



Downing Ventures EIS

Terms & Conditions

Pre July 2021 version (updated June 2022)

Important notice

These Terms contain information relating to an investment into the Downing Ventures EIS (the "Service"). An investment may only be made on the basis of these Terms (in particular, the Investor Agreement), the Brochure and the Application Form.

An investment in the Service will not be appropriate for all recipients of these Terms. If you are in any doubt about the content of these Terms and/or any action that you should take, you are strongly recommended to seek advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on opportunities of this type. Nothing in these Terms constitutes investment, tax, legal or other advice by Downing LLP ("Downing" or "the Manager") and your attention is drawn to the section headed "Risk factors" on page 9.

This Information Memorandum relates to investments in non-readily realisable securities. Accordingly, it may only be distributed to persons falling within the following categories of investor:

1. Existing clients of a financial adviser regulated by the Financial Conduct Authority;
2. Persons who qualify as a certified high net worth individuals in accordance with COBS 4.7.7(a);
3. Persons who qualify as certified sophisticated investors in accordance with COBS 4.7.7(b);
4. Persons who qualify as self-certified sophisticated investors in accordance with COBS 4.7.7; or
5. Certified restricted investors of COBS 4.7.10.

These Terms, the Brochure and the Application Form constitute a financial promotion pursuant to section 21 of the FSMA and are issued by Downing LLP, St Magnus House, 3 Lower Thames Street, London EC3R 6HD, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Such documents do not constitute an offer to provide the Service in any state, country or other jurisdiction where, or to any person or entity whom, such an offer or sale would be prohibited.

For the purposes of the Alternative Investment Fund Managers Directive (AIFMD), it is considered that the collection of portfolios which are managed on a collective basis may constitute an alternative investment fund (AIF).

Any references to tax laws or levels in the Terms are subject to change and personal circumstances. Past performance is not a guide to future performance and may not be repeated. The value of shares can go down as well as up and you may not get back the full amount invested. You should consider a Subscription into the Service as a medium to long term investment. Investments made by the Service are likely to be illiquid.

No person has been authorised to give any information, or to make any representation, concerning the Service other than the information contained in these Terms, the Brochure and the Application Form and, if given or made, such information or representation must not be relied upon.

Downing has taken all reasonable care to ensure that the facts stated in these Terms are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in the Terms misleading. All statements of opinion or belief contained in the Terms and all views expressed and statements made regarding future events represent Downing's own assessment and interpretation of information available to it as at the date of these Terms. No representation is made or assurances given that such statements or views are correct or that the objectives of the Service will be achieved. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views or forecasts, and no responsibility is accepted by Downing in respect thereof.

If you have any questions, please speak to your financial adviser, email us at customer@downing.co.uk or call us on 020 7416 7780. Please note, telephone calls may be recorded for monitoring purposes.

For UK investors only.
Information correct as at 15 February 2021.

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Service target timetable and details

Minimum individual subscription	£15,000
No maximum individual subscription	
Exit strategy	between four and eight years from investment
EIS3 certificate	approx. 6-9 months after share allotments

The dates set out above are targets only and may be subject to change.

How to apply

- › Read these Terms, the Brochure and the Application Form.
- › Discuss the opportunity with your adviser or intermediary.
- › Complete and send your application and Subscription to: Downing LLP, St Magnus House, 3 Lower Thames Street, London EC3R 6HD or send a copy of your signed application form to the email address below.

If you have any questions, please contact us:

Telephone: 020 7416 7780

Email: customer@downing.co.uk

Web: www.downing.co.uk

The Service

Who may this investment be appropriate for?

This opportunity could be appropriate for investors with the following characteristics:

- ▶ High net worth and sophisticated investors who are resident in the UK.
- ▶ Investors who have sufficient income tax liability to reclaim income tax relief at 30% of the amount subscribed.
- ▶ Investors who wish to defer a recently realised capital gain.
- ▶ Investors who are seeking to shelter assets from inheritance tax.
- ▶ Investors seeking to access the growth potential of small UK unquoted companies.
- ▶ Investors who will not need access to their capital for at least four years and are comfortable with higher risk investments.

Investment amounts

The minimum individual Subscription in the Service is £15,000, subject to the Manager's discretion. There is no restriction on the maximum Subscription by an individual. However, the maximum amount on which an Investor can obtain EIS tax reliefs in any one tax year is £2 million, provided any investment over £1 million is in shares issued by one or more knowledge-intensive companies (KIC). The Manager does not guarantee a particular split between investments into KIC and non-KIC through the Service. Each spouse or civil partner has his or her own limits and they are not aggregated. These limits do not apply to capital gains tax deferral or IHT relief.

EIS investors are permitted to carry back all or part of their Subscription to the previous tax year, so long as they have not used all their limit in the previous tax year.

Service structure

By entering into an Investor Agreement, an Investor will enter into an individual discretionary investment management arrangement with the Manager.

Subscriptions made to the Service will be aggregated for the purposes of making investments. The Manager will instruct the Custodian to subscribe for shares in suitable EIS Companies. The Shares will be held in the name of the Custodian acting as nominee for the Investors. The

Investors are the beneficial owners of the Shares.

The Manager will be responsible for discretionary decisions in relation to the selection of, and the exercise of rights in relation to, investments in the Investor's Portfolio, but the Investor acquires and retains beneficial ownership of the Shares.

An Investor cannot require the Manager to dispose of his or her interest in an EIS Company prior to disposal of the Service's overall position in that company. However, the Manager may, at its absolute discretion, have regard to any requests made to it to terminate any individual Subscription through the Service.

Termination may result in a loss of EIS tax reliefs and crystallisation of any deferred gain.

The Service may co-invest with other funds managed by Downing in accordance with the Applicable Rules. More details of the co-investment policy are in the Investor Agreement on page 16.

Timing of investment

The Manager intends to invest Subscriptions within a six to twelve month period from receiving a complete application but there is no guarantee that this will be achieved.

Should an Investor die before his or her Subscription is fully invested, all uninvested sums subscribed by the Investor will be repaid by the Manager upon receipt of notice of the death from the Investor's appointed personal representatives.

Life of the Service

In order to retain the EIS tax reliefs, Investors must hold Shares for at least the Three Year Period.

The Service is anticipated to have a target life of between four and eight years. However there is no guarantee of this and investors should treat the Service as a medium to long term investment.

No Investor should invest if they might need access to their capital during the target life of the Service. In the event of a request to exit early, the Manager will seek a buyer for the holding but can make no guarantee one will be found. Investors may have to accept a significant discount on their Shares in order to realise their investment early and may lose the EIS tax reliefs if the shares are realised within the Three Year Period. As there is no ready market for the shares which the Service intends to hold in EIS Companies, they should be considered illiquid and it may

not be possible to facilitate an early withdrawal.

Withdrawals

Partial withdrawals from the Service are not permitted. However, Investors may terminate their Investor Agreement and make an early withdrawal from the Service by transferring their shareholdings in the EIS Companies into their own names. Please note that if a disposal of Shares to a third party occurs before the end of the Three Year Period, Investors will have to repay the initial income tax relief (if it has been claimed). Any deferred gains will be crystallised on a disposal of Shares at any time.

The Manager will have a lien on all assets being withdrawn by an Investor and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging an Investor's liability to the Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to the Investor.

Operation of the Service

Client account

Each Investor's Subscriptions will be held by the Custodian in a segregated and pooled client money bank account with trust status prior to investment in EIS Companies, and following the realisation of investments in EIS Companies prior to the distribution of proceeds to Investors. Any interest arising on cash held for an Investor is retained by the Manager or Custodian (and is not applied for the benefit of the Investor's Portfolio).

Accounts and Allocations

Accounts will be maintained for each Investor, showing the amount contributed by that Investor and the amounts invested and yet to be invested on that Investor's behalf.

The number of shares in each EIS Company allocated to a particular Investor shall, where possible, be calculated by reference to the proportion which the Investor's Subscription bears to the total Subscriptions by all Investors in their tranche. It is intended that monies received from each Investor will be invested on a pro-rata basis to his or her Subscription through their tranche, as investment opportunities arise. Variations to this standard procedure will occur to avoid issuing fractions of shares or if an Investor is subject to professional rules preventing him or her from making an investment in a particular EIS Company.

Investment in EIS Companies

When a suitable EIS Company or EIS Companies have been selected, and appropriate terms and conditions have been negotiated, the Manager will facilitate the acquisition of the Shares on behalf of Investors.

All documents of title for Investments will be held by the Custodian. Share certificates will be issued in the name of the Custodian.

Any dividends received by the Custodian from EIS Companies on behalf of the shares owned by the Investor will be forwarded directly on to the Investor. The Manager does not anticipate any dividends being paid by the EIS Companies during at least the first four years from investment, if at all.

Investment Objectives

The Investment Objectives for the Service are to seek investments in a target minimum of eight multi-stage high-growth EIS Companies that:

(a) typically operate in sectors with a technology focus, with a growth strategy that will give Investors the opportunity to generate a target gross investment return of 5x to 10x at an investee company level after a successful investee

company exit within a target of four to eight years from the point of making the underlying investment;

(b) qualify as an EIS company, under the relevant tax rules, enabling the investor to claim EIS tax reliefs, if their investment is held for at least three years from the date of investment; and

(c) have taken into account Environmental, Social and Governance (ESG) factors in their business model.

Investors should note that the Service achieving any or all of these Investment Objectives is not guaranteed, subject to the EIS company complying with the regulations and personal circumstances. Investors should consider the risk factors set out in these Terms before making any decision to invest.

Investment Restrictions

Investments in EIS Companies are high risk and the Manager will exercise its discretion in the operation of the Service in line with the Investment Objectives and the Investment Restrictions in accordance with this Agreement.

The Manager will only seek to make investments into EIS Companies, where it reasonably believes the EIS Company will qualify for EIS relief.

Investment agreement

As a precondition of investment, each EIS Company will normally be required to enter into an investment monitoring agreement regulating, to the extent possible, the conduct of its business. This agreement will normally remain in place until the investment is realised. The agreement will typically give the Manager the right to nominate a director to the board of the EIS Company or attend the board meeting as an observer, and will require the supply of regular management accounts and other information to the Manager to enable it to monitor the EIS Company.

Until a realisation is achieved, the Manager will seek to ensure that EIS Companies comply with the EIS rules and are appraised of the consequences should the relief be withdrawn. Tax relief may be withdrawn in certain circumstances and neither the Manager nor the Custodian accepts any liability for any loss or damage suffered by any Investor or other person in consequence of such relief being withdrawn or reduced. Investors are strongly advised to read the risk factors set out in this document.

Documentation and communication

Each Investor will receive an acknowledgment letter that we have received an application. The Investor will then receive a contract note from the Manager detailing each new investment made on their behalf, as these occur.

The Manager will also send each Investor half-yearly reports, containing details of all investments made by the Service, together with a commentary on the progress of each of those investments.

Following HMRC clearance for each EIS Company, Investors will be provided with an EIS3 certificate, in the form required by HMRC, which may be used to claim tax reliefs, subject to each Investor's personal circumstances.

The Custodian

By completing the Application Form, prospective Investors will, among other things, be deemed to have irrevocably agreed to the Custodian being appointed by the Manager to exercise the powers, and to carry out duties, on behalf of the Investors in accordance with the provisions of this paragraph, which are as follows:

(a) Function

The function of the Custodian will be to exercise the powers and duties which are conferred upon it by the terms of these Terms (including this paragraph).

(b) Restrictions on transfer

(i) The Custodian shall not be obliged to recognise the title of any person in whom an interest in shares in any EIS Company shall have become vested unless a properly validated notice or evidence of that person's entitlement shall have been produced to the Custodian.

(ii) The Custodian shall not be obliged to recognise any transfer or assignment of an interest in the Shares to any person unless such person shall have first agreed to enter into a transfer or assignment in a form approved by the Manager which shall incorporate an undertaking that such person will be bound by the Terms.

(c) Custodian's obligations and powers

(i) Cheques will be banked in one or more of the Custodian's designated FCA-approved client money bank accounts held by the Custodian on behalf of the Investor.

(ii) The Custodian will make payments from these client money accounts in accordance with instructions received from the Manager upon the purchase and delivery of securities by the Manager. It is the responsibility of the Manager, not the Custodian, to ensure that appropriate investments are made.

(iii) All securities will be registered in the name of the Custodian and will be physically delivered by the Manager or its agent to the Custodian.

(iv) The Custodian will hold the securities for safe keeping in its safe, or may at its discretion place them in the vault of an FCA-authorized UK bank, held to the

order of the Custodian.

(v) The Custodian will upon receipt of instructions from the Manager together with simultaneous or advanced receipt of sale proceeds, deliver securities to the Manager.

(vi) In order to safeguard an Investor's assets the Custodian will not deliver cash without receipt of securities, or securities without receipt of cash, to any third party including the Manager. The Custodian may at its sole discretion agree to place the securities with an approved firm of solicitors in England, held to the order of the Custodian, pending receipt of funds by the Custodian.

(vii) Following the sale of the Shares, the Manager will instruct the Custodian to distribute the monies held to the Investors. The Custodian will transfer funds to the Investors' bank accounts in accordance with proper instructions from the Manager.

(viii) The Custodian will be authorised, on the instruction of the Manager, to exercise voting, pre-emption or similar rights in relation to the Shares in accordance with the articles of association of the EIS Companies or any agreement entered into in connection with the subscription for the Shares, and to deal with any rights relating to any share issue made or proposed by an EIS Company;

(ix) The Custodian will seek to ensure that any dividends shall be paid direct to the Investor. In the event that any money in relation to the Shares is received by the Custodian it shall pay such money or monies' worth to the Investors subject to any legal obligations on the Custodian to make retentions for payment of tax and/or fees and expenses payable to the Manager; and

(x) The Custodian will be entitled to carry out such other acts and deeds which are in its reasonable opinion necessary or reasonably incidental to its appointment as a Custodian.

(d) Appointment of new Custodian

The Manager may at any time accept the resignation of, or remove, the Custodian, subject to the terms of the agreement between the Manager and the Custodian, and appoint a new Custodian in its place, on behalf of the Investors.

(e) Investment

The Custodian may place any monies for the time being held by it on deposit with any bank or building society, which will be an FCA-approved bank, with trust status and a term no greater than one day to ensure liquidity.

(f) Indemnity

By completing the Application Form, each Investor indemnifies the Custodian against any claim made against it arising out of the fulfilment of its duties as Custodian and any costs, charges or expenses incurred by it in contesting the same, save only where it is established that the subject matter of the claim was the result of a conscious and deliberate breach by the Custodian of its obligations hereunder.

Risk factors

The Investment Objectives of the Service have been formulated on the basis that investors have the potential to benefit from EIS tax reliefs on their subscriptions and that they are UK resident and UK domiciled. Therefore, this opportunity may not be appropriate for all potential investors. Potential investors are recommended to seek specialist independent tax and financial advice before investing.

Prospective Investors should be aware that the value of Shares in each EIS Company can fluctuate. In addition, there is no guarantee that the valuation of Shares will fully reflect their underlying net asset value, or that Investors will be able to buy and sell at that valuation or at all.

General risks

An investment in the Service is subject to a number of risks. Before making any investment decision, prospective Investors should consider carefully the risks attaching to such an investment together with all other information contained in the Terms, including, in particular, the risk factors described below. This information does not purport to be exhaustive and the risks below are not set out in order of priority. Additional risks and uncertainties not presently known to the Manager, or that the Manager currently deems immaterial, may also have an adverse effect on the business of the EIS Companies. Investors should consider carefully whether an investment in the Service is appropriate for them in the light of the information in the Terms and their personal circumstances.

- ▶ Valuations of unquoted companies are calculated by the Manager, in accordance with the International Private Equity and Venture Capital Valuation (“IPEV”) guidelines. The Service’s investment portfolio will generally comprise holdings in small unquoted companies with very little or no historical performance or track record. Therefore, such valuations will include a high degree of judgment, and the actual proceeds generated from the disposal of the Service’s interest in any EIS company may materially differ from the Service’s carrying value prior to disposal.
- ▶ Investments in smaller, unquoted technology companies are long term and are considered to be higher risk than securities listed on the London Stock Exchange. The shares of unquoted companies are deemed to be illiquid assets, as they are not traded on a regulated exchange. They may also be harder to sell and therefore liquidity may be restricted. Investors should not consider investing if they require access to their capital within approximately four to eight years from the date investments are made. The chance of companies failing are high. The

performance and valuation of these investments may be more volatile than other securities.

- ▶ The value of your investment may go down as well as up. You may not get back the full amount you invested. The Financial Services Compensation Scheme for deposits protection does not apply to the Service. It does, however, apply to funds held in the client money account prior to investment in the Service. Under the FSCS investment protection scheme there may be circumstances in which investors can claim up to £85,000 of compensation where Downing LLP is unable or unlikely to honour legally enforceable obligations against it (e.g. claims for fraud or misrepresentation). For more details on the FSCS and its eligibility criteria click here: www.fscs.org.uk/what-we-cover
- ▶ The value of the Shares may go up or down. You may not get back the full amount invested. There is no market, nor is there intended to be a market, for the Shares. As such, the Shares will not be readily realisable. It is not intended that any income or capital will be returned to Investors during the Three Year Period. After holding the Shares in the EIS Companies for the Three Year Period, it will still be difficult to realise the Shares or to obtain reliable information about their value.
- ▶ Your investment is expected to be made into a target minimum of eight companies. You should consider the level of diversification within your investment portfolio and whether it is appropriate for you to make an investment such as this.
- ▶ Target returns are targets and not forecasts and there is no guarantee that the Service’s target return objectives or Investment Objectives will be achieved.
- ▶ The performance of the Service is dependent on the Manager’s ability to identify suitable EIS Companies undertaking appropriate EIS Trades. In addition, the investment timetable may not be achieved which would delay the availability of EIS tax reliefs or, in some cases, result in the loss of EIS tax reliefs. In some circumstances a delay could cause certain Investors to lose the opportunity to defer gains which occurred more than three years before the investments are made.
- ▶ The past performance and experience of the Manager or management teams are not a guide to the future performance of the Service.
- ▶ Global events: Where macroeconomic events occur that have a far reaching impact on the operations of EIS Companies, the value of the EIS Companies may

be reduced. Examples of such macroeconomic events include (but are not limited to), the significant and broad economic impacts caused by a global pandemic (as referred to below), Brexit (as referred to below), cyclical falls in the values in the residential property market, reductions in the availability of credit / investment from financial institutions, sustained falls in major listed stock markets, adverse movements in interest rates and / or currency rates and the failure of political institutions including government.

- ▶ Coronavirus pandemic: The coronavirus pandemic has had a substantial impact on many businesses and is expected to have a significant and long-lasting impact on the UK and global economies. The impact that this will have on EIS Companies over the medium and long term is difficult to predict. EIS Companies may lose value or fail as a result of the ongoing effects or aftermath of the pandemic, resulting in a reduction in the value of EIS Companies.
- ▶ The UK exit from the European Union ("Brexit"): The UK left the European Union on 31 January 2020 pursuant to a withdrawal agreement, which expired on 31 December 2020. Despite a new deal being struck by the UK government, there is still some uncertainty as to how the deal will work in practice and some areas of the relationship that were not settled by the agreement. The EIS Companies may be subject to a significant period of uncertainty, including uncertainty in relation to any regulatory or tax changes.
- ▶ Assets held by the EIS Companies may be charged as security to other funders. Accordingly, if the terms set out in the security documents are not adhered to, the chargee may enforce its security and the EIS Company will no longer control those assets.
- ▶ Conflicts of Interest: The Service may co-invest alongside other funds managed or advised by the Manager into the EIS Companies. With these relationships, there's a chance that the interests of one group of investors will present a conflict with the interests of another group, or with the interests of the Manager. In the event of a conflict of interest, the Manager's investment committee and conflicts committee (and their external advisers) will work to ensure that this is resolved fairly and in accordance with the Manager's conflicts policy.
- ▶ Corporate sales activity: A reduction in the demand and/ or price expectations for corporate sales of businesses similar to the EIS Companies, may impact on the ability of the EIS Companies to deliver an exit and/or achieve their target sales value.
- ▶ Currency movements: Adverse movements in currency may impact the financial performance of EIS Companies. This could be a direct impact, for example, where adverse currency movements impact the valuation of the EIS Company; or it could be an indirect impact, where, for example, adverse currency movements impact demand levels and operating costs of the EIS Company. Where appropriate, the EIS Companies may consider utilising currency hedging products to minimise currency risk, although such products are not always cost effective.
- ▶ Investors will be the holders of minority interests in EIS Companies and accordingly may have little or no ability to influence how the business is conducted.
- ▶ A sale of Shares in any EIS Company within the Three Year Period or a failure of an EIS Company to meet the qualifying requirements for the EIS during the Three Year Period could result in:
 - (i) Investors being required to repay the income tax relief received on Subscription and interest on the same;
 - (ii) a liability to capital gains tax on a disposal of Shares; and
 - (iii) any deferred gain crystallising.Downing retains complete discretion to realise an investment at any time, including within the Three Year Period. In such circumstances, Downing is not obliged to take into account the tax position of Investors, individually or generally.
- ▶ It is possible for Investors to lose their EIS tax reliefs and/or CGT deferral relief and/or IHT relief by taking or not taking certain steps; Investors are advised to take appropriate independent professional advice on the tax aspects of their investment.
- ▶ The information in these Terms is based upon current taxation, other legislation and HMRC practice. Any changes in the legislation or HMRC practice may affect the value of an investment in the Service. In particular, if CGT rates increase then those Investors who choose to defer a gain may face a higher CGT liability when the deferred gain comes back to charge following an exit from the Service. The value of the tax reliefs will depend on the individual circumstances of Investors.

- ▶ The use of borrowings or other funding that will rank ahead of the Service's investments will significantly increase risk. Where the EIS Companies take on third party, prior ranking debt and then suffer from underperformance, their underlying net asset valuation may be impacted to a greater level than if no debt had been taken on.

The investment described in this document will not be appropriate for all Investors. Investors are accordingly advised to consult an investment adviser authorised under the FSMA, and an appropriately qualified taxation adviser, prior to investing.

Charges – how Downing's charges are applied

Initial charges

Initial Adviser charge: If an Adviser Charge has been agreed between the Intermediary and the Investor in respect of this Service, this may be facilitated from the investment. The fee will be deducted from the amount invested and paid to the Intermediary. Alternatively, the Investor can pay this fee personally. Any fee deducted from the amount invested will reduce the amount of EIS relief that is claimable by Investors.

Downing initial charge: For advised investors, an initial charge of 2% of the amount Subscribed will be payable by EIS Companies at the time of investment.

If you are investing directly or through an intermediary who doesn't give advice, the initial charge is 4%, with the 2% balance being deducted from your exit proceeds when realised.

Annual charges

Downing Management Charge: An annual fee of 2% per annum of the amount Subscribed (plus VAT) will be payable by the EIS Companies. Downing may take this charge as an upfront payment of up to three years' annual fee at the time of investment.

If you are investing directly or through an intermediary who doesn't give advice, the annual charge is 2.5%, with the 0.5% p.a. balance being deducted from your exit proceeds when realised.

Out of its fee, Downing will be responsible for all the usual running costs of the Service, namely custodian and nominee fees, bank charges, administration and reporting to Investors.

Ongoing Adviser Charge: An annual Adviser Charge may be facilitated by the Service. If a fee is agreed, four years' worth of charges will be deducted from your subscription and set aside in a client cash account with ongoing adviser charges charged annually and paid from this account. No interest will be paid or accrued to the Investor on these sums. If the funds in this account become exhausted, any further ongoing adviser charges will accrue against your portfolio until liquidity is available for these charges to be taken. As with the Initial Adviser charge, any ongoing fee agreed and set aside will reduce the amount of EIS relief that is claimable by Investors.

Performance incentive

In order to align interests between Downing and Investors, no performance incentive is payable until Investors receive cash proceeds equal to the total invested in EIS Companies into which the Investor has invested pursuant to the Downing Ventures EIS. The performance fee will then be payable at a rate of 20% of the exit proceeds between £1.00 and £1.10 and 30% thereafter (in respect of each £1.00 invested), there is further explanation for the performance incentive in the Brochure.

Charges to EIS companies

An arrangement fee of up to 2% of the amount invested will be charged to each EIS Company. Downing does not charge any other fees such as monitoring, service or exit fees, however may charge equivalent fees where other funds or investors managed by Downing are also investing in the EIS Companies. The cost of all deals that do not proceed to completion will be borne by Downing.

Although most fees and costs are payable by the EIS Companies to increase tax efficiency, and not by the Service directly, they will, in effect, reduce the returns generated by the EIS Companies for Investors. Any unpaid fees due to the Manager will be recouped from the proceeds of the sale of investments.

Commission

Intermediaries who are permitted to receive commission (e.g. for execution only clients) can be paid initial commission, usually at the rate of 2% of the amount subscribed, plus annual trail commission, usually at the rate of 0.5% p.a. of their clients' holdings. Commission is payable by Downing out of its fees.

Taxation

EIS Companies

Each EIS Company in which the Investor invests through the Service must initially (i.e. at the time of issue of the Shares) not be listed on a recognised stock exchange (as defined for the purposes of EIS relief) and there must be no “arrangements” in place for it to become so listed. In addition, throughout the Three Year Period, it must not be a subsidiary of, or be controlled by, another company; it must either exist to carry on a Qualifying Trade or else be the parent company of a trading group; and there must be no “arrangements” in existence for the company to become a subsidiary of, or be controlled by, another company.

A trading group is a group in which, directly or indirectly, more than 50% of the shares of each subsidiary are held by another member of the group, but any subsidiary employing any of the money raised by the issue of shares must be a qualifying 90% subsidiary. Non-qualifying business activities (broadly, investment activities and non-qualifying trades) must not comprise a substantial part of the business of the group as a whole. The qualifying business activity for which the money is raised by the issue of Shares must be a trade conducted on a commercial basis and with a view to realising profit. Although it is possible for qualifying activities to be carried on anywhere in the world, the company that issues the shares must have a “permanent establishment” (broadly, a taxable presence) in the UK.

For EIS purposes, the value of the gross assets of the Investee Company and any subsidiaries must not exceed £15 million immediately before the issue of Shares and £16 million immediately afterwards.

The maximum fundraising per EIS Company is restricted to £5 million per year (£10 million for KICs) and the maximum number of full-time employees (or full-time equivalent) in the EIS Company at the time of fundraising is 249 (499 for KICs).

Most types of trades are EIS Trades but the following are excluded:

- (a) Dealing in land, commodities or futures, or in shares, securities or other financial instruments;
- (b) Dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution, or acting as a wholesaler or retailer of goods of a kind which are collected or held as investments if stock is not actively sold;
- (c) Banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities;

- (d) Leasing, except certain lettings of ships, or receiving royalties or licence fees (subject to certain exceptional cases);
- (e) Providing legal or accountancy services;
- (f) Farming, market gardening, forestry, timber production, shipbuilding, coal and steel production;
- (g) Property development;
- (h) Operating or managing hotels (or similar establishments), nursing homes and residential care homes;
- (i) Generation of heat or power, or the production of fuel; and
- (j) Providing services to a trade consisting of any of the above carried on by a “connected person”.

The company must not be “in difficulty” when shares are issued. In practice, HMRC currently accept that a company will not be treated as “in difficulty” within three years of its formation or if it is able to raise funds from existing shareholders or the market.

Shares only qualify for EIS relief if they are ordinary shares which do not, at any time during the Three Year Period, carry any present or future preferential right to dividends (other than to certain fixed rate non-cumulative dividends) or to an Investee Company’s assets on its winding up, or any present or future right to be redeemed.

The Manager reserves the right to return a surplus of cash if it concludes that it cannot be properly invested.

EIS tax relief

To obtain the tax reliefs described below it is necessary for the Service to subscribe for new shares in an EIS Company. The summary below gives only a brief outline of the tax reliefs and assumes that the Investor is a 40% taxpayer. It does not set out all the rules which must be met during the Three Year Period by the EIS Company and the Investor. The tax reliefs will only be relevant to Investors who pay UK income tax and/or wish to defer a capital gain.

The applicable tax reliefs are described below. This summary is not a substitute for the Investor obtaining professional advice before applying to subscribe for Shares.

1. Income tax relief

Individuals can obtain income tax relief on the amount subscribed for Shares in EIS Companies provided they are not connected with the issuing company. This is subject to the limit of £1 million across all EIS investments in any tax year with further income tax relief being available on investments of up to an additional £1 million in any tax

year in respect of KICs. Investors may therefore obtain up to a total of £2 million of EIS tax relief in any one tax year through the Service. The Manager does not guarantee a particular split between investments into KIC and non-KIC through the Service. Husbands and wives, and civil partners, can each subscribe up to these limits.

To calculate the relief, the amount subscribed is multiplied by 30%. The relief is given against the individual's income tax liability for the tax year in which the Shares are issued, unless the individual makes a carryback claim to the previous tax year. The relief cannot exceed the amount which reduces the Investor's income tax liability to nil.

In respect of EIS investments made, tax relief on the subscription may be carried back to the previous tax year (subject to the annual limit across all EIS investments in that tax year having not yet been claimed).

Income tax relief	
	£
Gross investment in Shares	100,000
Less income tax relief at 30%	(30,000)
Net cost of investment	70,000

2. Exemption from capital gains tax

Any capital gains realised on a disposal of Shares in the EIS Companies after the Three Year Period, and on which EIS income tax relief has been given and not withdrawn, will be capital gains tax-free.

Any capital gains realised on a disposal within the Three Year Period will be subject to CGT.

CGT exemption	
	£
Realisation after three years	105,000
Less original cost	(100,000)
Tax-free gain	5,000

3. Loss relief against income or gains

Tax relief is available upon any loss realised upon a disposal of Shares on which EIS income tax relief (see 1 above) has been given and not withdrawn. The amount of the loss (after taking account of any income tax relief retained) can be set against the individual's gains in the tax year in which the disposal occurs, or, if not so used, against gains of a subsequent year, or against the individual's taxable income in either the tax year in which the disposal occurs, or the previous tax year if carried back giving tax relief at the investor's marginal rate of tax.

Loss relief	
	£
Realised value of Shares	Nil
Less gross investments in Shares	(100,000)
Income tax relief at 30%	30,000
Loss before loss relief	(70,000)
Loss relief at 40%*	28,000
Loss after tax reliefs	(42,000)

*loss relief available at the investor's marginal tax rate up to 45%, depending on their individual tax circumstances.

4. CGT deferral relief

To the extent to which a UK resident Investor (including certain trustees) subscribes for qualifying shares, he or she can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset or a previously deferred gain may have been brought back into charge. Although there is a limit for both income tax relief and for the exemption from capital gains tax upon a disposal (see 1 and 2 above), there is no limit on the amount of EIS investments which can be used to defer a gain. The Shares must be issued within one year before and three years after the date of the disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises. The gain is deferred until there is a chargeable event, such as a disposal of Shares or an earlier breach of the EIS rules.

5. IHT – business property relief

EIS investments held for at least two years are likely to obtain up to 100% relief from inheritance tax, provided the investments are held at the time of death.

The examples in this document are set out for illustrative purposes only. They are not, and should not be construed as, forecasts or projections of the likely performance of the Service. Please note that this is only a condensed summary of the taxation legislation and should not be construed as constituting advice which a potential Investor should obtain from his or her own investment or taxation adviser before subscribing to the Service. The value of any tax reliefs will depend on the individual circumstances of Investors and may be subject to change in the future.

Definitions

"Adviser Charge"	fee agreed between the investor and an FCA authorised and regulated adviser, for advice and related services
"AIFMD"	the Alternative Investment Fund Managers Directive (2011/61/EU)
"Applicable Rules"	the FSMA, the FCA Rules and all other relevant laws and regulations
"Application Form"	application form and notes on application completed by the Investor and, where appropriate, the Intermediary, for investment in the Service
"Brochure"	document dated 15 February 2021 describing the Service
"CGT"	capital gains tax
"Closing Date"	the date the Service closes to new Subscriptions and the date used for the purposes of tax relief claims
"Custodian"	Thompson Taraz Depository Limited of Stanhope House, 47 Park Lane, London W1K 1PR (FCA No: 465415) or such organisation as the Manager may appoint to provide, and with whom it has agreed terms for, safe custody and custodial and nominee services in respect of the Service
"Downing" or "Manager"	Downing LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom
"EIS"	Enterprise Investment Scheme as set out in Part 5 of ITA 2007 and sections 150A, 150B and 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992 (as amended from time to time)
"EIS Companies"	company which is a qualifying company for EIS purposes in which the Service invests
"EIS Investments"	investments made in EIS Companies
"EIS Relief"	the tax reliefs available under the EIS, including income tax relief, capital gains tax deferral and loss relief
"EIS Trade"	business which qualifies for EIS tax reliefs
"FCA"	Financial Conduct Authority and any successor body
"FSMA"	Financial Services and Markets Act 2000 (as amended) including all regulations pursuant thereto
"HMRC"	HM Revenue & Customs
"IHT"	inheritance tax
"IHTA 1984"	Inheritance Tax Act 1984
"Intermediary"	authorised intermediary who signs the Application Form and whose details are set out in the Application Form
"Investor"	individual (and certain trustees or corporate) who completes an Application Form which is accepted by the Manager and so enters into the Investor Agreement and invests in EIS Companies through the Service
"Investor Agreement"	agreement to be entered into between each Investor and the Manager, in the terms set out on pages 15 to 25 of these Terms
"Investment Objectives"	the investment objectives for the Service as set out in these Terms
"Investment Restrictions"	the investment restrictions for the Service as set out in these Terms
"ITA 2007"	Income Tax Act 2007
"Knowledge Intensive Company" or "KIC"	an EIS-qualifying company that meets the criteria laid out by HMRC that carries out work to create intellectual property and expects the majority of its business to come from this area within 10 years
"ML Regulations"	Money Laundering Regulations 2007
"Performance Incentive"	performance-related incentive payable to the Manager and/or its executives as described on in these Terms
"Portfolio"	Investor's Shares held through the Service
"Service"	Downing Ventures EIS, a service set up to enable Investors to invest in EIS Companies by way of the Investor Agreement with the Manager
"Shares"	ordinary shares in an EIS Company purchased by the Service on behalf of Investors
"Subscription"	amount subscribed into the Service, as set out in the Application Form
"Terms"	this document
"Three Year Period"	period beginning on the date the Shares in the EIS Company are issued and ending three years after that date, or three years after the commencement of the EIS Company's trade, whichever is later

Investor agreement

This Investor Agreement (the "Agreement") sets out the terms upon which the Manager agrees to invest the Subscription and manage the portfolio of investments ("Portfolio") for the Investor. Upon acceptance of a signed Application Form, this Agreement (together with the Brochure and Terms & Conditions) will constitute a binding agreement between the Investor and the Manager in respect of the Service.

1. Definitions, construction and interpretation

1.1 The following terms shall have the following meanings in this Agreement:

"FCA Rules" the rules of the FCA as set out in the FCA's Handbook of Rules and Guidance and any other rules and guidance issued by the FCA from time to time;

"Initial Period" the period of 24 months commencing on the Closing Date;

"Investment" an investment acquired at the discretion of the Manager for the Investor through the Service;

"Investment Services" the investment services provided under Clause 4 of this Agreement;

"Non-Readily Realisable Investments" are investments in which the market is limited or could become so; they can be difficult to deal in and it can be difficult to assess what would be a proper market price for them;

"Readily Realisable Investments" are a government or public security denominated in the currency of the country of its issuer or any other security which is:

- (a) admitted to the Official List of the UK Listing Authority or the equivalent in another EEA State,
- (b) regularly traded on or under the rules of such an exchange, or
- (c) regularly traded on or under the rules of a recognised investment exchange or (except in relation to unsolicited real time financial promotions) designated investment exchange, or a newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded. Note that this term does not include AIM, or Sharemark traded investments, nor does it include unlisted securities.

"Regulated Collective Investment Scheme" an authorised open-ended investment company as defined in Section 237(3) of the Act; or an authorised unit trust scheme as defined in Section 237(3) of the Act; or a recognised scheme under Sections 264, 270 or 272 of the Act;

"Regulated Market" any market included on the list maintained by the FCA in accordance with the provisions of Article 47 of MiFID and included as such on the FCA Register, or any equivalent market similarly regulated in another member state of the EEA;

"Service" for each individual Investor, a mandate for Investment Services as described in this Investor Agreement and provided by the Manager for that Investor in accordance with the terms of this Investor Agreement.

"Tax Advantages" the various tax advantages, including EIS Relief, arising from subscriptions for shares in Qualifying Companies.

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

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

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

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

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

2. Investing in the Service

2.1 This Agreement comes into force on the date that the Manager accepts the Investor's Application Form. An Application Form is accepted when:

- (a) the application has been recorded on the register of applications maintained by the Manager;
- (b) Subscription monies from the Investor have been received by the Custodian; and
- (c) there are no further items or actions outstanding that would reasonably prevent the Subscription from being able to take place.

2.2 Where an Investor submits an Application Form which is accepted by the Manager, the Investor hereby appoints the Manager to fulfil its role in managing the Portfolio on the terms and subject to the conditions set out in this Agreement. The Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.

2.3 Investors should be aware that the right to cancel a distance contract within 14 days does not apply to this agreement as it falls within the exemption contained in FCA rule COBS 15 Annex 1. Please speak to your adviser or us if you would like further information.

2.4 Provision of this Service requires:

- (a) the appointment of the manager by the Investor upon the terms of this Agreement; and

(b) the appointment of a third party to hold the Investor's Investments on behalf of the Investor, in respect of which the Manager is entered into certain agreements with the Custodian for the provision of custodian, nominee, settlement and associated services to which Clause 9 refers.

2.5 The Manager is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 545025. The Manager is a Limited Liability Partnership registered in England and Wales under company number OC341575 and with a registered address at St Magnus House, 3 Lower Thames Street, London EC3R 6HD. The FCA's registered address is 12 Endeavour Square, London E20 1JN.

2.6 This Agreement is supplied to you in English and we will continue to communicate with you in English for the duration of this Agreement. The Investor has been classified according to FCA guidelines as a Retail Client. If other firms regulated by the FCA would normally classify the Investor as a Professional Client, we may wish to re-classify the Investor as a Professional client. We will notify you in writing if we wish to change your client classification. Downing shall inform its clients in a durable medium about any right that client has to request a different categorisation and about any limitations to the level of client protection that a different categorisation would entail. This information must be provided to clients prior to any provision of services. Guidance relating to client categorisation is available in the legal section of our website at <http://www.downing.co.uk/assets/client-categorisation-guidance>

2.7 The Investor has the right to request a different client categorisation. However, if the Investor does so and if the Manager agrees to such categorisation the Investor will lose protections afforded by certain FCA Rules. This may include, but may not be limited to:

(a) the Investor will not be given any of the additional disclosures required to be provided to Retail Clients (for example on costs, commissions, fees and charges, foreign exchange conversion rates and information on managing investments);

(b) the Manager is entitled to assume that the Investor has the requisite knowledge and experience to understand the risks involved in relation to any investment, service, product or transaction contemplated by these Terms;

(c) the FCA Rules impose detailed requirements on financial promotions directed at Retail Clients. Promotions directed at Professional Clients are simply subject to the high level requirement that they are fair, clear and not misleading;

(d) if the Manager were to hold money on behalf of a Retail Client the Manager would have to notify the client of whether interest is payable (which is not required for Professional Clients); and the Manager

would not be able to transfer the money to a third party without notifying a Retail Client and without explaining who is responsible for that third party's actions or omissions, and the consequences where that third party becomes insolvent;

(e) if the Manager were to manage client assets, the Manager would be obliged to provide Retail Clients with more detailed information periodically. A Retail Client has a right to a periodic statement every three months, rather than every six months for a Professional Client;

(f) where the Manager places Investors' orders with third parties for execution, the factors taken into account in obtaining the best possible execution result for a Professional Client will differ to those for a Retail Client. It should be noted that Professional Clients can no longer opt out of best execution; and

2.8 The Investor confirms that he/she is suitably knowledgeable of the risks associated with Non-Readily Realisable Investments and/or has been suitably advised of these risks.

2.9 The Investor confirms that he/she is not seeking advice from the Manager on the merits of entering into this Investor Agreement to establish their portfolio and provision of the Service.

2.10 The Investor agrees that the Manager may hold information about them and their affairs in order to verify their identity and financial standing (among other things the Manager may consult a credit or mutual reference agency, which may retain a record of the enquiry).

2.11 Anti-money laundering regulations aim to prevent criminal property being used or disguised as legitimate wealth. To satisfy these regulations the Investor may have to produce satisfactory evidence of their identity before the Manager can do business with them, and from time to time thereafter. This identification process is designed to assist in the prevention of crime within the financial services industry. If the Investor does not provide the information when requested, the Manager may be unable to accept any instructions from them or provide them with any services.

3. Subscriptions

3.1 In respect of the Investor's Subscription:

(a) the Investor shall make a Subscription of not less than £15,000 for each tax year invested into, in the Service at the same time as submitting his/her Application Form to invest; and

(b) the Investor may make further Subscriptions into the Service. The total subscriptions made into the Service by the Investor shall be the initial value of the Investor's Portfolio in that Service at the time of investment.

3.2 The Investor may make a withdrawal of his/her

Portfolio, or terminate the Agreement, pursuant to Clause 14 below. In the case of there being excess Subscriptions into the Service which are not, in the Manager's view, capable of being invested appropriately in accordance with the Investment Objective and the Investment Restrictions within the Initial Period, the Investor shall be deemed to have instructed the Manager to make a partial withdrawal from the Service immediately prior to the end of the Initial Period, such that the Service thereafter has 100% of the Subscriptions in the Service invested as at the end of the Initial Period and (unless the Manager, at its discretion, determines to return such excess subscriptions) to have instructed the Manager to treat such sums withdrawn as new Subscriptions to a subsequent Service as determined by the Manager and notified by the Manager to the Investor (such instructions shall be subject to any such further instructions as are set out in the Investor's Application Form or as agreed with the Investor). The Investor's Application Form to subscribe to the Service shall be deemed to be an Application Form, repeated in similar terms, for any subsequent Service to which excess Subscriptions are diverted pursuant to the terms of this clause.

3.3 Subscriptions received shall be deposited in a client account held in the name of the Custodian pending their investment into EIS Companies. Any interest paid on such deposits will be payable to the Manager and the Custodian and not the Investor.

3.4 Following the realisation of Investments into EIS Companies but prior to the distribution of proceeds, Investors' funds will be held in a client account held in the name of the Custodian. Any interest paid on such deposits will be payable to the Manager and the Custodian and not the Investor.

3.5 The Investor acknowledges that any monies held on deposit by the Custodian are held at the Investor's risk and that neither the Manager, nor any Custodian, nor any director or officer of any of them, will be liable to the Investor in the event of any loss in value of such Investments or the insolvency of any bank with which Investor's funds are deposited. They will also not be liable in the event of any restriction on their ability to withdraw funds from such bank beyond the reasonable control of any of them.

4. Investment Services

4.1 The Manager will manage the Investor's Subscription and Portfolio, and exercise all discretionary powers in relation to the selection of, or exercising rights relating to, or disposal of, Investments of the Service on the terms set out in this Agreement.

4.2 The Manager shall not, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, the Investor or to act as the agent of the Investor.

4.3 The Investor acknowledges and agrees that the Custodian is not obliged to seek or accept any instruction or direction directly from the Investor in respect of the Custodian's execution of instructions from the Manager relating to the exercise of the Investor's rights relating to Investments.

5. Investment objectives and restrictions

5.1 In performing its Services, the Manager shall have regard to the Investment Objective and the Investment Restrictions.

5.2 The Manager shall at all times have regard to:

- (a) the need for the Investments to attract the Tax Advantages; and
- (b) all applicable laws.

5.3 The Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested for the Investor and it considers this to be in the best interests of the Investor having regard to availability of EIS Relief for the Investor.

5.4 In the event of a gradual realisation of Investments, prior to termination of the Service under Clause 15.1, the cash proceeds of realised EIS Investments may be placed on deposit (in an interest bearing client account) or invested in UK Government securities or in other investments of a similar risk profile. Any interest paid on such deposits will be payable to the Manager and not the Investor.

6. Terms applicable to dealing

6.1 The Investor should be aware that the Portfolio will be invested in unlisted securities and that, although some may be traded on AIM or Aquis, there is generally no relevant market or exchange, and consequent rules and customs and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms which can be secured.

6.2 Where deals are aggregated with other Investors investing into the Service, the number of shares in an EIS Company allocated to the Investor shall be calculated by the Manager. The Manager will take into account the timing of subscriptions and with reference to the proportion which the Investor's Subscription in the Service applied to such share purchase bears to the total Subscriptions by all Investors into that particular share purchase at a similar time to the Investor's Subscriptions, provided that Investors shall not have fractions of shares; or if the Manager is acting on specific instructions from an Investor (if one or more of the Investors is an accountant, lawyer or other professional person who is subject to professional rules preventing him/her from making an investment in a particular EIS Company, then the number of shares so allocated to that Investor or Investors shall not be taken up and the cash value of

such shares shall be returned to such Investor, such that the number of shares so allocated to other Investors in that Service shall not be increased).

6.3 Subject to both the Applicable Rules and the Manager's conflicts of interest policy (a summary of which is included at Schedule 2 of this Agreement) the Manager may make use of dealing commission arrangements in respect of deals undertaken for the Service as may be disclosed to the Investor from time to time.

6.4 Subject to both the Applicable Rules and the Manager's portfolio management policy (at Schedule 1 of this Agreement) the Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.

6.5 The Manager may aggregate the Investor's transactions with those of other customers and of its employees in accordance with the FCA Rules. It is likely that the effect of such an allocation will not work to the Investor's disadvantage; however, occasionally this may not be the case. The Manager will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the Applicable Rules.

6.6 As an FCA authorised firm the Manager is required to take all reasonable steps to obtain the best possible result on behalf of clients when placing orders for execution that result from decisions by the Manager. Set out in Schedule 3 of this Agreement is the Manager's summary of its execution policy in respect of this requirement. Where applicable, the Manager's decisions will normally be executed by itself or the Custodian in accordance with its Execution Policy.

7. Reports and information

7.1 The Manager, and where applicable the Custodian, shall supply such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.

7.2 The Manager shall provide the Investor with six monthly valuations in respect of the Portfolio.

7.3 Reports will include a measure of performance of the Portfolio. Any statements, reports or information so provided by the Manager will state the basis of any valuations of investments provided.

8. Fees and expenses

The Manager shall receive fees for its Services, and reimbursements of its costs and expenses, as set out in the Terms.

9. Custodian Services

9.1 The Manager will arrange for the Custodian to provide the custodian services in relation to the Investor's Subscription and Investments held in the Portfolio, and for the Custodian to provide the nominee services. The Custodian will act as custodian for the cash and other assets in the Investor's Portfolio be the legal owner of the Investments held in the Portfolio.

9.2 By accepting the terms of this Agreement, the Investor agrees that:

(a) The Manager is authorised to enter into the Custody Services Agreement on the Investor's behalf as the Investor's agent, to give instructions to the Custodian and to agree any subsequent amendments to the custody services agreement on the Investor's behalf provided that the Manager notifies the Investor of such amendments in accordance with the FCA rules;

(b) the Investor is bound by the terms of the custody services agreement; and

(c) the Custodian and Manager are each authorised to transfer cash and investments from the Investor's account to meet the respective fees and settlement or other obligations under the Custodian agreement and the fees of the custody services agreement.

9.3 Under the custodian agreement, the Investor will remain the customer of the Manager but will also become a customer of the Custodian for settlement, nominee and custody purposes only. The Manager retains responsibility for compliance and regulatory requirements regarding the management of the Investor's Subscription and Portfolio. The Custodian does not provide investment advice, give or offer any opinion regarding the suitability of any transaction for the Portfolio. The Investor shall direct all inquiries regarding their Portfolio to the Manager and not to the Custodian. The Custodian will not accept instructions from the Investor directly.

9.4 The Investor acknowledges that, although the Custodian will not commingle securities with its own property, the Custodian may commingle the Investments with securities held for other clients, including those who subscribe for their own discretionary mandate, including the Service. In addition, Investments deposited with the delegate of the Custodian may be held in an omnibus account by the delegate of the Custodian. In each case, individual client entitlements may not be identifiable by separate certificates or other physical documents of title, entries on a register or equivalent electronic record. If there is an irreconcilable shortfall following any default by the Custodian, or a delegate of the Custodian, the Investors may not receive their full entitlement and may share in the shortfall pro rata with other custodians or nominees, other clients or delegates' other clients.

9.5 The Manager is authorised at any time to replace

the Custodian with an alternative custodian that is, in the Manager's opinion, suitable for provision of custody services in respect of the Service and capable of providing the settlement, nominee and custody services and/or to vary the terms from time to time, or terminate, the Custodian agreement. In each case, the Manager will endeavour to ensure that it does so on terms no less beneficial to the Investor.

9.6 The Custodian will use reasonable care and skill in providing the services under the custodian agreement.

9.7 The Custodian shall not, in the absence of fraud, negligence, wilful default or breach of contract directly relating to such cost, expense or liability on the part of the Custodian or any delegate, be liable to the Manager or to any Investor for any act or omission in the course or in connection with the proper provision of the services rendered by it hereunder, or for any loss or damage which the Manager or Investor may sustain or suffer as a result, or in the course, of the proper discharge by the Custodian or any delegate of its duties hereunder or pursuant hereto.

9.8 The Investors indemnify the Custodian from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against the Custodian, judgements, suits against the Custodian, proper costs and expenses or disbursements (other than those resulting from the fraud, negligence, wilful default or breach of contract on the part of the Custodian) which may be imposed on, incurred by or asserted against the Custodian in properly performing its obligations or duties to the Service under the Custodian Agreement.

9.9 The Investors or the Manager shall pay or reimburse the Custodian from time to time on demand for any transfer taxes payable upon transfers, exchanges or deliveries of securities made under the Custodian Agreement in accordance with the Terms.

9.10 The Custodian is authorised to deduct from any cash received or credited to the Investor's account, any amount of taxes or levies required by any revenue or UK Governmental authority for whatever reason in respect of the Investor's accounts.

9.11 The Custodian shall register all securities in respect of which registration shall be necessary in order to perfect the transfer thereof or title thereto as soon as is reasonably practicable after receipt of the necessary documents by or to the order of the Custodian in any name permitted by the FCA Rules. Where securities are subject to the law or market practice outside of the United Kingdom and it is, in the Custodian's opinion, in the Investors' best interests to do so, the Custodian may register or record or arrange the registration or recording of securities in the Custodian's name or the name of a third party. If legal title to securities is held by the Custodian, a nominee or a third party, securities may not be segregated or separately identifiable from the

Custodian's assets, or the assets of a nominee or third party, and, in the event of the Custodian's default or the default or insolvency of a nominee or third party (as the case may be), securities may not be as well protected from the claims of the Custodian's creditors or the creditors of a nominee or third party (as the case may be).

9.12 The Custodian shall hold the certificates and other documents from time to time, representing or evidencing title to the securities by physical possession of the certificates or other instruments representing the securities in registered or bearer form, including, inter alia, brokers' receipts or confirmations for future contracts, options or similar investments.

9.13 The Custodian shall clearly identify securities held by it or to its order hereunder as being the property of Investors and shall maintain its records so as to ensure that it is readily apparent that the securities are the property of Investors. Documents of title for securities shall be recorded and accounts in which securities are held shall be named or designated to make it clear that the relevant property belongs beneficially to Investors (on an omnibus basis and not by individual identification).

Where securities are held by a delegate of the Custodian, the Custodian will take reasonable steps to ensure that the records of the relevant entity make it clear that securities are held by or on the Custodian's behalf for the Investors and that they do not belong to the Custodian or any such delegate of the Custodian. The purpose of this is to make clear in the event of the failure of any such entity, that the securities are held on behalf of third parties and are not available to creditors of that entity if it fails. However, it cannot be guaranteed that there would be no loss of securities in the event of such a failure. Where securities are held by a delegate of the Custodian outside the UK, it may not be possible under the relevant law of that country for securities to be separately identifiable from the assets of the delegate of the Custodian or from the Custodian's assets and accordingly there may be a greater risk of loss in the event of a failure of any such delegate of the Custodian.

9.14 The Manager shall have discretion to instruct the Custodian to exercise the voting and other rights attaching to the Investments comprising the Service provided that the voting and other rights exercisable by the Manager and the Custodian shall not exceed 50% of the aggregate rights relating to any investment.

10. Obligations of the Manager

10.1 The Manager shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable it to provide the Investment Services properly and efficient, and in compliance with the FCA Rules.

11. Obligations of the Investor

11.1 The Service established by this Agreement is set up on the basis of the declaration made by the Investor in his/her Application Form which includes the following statements by the Investor:

- (a) the fact as to whether or not the Investor wishes to seek EIS Relief for the Investments;
- (b) the Investor agrees to notify the Manager if any Investment in any company is in a company with which the Investor is connected within sections 166, 167, 170 and 171 ITA 2007;
- (c) the Investor agrees to notify the Manager if, within three years of the date of issue of shares, the Investor becomes connected with, or receives value from, an EIS Company which is an Investment;
- (d) the Investor confirms that the information stated in the Application Form in relation to him/her is true and accurate as at the date of the Application Form.

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

11.3 The Investor must provide the Manager with any information which it reasonably requests for the purposes of providing the Service pursuant to the terms of this Agreement.

12. Delegation and assignment

12.1 The Manager may employ agents, including associates, to perform any administrative, custodial or ancillary services to assist the Manager in performing the Service, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents but otherwise shall have no liability in respect of such agents.

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

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

12.4 The Manager may, by giving notice to the Investor, employ a third party to act as discretionary investment manager in respect of all or part of the Portfolio, in which case it will act in good faith and with due diligence in the selection, use and monitoring of such third party (its "Delegate") and the indemnity provided by the Investor pursuant to clause 14.3 shall extend to the Delegate as well as to the Manager. The Delegate shall be directly liable to the Investor to the same standard as the

Manager pursuant to clause 14.2.

13. Potential conflicts of interest and disclosure

13.1 The Manager and the Custodian may provide similar services or any other services whatsoever to any other customer and neither the Manager nor the Custodian shall in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable by the Manager or Custodian, the Manager or the Custodian will use all reasonable endeavours to ensure fair treatment as between the Investor and other customers in compliance with the FCA Rules.

13.2 The Manager has in place a conflicts of interest policy (the "Conflicts Policy") pursuant to the FCA Rules which sets out how it identifies and manages conflicts of interest. Set out in Schedule 2 is a summary of the Manager's Conflicts Policy.

14. Liability

14.1 Both the Manager and Custodian will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to the Investor under the FCA Rules.

14.2 The Manager shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment Objectives and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Manager or any of its employees.

14.3 The Investor agrees to indemnify the Manager from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against the Manager, judgements, suits against the Manager, proper costs and expenses or disbursements (other than those resulting from the fraud, negligence, wilful default or breach of contract on the part of the Manager) which may be imposed on, incurred by or asserted against the Manager in connection with the services provided by the Manager hereunder and/or the investment by the Investor in Shares. Where the Manager is entitled to recover such loss both from the Investor and from other investors who have completed an Application Form on a like basis, the Manager agrees to only recover such loss from the Investor in proportion to the Investor's respective interest in the Shares on the date of such claim.

14.4 The Manager may be separately engaged by some of the EIS companies that the Investor will invest in (or any of its respective subsidiaries) to assist those companies to raise finance. The Manager may receive a fee from each such company for its services. Part of the Manager's fee from such unquoted companies may therefore be calculated by reference to the amount that the Investor invests.

14.5 The Manager gives no representations or warranty

as to the performance of the Portfolio. EIS Investments are high risk Investments, being Non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. Investors should consider the appropriateness of investment in EIS Investments carefully and note the risk warnings set out in these Terms.

14.6 If the Custodian should fail to deliver any necessary documents or to account for any Investments, the Manager will take all reasonable steps on the Investor's behalf to recover such documents or Investments or any sums due or compensation in lieu thereof but, subject thereto to the Manager's general duty of good faith, shall not be liable for such failure.

14.7 In the event of any failure, interruption or delay in the performance of the Manager's obligations resulting from acts, events or circumstances not reasonably within the Manager's control (including, but not limited to: acts or regulations of any governmental or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or services; and acts of war, terrorism or civil unrest) the Manager shall not be liable to the Investor for consequent loss in the value of, or failure to perform investment transactions for the account of, the Service.

15. Termination

15.1. The Manager shall set a date, which it shall notify to the Investor, on which the Service will terminate. This is expected to be eight years or more after the Closing Date of the Service. On termination of the Service, all shares for the Investor's Portfolio in that Service may be transferred into the Investor's name or as the Investor may otherwise direct.

15.2 An Investor may withdraw from the Service (and so, by terminating the Agreement in respect of that Service, partially terminate this Agreement) prior to termination of the Service in which case all his/her Investments from that Service shall be sold and cash transferred but the Investor should note:

- (a) that he/she may lose EIS Relief in respect of them;
- (b) that it may not be practicable for the Shares to be sold (either at all or without suffering a material reduction in value), in which case there may be a delay in completing the withdrawal. If it is practicable to effect, and the Investor decides to proceed with an early withdrawal, the Manager will, unless the Investor otherwise requests, effect the withdrawal on the last business day of the month following that in which such decision is made; and
- (c) the Manager has a lien over the Investor's Investment in respect of damages or accrued but unpaid fees, and shall be entitled to dispose of all or any such investments in order to discharge the Investor's

liability and to pay any balance to the Investor.

15.3 The Manager reserves the right at any time to terminate this Agreement on no less than three month's written notice to the Investor, or on immediate notice if required by any competent regulatory authority. The Agreement will terminate if the Manager ceases to be appropriately authorised by the FCA or become insolvent and is not replaced by another appropriately authorised and regulated entity in accordance with Clause 15.3. On termination of provision of the Service, all Shares in the Investor's Portfolio may be transferred into the Investor's name or as the Investor may otherwise direct.

15.3 Should the Service terminate pursuant to Clause 15.2, the Manager shall endeavour to make arrangements to transfer the Service to another Service manager in which case that manager shall assume the role of the Manager under this Agreement, failing which the Agreement shall terminate forthwith and, subject to Clause 16, the Investments in the Investor's Portfolio shall be transferred into the Investor's name or as the Investor may otherwise direct.

16. Consequences of termination

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

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

16.3 On termination, the Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 8 of this Agreement.

17. Risk warnings and further disclosures

17.1 Your attention is drawn to the risk warnings set out in these Terms.

17.2 The Manager will not borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions. For the avoidance of doubt, the EIS Companies may borrow money or enter into similar transactions, subject to the Investment Objectives and Investment Restrictions of the Service.

17.3 The Manager cannot require Investors to add

further monies following Subscription into the Service.

17.4 The Manager will not use the Subscriptions to invest in warrants, units in collective investment schemes or derivatives of any sort.

18. Confidential information

18.1 None of the Manager, Custodian or Investor shall disclose to third parties or take into consideration information either:

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

18.2 The Manager and the Custodian will at all times keep confidential all information acquired in consequence of the services, except for information which:

- (a) is in the public knowledge;
- (b) they may be entitled or bound to disclose under compulsion of law;
- (c) is requested by regulatory agencies or relevant tax authorities; or
- (d) is given to their professional advisers where reasonably necessary for the performance of their professional services; or
- (e) is authorised to be disclosed by the other party;

The manager and the Custodian shall use all reasonable endeavours to prevent any breach of this sub-clause.

19. Complaints and compensation

19.1 The Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from the Manager on request. Should an Investor have a complaint, they should contact the Manager. If the Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service. Any complaints shall be the responsibility of the Manager.

19.2 The Manager participates in the Financial Services Compensation Scheme, established under the FSMA, which provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are limited to a maximum of £85,000 per person per institution.

Further information is available from the Financial Services Compensation Scheme, on the website www.fscs.org.uk.

20. Notices, instructions and communications

20.1 Notices of instructions to the Manager should be in

writing and signed by the Investor, except as otherwise specifically indicated.

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

20.3 All communications to the Investor shall be sent (whether postal, electronic or through the Manager's website where appropriate) to the latest address notified by the Investor to the Manager and shall be deemed to be received by the Investor on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by the Investor shall be made in writing, in English, to the Manager at St Magnus House, 3 Lower Thames Street, London EC3R 6HD or (save as otherwise provided) shall be made by telephone to the Manager, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by the Investor will be deemed received only if actually received by the Manager. The Manager will not be liable for any delay or failure of delivery (for whatever reason) of any communication sent to the Investor.

21. Amendments

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

22. Data protection

For the purposes of the UK General Data Protection Regulation ("UK GDPR"), the Manager is the Controller of the personal data relating to the Investor, provided to it by either the Investor or Custodian. All such personal data is processed in accordance with the Data Protection Act 2018 and the UK GDPR. The Investor acknowledges that the Manager and Custodian may pass personal data relating to the Investor to each other, to the FCA and any regulatory authority, and other third parties insofar as is necessary for them to provide their services as set out in this Agreement. For more information about how your personal data is processed and shared, please see the Manager's privacy notice (available here: <https://www.downing.co.uk/privacy-and-cookie-policy>).

Personal data may be used by the Manager to send the Investors details of new and existing products (including by email) unless the Investor notifies the Manager in

writing that it may not be used in this way. Investors may do this at any time by emailing customer@downing.co.uk. If you opt out of marketing, you may still receive service emails and other communications relating to your investments. The Manager is registered as Controller with the Information Commissioner's Office under registration number Z2723359.

23. Entire agreement

This Investor Agreement, together with the Application Form and the Terms, comprise the entire agreement of the Manager with the Investor relating to the provision of the Services.

24. Rights of third parties

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that act.

25. Severability

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

26. Governing law

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

27. Alternative Investment Fund Manager Directive (2011/61/EU)

Prospective Investors should note that the Service is an 'alternative investment fund' ("AIF") for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) ("AIFMD"). Downing is an alternative investment fund manager ("AIFM") for the purposes of AIFMD. Nothing herein should be construed as an offer or solicitation or as marketing of any AIF in the EEA save in circumstances where such an AIF is permitted to be marketed in accordance with AIFMD (and the laws and regulations implementing AIFMD in any EEA member state).

28. Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) came into force on 1 July 2014. The Investor agrees to supply information to the Manager to comply with FATCA and any other subsequent similar acts and to provide such information to HMRC or other bodies as applicable.

Schedule 1:

Portfolio management policy

1. The Manager will select companies on the basis of the Investment Objectives and Investment Restrictions as set out in the Terms.
2. The Manager is aware that new shares in EIS Companies should be held for the Three Year Period to obtain the benefits of the EIS.
3. The Manager may look to exit an Investment prior to the end of the Three Year Period if the growth of the investment has outperformed the market and covers any loss of tax benefit. It may also exit an investment in the event of a trade sale of the investment.
4. Once the Three Year Period has expired, the Manager will use reasonable endeavours to liquidate the holdings to maximise Investors' value with a view to becoming fully liquid within eight years of the Closing Date as long as suitable exit opportunities for each Investment occur within that period.
5. Investments in EIS Companies that remain unquoted will be evaluated and valued by the Manager in accordance with BVCA/IPEV guidelines.

Schedule 2:

Conflict of interest policy

The Manager has produced a policy to manage effectively the conflicts of interest that may arise from its business as required by the rules and guidance contained in the Senior Management Arrangements, Systems and Controls rules issued by the FCA ("SYSC"). The policy has been reviewed and approved by the Manager and is subject to monitoring by the Manager.

Under the SYSC, the Manager is required to take all reasonable steps to identify conflicts of interest between:

- (1) the Manager, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of the Manager; or
- (2) one client of the Manager and another client.

The Manager believes that it should identify any conflicts that may arise in other situations including between the Manager and any of its shareholders. Where the Manager owes a duty to such clients, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of damage to the interests of its clients.

A copy of the Manager's "conflict of interests" policy is available upon request.

Schedule 3:

Execution policy

Execution factors and execution criteria:

When executing orders in relation to financial instruments on behalf of the Investor, we will take all reasonable steps to achieve what is called 'best execution'.

This means that our policy and procedures are designed to obtain the best possible execution result, subject to and taking into account your characteristics, client classification (categorisation as a retail client) and the characteristics of the order, the financial instruments that are the subject of that order and the execution venues to which that order can be directed.

Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, the Manager may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

The Manager will determine the relative importance of the execution factors by using its commercial judgment and experience in light of market information available and taking into account the execution criteria. The execution criteria are defined as the characteristics of the client, order (orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some shares are more liquid than others, and will be less easily tradable in volume) and the execution venue.

Our commitment to provide our clients with best execution does not mean that we have any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted to.

Specific instructions

We do not routinely accept specific instructions as to how we should execute orders; however, where an Investor has provided The Manager with specific instructions regarding an order, The Manager will endeavour to execute the order in accordance with those specific instructions. Investors should be aware that providing specific instructions to The Manager in relation to the execution of a particular order may prevent The Manager from taking the steps set out in this execution policy to obtain the best possible result in respect of the elements covered by those instructions.

Monitoring and review

The Manager will review the effectiveness of its execution policy and order execution arrangements on an annual basis. Whenever a material change occurs that affects The Manager's ability to continue to obtain the best possible result for the Investor, The Manager will notify the Investor of any material changes to its execution arrangements or its execution policy by posting an updated version on its website.

Notification of changes

The Manager will notify its clients of any material changes to its order execution arrangements and policy. It may provide information, including details of any changes, either in a durable medium or via its website.

Unquoted investments specific

Characteristics of client order

In the absence of a specific client order or instructions from a client, The Manager generates its decision to deal for its clients when it makes its investment management decision at one of its investment committee meetings called to decide whether to proceed with the investment/realisation decision.

Characteristics of financial instruments

All of the private equity financial instruments transacted in are shares, loan notes, options or other related instruments of private companies or other corporate bodies. The mix of financial instruments is important and the mix is chosen to achieve optimum value generation for The Manager's clients. Each structure is tailored to individual investment situations and there is no ideal structure. The Manager is available to explain to its clients the characteristics of the financial instruments used in any individual situation.

Characteristics of execution venues

The most distinctive characteristic of the transactions that The Manager directly executes is that the majority are off-market transactions subject to direct negotiation with an independent third party. In relation to acquisitions by The Manager for its clients, the third party is generally the only possible source of the shares. Normally, this is the issuing company, though sometimes it is an existing holder of the relevant securities.

In the case of disposals, the possibility of an IPO producing a higher price for The Manager's clients is considered (and any disposals through an IPO are then handled through brokers in accordance with the policy for quoted investments) but, unless an IPO is considered clearly advantageous, the transaction remains off-market and handled through private negotiations with third parties who are willing to purchase the relevant instruments. Accordingly, there is normally no choice of execution venue in either case, and generally there is only a choice of counterparty in the case of a sale.

The decision of the Manager on investment/sale, and the negotiations with counterparties, and possible counterparties, therefore incorporate within them a consideration of the execution factors of price, costs, speed, likelihood of execution and settlement size and the nature of transaction and other relevant considerations, as part of the decision whether to buy or sell the relevant financial instrument on particular terms rather than, as may be the case with securities for which there is a choice of execution venue, the execution factors and related choice

of venue being capable of separate consideration after a decision to trade has been taken without considering those factors.

Price and value generation

Depending on whether The Manager is investing in or selling private equity investments, it will normally consider the best result to be paying the minimum total consideration or obtaining the maximum total consideration respectively for its clients, representing the price of its financial instruments less the costs related to execution, such as legal and other expenses.

However, in relation to acquisitions, The Manager also considers the overall best result for the client on realisation of the investment as part of its initial structuring of transactions. In some cases, negotiating the appropriate level of control over the conduct of the business and providing appropriate incentives for growth of the business may be regarded as more important to achieving the best possible result for its clients than simply getting the lowest possible acquisition cost.

Equally, in relation to both acquisitions and disposals, although the pricing is of the highest importance, attention is also paid to the size of the stake and the importance of achieving completion of the transaction with a reliable counterparty in order to ensure settlement in view of the limited range of possible sellers and buyers in each case.

Additionally, particularly on disposals, obtaining the highest possible price has to be weighed against any warranties, escrow agreements and any other ongoing liabilities on disposal. In accordance with FCA requirements, Downing is obliged to inform its clients that client orders may be executed outside a regulated market or an MTF.



February 2021

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Downing LLP is authorised and regulated by the Financial Conduct Authority
Reference Number 545025



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EV0037_Feb 2021