adds value by safeguarding investor interests.
Monitoring Fees	Portfolios	Ongoing management, monitoring, value creation	We work with our portfolio companies to build value and offer them access to the expertise and connections of the Par Investor Network.
Performance Fees	Investors	Realisations	We work with portfolio companies to ensure that management teams are alive to the possibility of exits, which are needed to generate returns for our investors.



“ As an investor, Par Equity continue to provide access to a steady flow of very interesting early-stage opportunities with significant growth potential. I have got to know the team very well over recent years and definitely feel that my values and investment areas of interest are aligned with Par and the management teams of the companies they invest in. **”**

Richard Cooper

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

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 & the Investor

| Overview

EIS offers potentially attractive reliefs and tax planning opportunities to individuals who have taxable UK income. EIS Reliefs that may be available comprise:

- Income tax relief
- Capital gains tax deferral relief
- Capital gains exemption
- Loss relief
- Inheritance tax relief

To obtain the benefit of any of these reliefs, the taxpayer must first invest in shares issued by one or more EIS Qualifying Companies and then make the necessary claim(s) to HMRC. Both the taxpayer and the EIS Qualifying Companies must comply with the relevant requirements of EIS, some of which apply at the point of investment and others of which are ongoing requirements.

The shares invested in must expose the taxpayer to the risks of ownership customarily associated with ordinary equity. In particular, there must be genuine risk to capital should the investment not go as well as hoped.

Income Tax Relief

Key features:

- Up to 30p in each £1 invested can be recovered from the taxpayer's income tax liability, so the net cash cost of the investment will be 70p per £1
- Claims can be made in respect of income tax paid or payable in respect of the year in which the effective date fell (see "further context" below), or can be carried back to the tax year immediately prior to the effective date
- Income tax relief is not available to taxpayers who are connected with the EIS Qualifying

Company they have invested in

- Income tax relief can be withdrawn in certain circumstances, particularly if the taxpayer receives value from the EIS Qualifying Company, or disposes of the shares within three years of the effective date
- The taxpayer has until the fifth anniversary of 31 January following the tax year in which the relevant shares were issued to make claims for income tax relief

Further context:

- The effective date of an investment is usually the date on which the relevant shares are issued. The investment must continue to meet the EIS requirements until the termination date. The termination date is generally three years from the effective date unless the relevant company has not commenced trading, in which case the termination date will be three years from the commencement of trade
- For Knowledge Intensive EIS Funds, the effective date is the closing date of the fund concerned and not the date of investment in (or commencement of trade by) the individual companies that the Fund invests in
- Income tax relief must be claimed if a taxpayer wishes to benefit from the CGT exemption, but it isn't necessary to claim the full 30%

| Capital Gains Tax ("CGT") Deferral Relief

Key features:

- The full amount invested in an EIS Qualifying Company (disregarding any income tax relief claimed) can be used for the purposes of claiming for CGT deferral relief which enables investors who otherwise have a chargeable gain arising to defer paying CGT on that gain, so for every £1 invested, up to 28p of CGT liability can be deferred
- If income tax relief has also been claimed, the initial post-tax cost of £1 invested could potentially fall to 42p provided the investor has sufficient gains to defer.
- CGT deferral relief is available to be applied against capital gains made within a four year period – the taxpayer can defer a gain using an EIS investment made up to twelve months prior to the disposal or three years after
- When the relevant shares used for the purposes of the deferral relief claim are disposed of or written off, or no longer EIS qualifying, the

capital gain will come back into charge

- On a taxpayer's death, deferred gains at the time of death are extinguished and will not come back into charge
- Taxpayers who are connected with a company are not disbarred from claiming CGT deferral relief in respect of an investment in that company
- CGT deferral relief is available irrespective of whether or not a claim for income tax relief has been made

Further context:

- When the taxpayer has invested in an EIS fund (or a portfolio of single company investments) it's likely that a claim for CGT deferral relief will be made by virtue of multiple EIS Qualifying Companies having been invested in. The likelihood is that shares in these companies will be disposed of or written off over a period of time spanning several tax years
- The initial potential CGT liability may therefore end up being reduced by, for example, several years' of annual CGT allowance being available, or subsequent capital losses being available to offset against the gains when they come back into charge
- The taxpayer would, however, be exposed to the risk of increases in the rate of taxation of capital gains
- The taxpayer's residency is relevant and a change to becoming a non-UK resident within the years of the effective date could result in capital gains deferred coming back into charge

| Capital Gains Tax Exemption

Key features:

- Provided that certain criteria are satisfied, gains realised on disposal of shares in EIS Qualifying Companies are exempt from CGT
- The criteria are that (1) at least a de minimis amount of income tax relief was claimed; (2) the shares were held for at least three years from the effective date; and (3) the company met the relevant requirements of being an EIS Qualifying Company throughout the three year minimum holding period
- As a claim for income tax relief is a pre-condition for the CGT exemption to be available, a taxpayer who is connected with a company will not benefit from the CGT exemption

Further context:

- The CGT exemption, when taken with loss relief (see below) has the potential to provide an asymmetric

return profile for Investors. If an investment goes well, the post-tax cost of the investment has been reduced and the gains are tax-free. If an investment goes badly, not only has the investor benefited from a reduced cost of investment, but there is scope to mitigate the loss further

| Loss Relief

Key features:

- Loss relief is available in connection with realised capital losses in respect of shares in EIS Qualifying Companies
- In calculating the realised loss, the value of income tax relief claimed is taken into account (so if 30p of income tax relief has been claimed on a £1 of investment, a maximum of 70p of capital loss is available for loss relief)
- If shares are disposed of for a loss during the three-year period, then this will result in the clawback of income tax relief. The amount clawed back is calculated by multiplying the sale proceeds by the rate of tax relief, being 30%
- Loss relief may be used to claim against income tax
- In respect of claims against income tax, the loss may be offset against income arising in the tax year in which the loss was realised, or the preceding tax year. The loss relief claim is available at the taxpayers marginal (highest) rate of income tax
- An investment of £1 in a company that is completely written off could therefore result in a loss of only 38.5p (£1 less 30p on income tax relief and loss relief worth up to 45% of 70p), although any capital gains deferred would come back into charge at this point. Scottish taxpayers paying tax at the top rate would benefit slightly more due to the higher rate they pay
- A taxpayer isn't obliged to claim for loss relief and may use capital losses from investments in EIS Qualifying Companies to off-set capital gains in the usual way

Further context:

- Complex rules apply to the order in which losses are set against income, so this is definitely an area where the involvement of a tax adviser could be of great help
- 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.

- If shares are disposed of at a loss during the three year period, this will result in the clawback of income tax relief at a rate of 30% of the sale proceeds received

Taking the illustrative portfolio return on a £100,000 Subscription set out on the table above, the table on the following page shows some of the potential effects of EIS Relief on a pre-tax return of £23,200 (23.2%), 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 23.2% can therefore be

increased to as much as 86.9%, while a total loss could potentially be reduced to 14.7%.

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 date of disposal (or write-off) the realisation of a loss, unless such gains are once again invested into EIS Qualifying Companies.

	Company A	Company B	Company C	Company D	Company E	Fund
Subscription						£100,000
Fees and charges retention	-	-	-	-	-	£(5,000) ¹
Cost of shares	£(19,000)	£(19,000)	£(19,000)	£(19,000)	£(19,000)	£(95,000)
Income tax relief	£5,700	£5,700	£5,700	£5,700	£5,700	£28,500 ²
Net cost of shares	£(13,300)	£(13,300)	£(13,300)	£(13,300)	£(13,300)	£(66,500)
Exit proceeds	£35,000	£NIL	£10,000	£20,000	£60,000	£125,000
Annual Management Charges	-	-	-	-	-	£(1,000) ³
Net proceeds	-	-	-	-	-	£124,000
Profit subject to Performance Fee	-	-	-	-	-	£4,000
Performance Fee ⁴	-	-	-	-	-	£(800)
Profit after all fees and charges	-	-	-	-	-	-
before tax	-	-	-	-	-	£23,200
after tax	-	-	-	-	-	£51,700
Additional Tax Advantages						
CGT Deferral ⁵						
CGT @ 24%	-	-	-	-	-	£22,800
CGT @ 28%	-	-	-	-	-	£26,600
Loss Relief ⁶						
Capital losses ⁷	-	£13,300	£3,300	-	-	£16,600
Income tax @ 45%	-	-	-	-	-	£7,470

1) A retention of 5% 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 5% has been exhausted, additional Annual Management Charges are deducted from Exit Proceeds. £1000 is illustrative of a 5 year holding period and all realisations being at the end of the 5th year. A further £1,000 (or 1% AMC) provides an illustrative model for all investments being held on a 5 year basis.

4) Performance fees are detailed on pages 22-23 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 resident additional rate taxpayers. Scottish resident taxpayers will be subject to different rates of income tax.

| Inheritance Tax ("IHT") Relief

Key features:

- Provided that they have been held for at least two years, shares in EIS Qualifying Companies are likely to qualify for 100% exemption from IHT
- Relief is available for assets falling within the category of relevant business property. Relevant business property includes both unlisted shares and shares listed on AIM or the Plus-quoted or Plus-traded markets
- Relief may be restricted to or unavailable in certain circumstances, for example where the company owns an asset that isn't required for its business or where the business is carried on otherwise than for gain
- The value of this relief is the prevailing rate of IHT (currently 40%), assuming that the estate is of sufficient value to be taxable for IHT purposes

Further context:

- Shares in EIS Qualifying Companies are, particularly if unlisted, illiquid and so it's unlikely that a portfolio of such shares will be capable of being sold quickly, although it will generally be possible to transfer them (legally or beneficially) to beneficiaries of the deceased taxpayer without significant delay

- If shares are transferred to a beneficiary of the deceased taxpayer, the beneficiary will inherit the shares at probate (i.e. date at death) value. If the beneficiary subsequently sells the shares for a profit, CGT may be chargeable on the difference between the sale proceeds and the probate value.

Scenario Analysis

| Connection with an EIS Qualifying Company

An investor will be connected with an EIS Qualifying Company if that investor is an employee or director (receiving remuneration – limited exemptions apply to business angels who are directors of companies they have invested in). An investor may also be connected by virtue of having a holding of 30% or more in an EIS Qualifying Company's ordinary shares, or voting rights, or a right to receive 30% or more of the company's assets in the event of a winding up. The 30% test is also applied to the aggregate held by the investor and associated persons (i.e. grandparents, parents, children, grand-children, spouse, civil partner and/or business partners).

	1 – pre-tax	2	3	4	5	Total loss
Proceeds	£125,000	£125,000	£125,000	£125,000	£125,000	£NIL
Cost of shares	£(95,000)	£(95,000)	£(95,000)	£(95,000)	£(95,000)	£(95,000)
Fees and charges	£(6,000)	£(6,000)	£(6,000)	£(6,000)	£(6,000)	£(5,000)
Pre-tax return	£24,000	£24,000	£24,000	£24,000	£24,000	£(100,000)
Income Tax Relief @ 30%	–	£28,500	£28,500	£28,500	£28,500	£28,500
Loss Relief @ 40%	–	£6,640	–	–	–	–
Loss Relief @ 45%	–	–	£7,470	£7,470	–	£29,925
CGT Deferral @ 24%	–	£22,800	£22,800	–	–	£22,800
Post-tax return	£24,000	£81,940	£82,770	£59,970	£52,500	£(18,775)

*This table has been prepared for illustration purposes only to provide an indication of some potential scenarios around utilisation of tax reliefs available through EIS. It is neither a recommendation to invest nor should it be taken as tax advice. As the rules governing EIS are complex, care should be taken around claiming for reliefs, as failure to make the necessary claims, or errors in making them, could potentially result in claims being disallowed.

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 Portfolio Companies. EIS Relief is only available in respect of investment in shares issued by EIS Qualifying Companies and, generally, Portfolio 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 were, however, 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 Portfolio 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 this 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, the company should not be in financial difficulty and there must also be no pre-arranged exit at the time of investment.

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 Portfolio Companies, Investors should be aware that the rules of EIS place a constraint on Par Equity in terms of structuring investments in Portfolio Companies, when compared to the range of structures available and commonly used in the wider 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 adopted by venture capital funds to attempt 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.

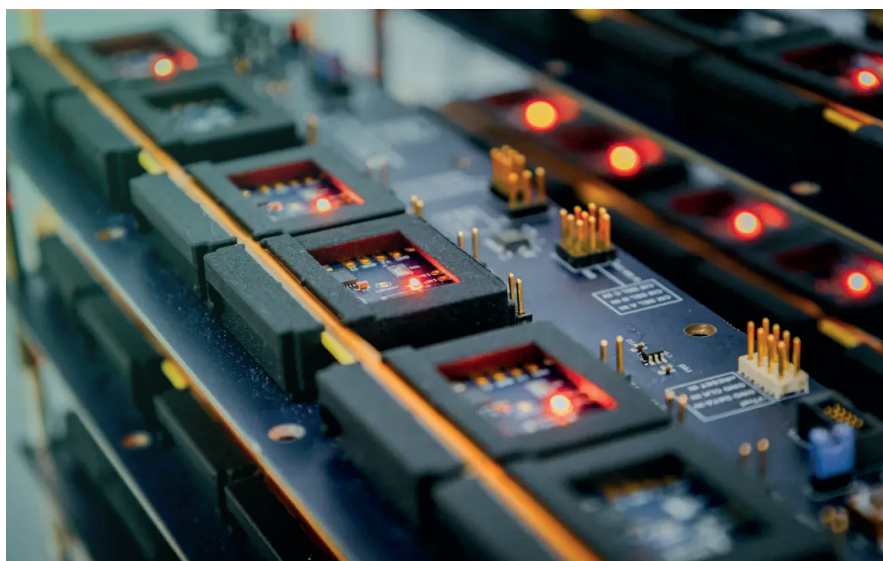
| Liquidity

Investors in the Fund cannot easily sell shares in Portfolio 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 51% owned. A qualifying trade is any trade other than one that is excluded. If the company is a standalone company then it must exist solely for the purpose of undertaking a qualifying activity and unless incidental any activity which is not qualifying would lead to EIS disqualification. If the company is a parent company then excluded activities cannot represent a substantial (generally c.20%) element of the company's activities.



Portfolio company: Dukoski

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

This is a high-risk 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 Portfolio 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 Portfolio 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 a 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 eight Portfolio Companies, but is not expected to be invested in more than twelve. In order to achieve effective 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 Portfolio 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

Portfolio 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 Portfolio Companies. Shareholder Agreements entered into at the time Investments are made will typically place restrictions on shareholders' ability to transfer shares in Portfolio 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.



Portfolio company: Manus Neurodynamica

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. We 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.

A Portfolio 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 Portfolio Companies seek to ensure that Portfolio 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 Portfolio Companies. In the event

that Investors fall foul of such restrictions, they can lose Tax Advantages.

Investors must actively claim EIS Relief. Should the relevant claims not be made to HMRC, in accordance with HMRC's requirements, 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 the minimum three year holding period 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.

Potential Conflicts of Interest

| Equity between the Fund and Business Angels

Portfolio Companies frequently require more than one round of investment, whereas we have 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 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 Portfolio 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 Portfolio Company.

We have a responsibility to our Investors and also to our Arrangement-only Clients in the Par Investor Network, but the terms of business applicable to the Par Investor Network state that our primary responsibility is to the Fund. We 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 us 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, whose client is interested in such an arrangement.

| Fees and Charges Levied on Portfolio Companies

Under the terms of the Investment Agreement, ourselves or our associates may charge fees to and recover costs from Portfolio Companies. There is no obligation to account to Investors for these receipts. We maintain policies and procedures intended to ensure that any fees paid, or costs recharged to, Portfolio Companies are fair and proportionate. Our 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.

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.

What can I do if I lose money or am otherwise unhappy with my investment?

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.

The Fund Providers participate in the FSCS and, if a participant firm 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 £85,000. Further details on how the FSCS operates and how claims are made and processed can be found at www.fscs.org.uk.

Poor investment performance alone is generally not accepted as a basis for upholding a complaint to the Financial Ombudsman or claim against the FSCS.

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 set out in the FCA Handbook, relating to the investor's ability to withstand potential losses and to make an informed assessment of the risks associated with an investment in an EIS fund.

Tax

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

From 2020 HMRC approval will only be given to Knowledge Intensive EIS funds. If you wish to consider this form of EIS fund, we are happy to help. Approval by HMRC has no regulatory significance, but provides a different profile of EIS reliefs as all investments by a Knowledge Intensive EIS fund are deemed to have been made on the closing date of that Fund, so there is only one effective date for EIS purposes.

When can Investors claim EIS Relief?

EIS Relief is only available to individuals who are UK taxpayers and becomes available with effect from the dates which 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, or may wait until they submit their tax return.

Do I get EIS Relief automatically?

No. Investors are responsible for submitting claims for EIS Relief to HMRC in respect of each Portfolio 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 take professional advice if they lack the necessary time or expertise to the value of claims for EIS Reliefs.

Are investors obliged to claim EIS relief?

No. EIS reliefs can be valuable, however, so Investors eligible to claim them would be well-advised to do

so. Some EIS Reliefs are conditional on a claim having previously been made for a different EIS Relief, so great care should be taken in NOT claiming reliefs if you are eligible.

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 that are unlikely to be within the Fund's risk appetite.

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, we will return any Subscription Surplus to the Investor. 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 5–7%, of which up to 2% 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 1% 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. It is, however, a Restricted Mass Market Investment.

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

The Performance Fee is only payable once an Investor has received Exit Proceeds that, in aggregate, exceed 1.2x their investors subscriptions. Thereafter, 20% of any additional Exit Proceeds will be deducted to cover the performance fee.

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. We will be able to provide further context on this if required.

How much can be invested?

The minimum investment is £25,000. 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 if at least £1,000,000 is in respect of investment in knowledge-intensive EIS Qualifying Companies).

I've looked at some of the existing Portfolio 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 Portfolio Companies be diluted by other Investors joining the Fund at a later date. It is likely, however, that the Fund will participate in follow-on rounds on the part of existing Portfolio Companies, so Investors are likely to gain exposure to some existing Portfolio Companies at least.

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 Portfolio 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 we 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.

In assessing value provided to Investors, Par Equity also monitors metrics such as the time taken to deploy Subscriptions, the time taken to obtain EIS3

forms and the number of investments made per Subscription.

What if an Investor should die while holding shares in Portfolio 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 Portfolio 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?

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

What happens if my circumstances change?

EIS investment is a long-term commitment and, over time, an Investor's financial circumstances, their health, or other important aspects of their lives can change. Whilst the illiquid nature of the investment means that there may be little to be done in terms of accelerating return of capital, the Fund Providers, are committed to their regulatory obligations to promote good outcomes for investors, including taking account of life changes and doing what they can to respond to them.

Do I have a right to cancel?

There is a 14-day 'cooling off period' where you have the right to cancel the Investment Agreement within 14-day cancellation period. Please see the Par EIS Fund application form for further information.

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 Fund Services, 27 Clements Lane, London, EC2N 7AE or such administrator as may be appointed from time to time by Par Equity;

“Administrator’s Terms of Business” means the Administrator’s standard terms of business, as amended from time to time and available at www/kin-group.com/disclosures-and-kids;

“Advised Investor” means a person who has received financial advice regarding the Fund from an Authorised Intermediary to the effect that it is suitable for them.

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

“AIF” means an Alternative Investment Fund as defined in the FCA Rules;

“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 1.0% (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 Portfolio Companies;

“Arrangement Fee” means a fee charged to a Portfolio 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;

“B2B” means business-to-business and refers to transactions between businesses, as opposed to between a business and a consumer;

“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 a Portfolio Company an offer by a third party to buy the entire issued share capital of a Portfolio Company where

the consideration for such offer consists of cash;

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

“Certified Sophisticated Investor” has the meaning given 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 Portfolio Companies as Client Money and/or Client Assets as defined in the FCA Rules;

“EIS3 Form” means the form issued by a Portfolio Company evidencing an investment by an Investor in that Portfolio 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;

“ESG Policy” outlines our firm’s commitment beyond profit-making. It encompasses environmental, social, and governance issues.

“ESG Sourcebook” this sourcebook sits within the FCA Handbook and provides rules and guidance for firms regarding their approach to environmental, social, and governance matters.

“Exit Event” means, in respect of a Portfolio 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 a Portfolio 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 His 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;

“Investment” means shares in a Portfolio 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 Portfolio 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 Strategy” An investment strategy is a systematic approach to making investment decisions based on principles, guidelines, and rules. It involves selecting a portfolio of investments expected to meet the investor’s financial goals while considering their risk tolerance, time horizon, and investment objectives.

“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 Portfolio 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) 2022/975 and the FCA rules;;

“Knowledge Intensive Company” means a company that meets the applicable criteria to be treated as such for the purposes of EIS;

“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 £25,000;

“Modern Slavery Act of 2015” aims to protect victims, prosecute offenders, and promote awareness and accountability in the fight against modern slavery in the UK;

“Monitoring Fee” means a fee payable by a Portfolio 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 Portfolio 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) 2022/975 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, Andrew Castell, Robert Higginson, Paul Munn, and Andrew Noble;

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

“Par EIS Fund” means the unapproved EIS Fund managed by Par Equity;

“Par Knowledge Intensive EIS Fund” means the HMRC approved Fund managed by Par Equity;

“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 Portfolio Companies subject to the Investment Agreement;

“Portfolio 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;

“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 the FCA Handbook;

“Restricted Mass Market Investments” has the meaning given 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;

“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 the FCA Handbook;

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

“Shareholder Agreement” means an agreement entered into by a Portfolio 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 Portfolio Companies;

“Subscription Surplus” means an Investor’s Subscription less any amounts applied to invest in Portfolio 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 benefits that may be available to Investors through claiming EIS Reliefs.

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.

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