



**SPARTA**  
— FILM & TV —  
RISK MANAGED EIS FUND

# Application Form

*to be completed by individuals*

Title: \_\_\_\_\_

Forenames: \_\_\_\_\_

Surname: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Postcode: \_\_\_\_\_

Daytime phone: \_\_\_\_\_

Tax District: \_\_\_\_\_

Tax Ref No: \_\_\_\_\_

National Insurance No: \_\_\_\_\_

I wish to invest £ \_\_\_\_\_

(min £5,000) in Sparta Film & TV Risk Managed EIS Fund on the terms set out in the Investor's Agreement attached to this Application Form. In relation to my investment in Sparta Film & TV Risk Managed EIS Fund, I appoint the Fund Manager on the terms set out in that Agreement.

I confirm that:

- I wish / do not\* wish to seek EIS Relief; (\*delete as appropriate)
- I am applying on my own behalf;
- I will notify Lacomp of any Investment through the above Fund in any company with which I am connected within sections 167, 170 or 171 of the Income Tax Act 2007; and
- I will notify Lacomp if, within three years of the date of issue of shares by an EIS Qualifying Company which is allotted to my Portfolio, I become connected with the EIS Qualifying Company or receive value from such a company.

**I attach my cheque for the amount shown above and enclose two forms of identification (see note 5 below). I undertake to notify you immediately if any of the above mentioned changes or if there are other relevant circumstances of which you should be aware in relation to managing the Sparta Film & TV Risk Managed EIS Fund on my behalf.**

**CHEQUES SHOULD BE MADE PAYABLE TO: LACOMP CLIENT ACCOUNT/EIS/INITIALS AND NAME OF INVESTOR**

Signed by:

*(Signature of applicant)* \_\_\_\_\_

Date: \_\_\_\_\_

# Notes

- 1 This Application Form must be returned to Lacomp plc, 77 High Street, Bagshot, Surrey GU19 5AH.
- 2 Lacomp reserves the right to reject an Application Form if it has reasonable cause to do so, for example, if relevant information is not included or the application is received late.
- 3 If Lacomp accepts an Application Form, the Investor will have entered into an Investor's Agreement in the form set out in the Appendix to the Information Memorandum and as attached which will govern his investment in the above Fund.
- 4 Due to Money Laundering Regulations you will need to provide two different, original forms of identification, one to prove your identity (passport or driving licence) and one to confirm where you live (utility bill or bank statement less than six months old). These will be returned to you.
- 5 If you are a lawyer or an accountant or other professional person who is subject to professional rules preventing you from making investments in particular EIS Qualifying Companies, please advise Lacomp so that the terms of the Investors' Agreements can be applied correctly.

Name of Financial Adviser, if applicable:

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Stamp of Financial Intermediary Firm, or Full Address:

Initial commission (up to 3%)

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**SPARTA**  
— FILM & TV —  
RISK MANAGED EIS FUND

# Application Form

*to be completed by trustees*

Name and date of settlement/trust: \_\_\_\_\_

Name and address of each trustee: \_\_\_\_\_

Designation: \_\_\_\_\_ Designation: \_\_\_\_\_

Full name: \_\_\_\_\_ Full name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Postcode: \_\_\_\_\_ Postcode: \_\_\_\_\_

Designation: \_\_\_\_\_ Designation: \_\_\_\_\_

Full name: \_\_\_\_\_ Full name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Postcode: \_\_\_\_\_ Postcode: \_\_\_\_\_

Person to contact: \_\_\_\_\_

Daytime telephone: \_\_\_\_\_

We wish to invest £ \_\_\_\_\_

(min £5,000) in Sparta Film & TV Risk Managed EIS Fund on the terms set out in the Investor's Agreement attached to this Application Form. In relation to our investment in Sparta Film & TV Risk Managed EIS Fund, we appoint the Fund Manager on the terms set out in that Agreement. We confirm that:

- We do not wish to seek EIS Relief;
- We are applying on behalf of the Trust;
- We will notify Lacomp of any Investment through the above Fund in any company with which we are connected within sections 167, 170 or 171 of the Income Tax Act 2007; and
- We will notify Lacomp if, within three years of the date of issue of shares by an EIS Qualifying Company which is allotted to my Portfolio, we become connected with the EIS Qualifying Company or receive value from such a company.

**We attach a cheque for the amount shown above, and enclose two forms of identification (see note 5 below). We undertake to notify you immediately if any of the above mentioned changes or there are other relevant circumstances of which you should be aware in relation to managing the Sparta Film & Risk Managed EIS Fund on our behalf.**

**CHEQUES SHOULD BE MADE PAYABLE TO: LACOMP CLIENT ACCOUNT/EIS/INITIALS AND NAME OF INVESTOR**

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_

*(signature of trustee)*

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_

*(signature of trustee)*

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_

*(signature of trustee)*

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_

*(signature of trustee)*

# Notes

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- 3 If Lacomp accepts an Application Form, the Investor will have entered into an Investor's Agreement in the form set out in the Appendix to the Information Memorandum and as attached which will govern our investment in the above Fund.
- 4 Due to Money Laundering Regulations you will need to provide two different, original forms of identification for each trustee, one to prove the trustee's identity (passport or driving licence) and one to confirm the trustee's address (utility bill or bank statement less than six months old). These will be returned.
- 5 If any of you are a lawyer or an accountant or other professional person who is subject to professional rules preventing you from making investments in particular EIS Qualifying Companies, please advise Lacomp so that the terms of the Investors' Agreements can be applied correctly.

Name of Financial Adviser, if applicable:

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Stamp of Financial Intermediary Firm, or Full Address:

Initial commission (up to 3%)

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# Investors Agreement

This investment management agreement sets out the terms and conditions for The Sparta Film & TV Risk Managed EIS Fund.

## 1. Definitions, Construction and Interpretation

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

“the Act”	Financial Services and Markets Act 2000;
“Applicable Laws”	all relevant UK laws, regulations and rules, including those of any Government or of the FSA;
“Application Form”	an application form to invest in the Fund completed by the Investor in the form provided by the Fund Manager;
“Closing Date”	in respect of a Fund, the date on which the final Subscription may be made by the Investor to the Fund, which shall be a date determined by the Fund Manager and notified to the Investor;
“EIS”	the Enterprise Investment Scheme as set out in the Tax Act;
“EIS Qualifying Company”	a company which is a qualifying company for the purposes of EIS;
“EIS Relief”	relief from income tax under EIS;
“the FSA Rules”	the rules contained in the FSA’s Handbook of Rules and Guidance;
“FSA”	Financial Services Authority;
“Fund Manager” or “Lacomp”	Lacomp plc or such other fund manager as may be appointed under Clause 15.2;
“Fund”	a Sparta Film & TV Risk Managed EIS Fund which describes a number of separate investment management arrangements for Investors each being provided pursuant to an agreement in the form of this Agreement, with aggregation of deals for those arrangements for investment in EIS Qualifying Companies;
“Initial Charge”	in respect of the Fund the initial charge which accrues for the account of the Fund Manager;
“Investment”	an investment acquired for the Fund;
“the Investment Objective”	the investment objective for the Fund as set out in paragraph 1 of Schedule 1 to this Agreement;
“the Investment Restrictions”	the investment restrictions for the Fund as set out in paragraphs 2, 3 and 4 of Schedule 1 to this Agreement;
“Investor(s)”	a person whose Application Form is accepted and who becomes an investor in the Fund;
“Launch Period”	the period from launch of the Fund to the Closing Date for a Fund (which shall not exceed a period of 180 days);
“the Nominee”	Lacomp Nominees Limited (which is an associate of the Fund Manager) or such other nominee as may be appointed from time to time to be the registered holder of Investments;
“Portfolio”	the investments made through the Fund which are allotted to the Investor;

“Readily Realisable Investment”	<p>a government or public security denominated in the currency of the country of its issuer or any other security which is:</p> <ul style="list-style-type: none"> <li>– admitted to Official Listing on an Exchange in an EEA State,</li> <li>– regularly traded on or under the rules of such an Exchange,</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>– 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,</li> </ul> <p>or a newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded.</p> <p>Note that this term does not include AIM listed or PLUS traded investments, nor does it include unlisted securities;</p>
“Realised Gain”	the Realised Value less the aggregate Subscriptions to that Fund;
“Realised Value”	<p>the realised value of the Investments of the Fund which shall be the aggregate of:</p> <ul style="list-style-type: none"> <li>– the value of Investments held at termination which, in the case of Investments which have a market price on AIM or PLUS at the time of termination, shall be their mid-market price and, in the case of other Investments shall be valued on the same basis as for the purposes of statements, reports and other information provided pursuant to Clause 8.4;</li> <li>– the cash sums obtained on realisation of Investments prior to termination, plus interest on such cash sums, (calculated, in the case of each such Investment, for the period from the date of realisation of the relevant Investment to the date of termination, assuming that such cash sums had been placed in an interest bearing account with a clearing bank at a good commercial rate); and</li> <li>– dividends received or accrued on Investments in the period for which they are held by the Fund plus interest on such dividends (calculated on the same basis as that in respect of cash sums obtained on realisation of Investments);</li> </ul>
“the Services”	the services provided under Clause 4 of this Agreement;
“Subscription”	subscription to a Fund pursuant to Clause 3 of this Agreement;
“Tax Advantages”	the various tax advantages, including EIS Relief, arising from subscriptions for shares in EIS Qualifying Companies;
“Tax Act”	the Income Tax Act 2007.

1.2 Words and expressions defined in the FSA 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 a Fund

2.1 This Agreement comes into force on the date of this Agreement.

2.2 This Agreement enables the Investor to invest in the Sparta Film & TV Risk Managed EIS Fund for which the Investor submits a valid Application Form which is accepted by the Fund Manager.

2.3 If an Investor submits an Application Form which is accepted and makes Subscriptions to the Fund, the Investor hereby appoints the Fund Manager to fulfil its role in managing the Portfolio for the Investor on the terms set out in this Agreement. The Fund Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.

2.4 The Fund Manager is authorised and regulated by the FSA, whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS. The Fund Manager is entered on the register of authorised firms with number 115020. The Investor is classified as a retail client. (The Fund Manager does not offer reclassification to a lower level of protection.)

2.5 You have the right to cancel this Agreement within fourteen days of your receipt of the cancellation notice.

## 3. Subscriptions

3.1 The Investor

- (a) shall make a Subscription of not less than £5,000 at the same time as submitting his Application Form to invest in the Fund;
- (b) may make further Subscriptions to the Fund up to and including the Closing Date for that Fund. The total Subscriptions made to the Fund by the Investor shall be the initial value of the Investor's Portfolio for the Fund; and
- (c) may not make any Subscription after the Closing Date.

3.2 The Investor may terminate the Agreement pursuant to Clause 15 below.

3.3 The Fund Manager shall deposit Subscriptions received in an interest bearing client account pursuant to Clause 7.6 pending their investment.

## 4. Services

4.1 The Fund Manager will manage the Fund as from the relevant Closing Date on the terms set out in this Agreement. The Fund Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments of the Portfolios of the Fund on the terms set out in this Agreement.

4.2 The Fund Manager shall not, however, 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 Fund Manager is managing investments under the terms of this Agreement. The Fund Manager has not made, and will not make, any personal recommendation as to whether or not an Investor should subscribe to the Fund, and has not assessed, and will not assess, the appropriateness of a subscription to the Fund for a particular Investor.

## 5. Investment Objectives and Restrictions

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

5.2 The Fund Manager shall at all times have regard to:

- (a) the need for the Fund to attract the Tax Advantages;
- (b) all Applicable Laws.

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

## 6. Terms Applicable to Dealing

6.1 In effecting transactions for the Fund, the Fund Manager acknowledges its duty to obtain best execution for its clients and confirms that it will seek to achieve best execution in accordance with its policy in this connection described in this Clause 6. The Investor also acknowledges and confirms his agreement to the Fund Manager dealing in securities for the Portfolio which may not be directly traded on a regulated market or a multilateral trading facility (as defined in the FSA Rules).

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

- (a) if there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and
- (b) action may be taken as thought fit in order to ensure compliance to any such rules, customs or Applicable Laws. The Investor should however be aware that the Portfolio will be invested in a range of unlisted securities and, although some may ultimately be traded on AIM or PLUS, there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms which can be secured.

6.3 Subject to the FSA Rules, transactions for a Portfolio may be aggregated with those of other clients, and of its employees and associates and their employees. In particular, but without prejudice to the generality of the foregoing, the transactions in Investments for Investors in the Fund will be aggregated. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FSA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the investors, including the Investor, but the Investor should be aware that the effect of aggregation may work on some occasions to the Investor's disadvantage.

6.4 Where deals are aggregated for funds of other EIS Investors in a particular Fund, the number of shares in an EIS Qualifying Company held as an Investment for the Fund allocated to the Investor shall be calculated with reference to the proportion which the Investor's

Subscription of the Fund applied to such share purchase bears to the total Subscriptions by all Investors in the Fund, provided that Investors shall not have fractions of shares. Minor variations may be allowed to prevent Investors having fractions of shares but only in circumstances in which there can be minor variations. Entitlement to shares will be to the nearest whole share rounded down and the aggregate of fractional entitlements may be held by the Nominee for the Fund Manager.

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

6.6 The Fund Manager will act in good faith and with due diligence in their 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.

## **7. Custody**

7.1 The Fund Manager will be responsible for the safe keeping of Investments and cash comprised in the Fund from time to time, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments.

7.2 Investments will be registered in the name of the Fund Manager's appointed Nominee. Portfolio Investments will therefore be beneficially owned by the Investor at all times but the Nominee will be the legal owner of the Portfolio Investments.

7.3 The Nominee will hold any title documents or documents evidencing title to the Investments.

7.4 The Fund Manager may not lend Investments or title documents to a third party and may not borrow against the security of the Investments or such documents.

7.5 The Fund Manager has discretion to exercise any conversion, subscription, voting or other rights (such as may arise in takeover situations, other offers and capital reorganisations) relating to Investments held in the Portfolio.

7.6 The Fund Manager will hold cash of the Portfolio in accordance with the Client Money Rules of the FSA. The cash balance held for an Investor in a Fund (other than amounts which are deemed to be sizeable amounts and for which the Fund Manager arranges for them to be put on deposit or in money market instruments in order to obtain a better rate of interest) will be deposited with an authorised banking institution in the UK in the name of "Lacomp client account/EIS/initial and name of Investor" and with customer trust status. The Fund Manager may give instructions to the relevant bank regarding such an account. Interest on credit balances on such a client bank account is credited to the Investor's Portfolio. Details of the rates and other policies in relation to such accounts are available from the Fund Manager on request.

7.7 The Fund Manager may decide to cease to treat as client money any unclaimed cash of the Portfolio if there has been no movement in the balance in the bank account in a period of six years (notwithstanding any payments or receipts of charges, interest or similar items) and the Fund Manager has taken reasonable steps to contact the Investor and to return the balance.

## **8. Reports and Information**

8.1 In respect of the Fund in which an Investor subscribes, the Fund Manager shall send the Investor a report relating to the Fund, complying with the FSA Rules, every six months, in respect of the periods ending on around 30 April and 31 October. Reporting will commence following the first anniversary of the Closing Date of the Fund. In particular, reports will include a measure of performance in the later stages of the Fund once valuations are available for the Investments.

8.2 The Fund Manager will seek to establish an appropriate method of evaluation and comparison so as to enable the Investor to assess the Fund's, and so his Portfolio's, performance.

8.3 Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor within Sections 234A(4) and (5) of the Income & Corporation Taxes Act 1988.

8.4 Contract notes will be provided for each transaction for the Investor's Portfolio.

8.5 The Fund Manager 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.

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

## **9. Fees and Expenses**

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

9.2 Details of any arrangements which involve the payment or receipt by the Fund Manager of any fee, commission or non-monetary benefit to or from any person other than the Investor in connection with services provided under this Agreement are set out in Schedule 2.

9.3 The Investor's attention is however drawn to the fact that he may incur and be required to pay other taxes or costs as a result of the performance of this Agreement which are neither paid through, nor imposed by, the Fund Manager.

## **10. Management and administration obligations**

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

10.2 Except as disclosed in any information memorandum issued in relation to the Fund and as otherwise provided in this Agreement (for example on early termination), the Fund Manager shall not take any action which may prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which may prejudice obtaining the Tax Advantages for the Fund Investments.

## **11. Obligations of the Investor**

11.1 This Agreement to participate in the Fund is set up on the basis of the declaration made by the Investor in his Application Form which includes the following statements by the Investor in relation to his Portfolio in the Fund:

- (a) the fact as to whether or not the Investor wishes to seek EIS Relief for the Investments;
- (b) agrees to notify the Fund Manager if any Investment by the Fund in any company is in a company with which the Investor is connected within Sections 167, 170 or 171 of the Tax Act;
- (c) to notify the Fund Manager if, within three years of the date of issue of shares in an EIS Qualifying Company which are an Investment, the Investor becomes connected with the company or receives value from such company; and (d) the Investor provides the Fund Manager with his tax district, tax reference number and National Insurance number.

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

11.2 The Investor must immediately inform the Fund 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 In addition, the Investor must provide the Fund Manager with any information which it reasonably requests for the purposes of managing the Fund pursuant to the terms of this Agreement.

## 12. Delegation and Assignment

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

## 13. Potential Conflicts of Interest and Disclosure

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

13.2 The Fund Manager, and any Associate may, subject to the overriding principle of suitability and best execution and in accordance with the FSA Rules, and without prior reference to the Investor, recommend and/or effect transactions in which it or an Associate has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with its duty to the Investor. The Fund Manager will ensure that the terms upon such transactions are recommended or are effected are not materially less favourable to the Investor than if the conflict or potential conflict had not existed. A conflict which has been identified by the Fund Manager as one which it is not able to manage effectively and which is likely to have a material adverse effect on the Investor shall be disclosed. Neither the Fund Manager, nor any Associate, shall be liable to account to the Investor for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions. For example, such potential conflicting interests or duties may arise because:

- (a) the Fund Manager or any Associate may receive remuneration or other benefits by reason of providing corporate finance advisory services or involvement in similar transactions in respect of Investee Companies or Production Companies;
- (b) the Fund Manager may take an equity stake in a company whose securities are held in a Fund at a price not below the issue price available to the Fund;
- (c) the Fund Manager or an Associate provides investment services for other customers;
- (d) any of the Fund Manager's directors or employees, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of the Fund;
- (e) the transaction is in securities issued by an Associate or the customer of an Associate;
- (f) the transaction is in relation to an Investment in respect of which it or an Associate may benefit from a commission or fee payable otherwise than by the Investor and/or it or an Associate may also be remunerated by the counterparty to any such transaction;

- (g) the Fund Manager deals on behalf of the Fund with an Associate;
- (h) the Fund Manager may act as agent for the Fund in relation to the transaction in which it is also acting as agent for the account of other customers and Associates;
- (i) the Fund Manager may, in exceptional circumstances, deal in investments as principal in respect of a transaction for the Fund;
- (j) the Fund Manager may have regard, in exercising its management discretion, to the relative performance of other funds under its management;
- (k) the Fund Manager may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. Associates may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them;
- (l) the transaction is in the securities of a company for which the Fund Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction; and
- (m) the transaction is in securities in respect of which the Fund Manager or an Associate, or a director or employee of the Fund Manager or an Associate, is contemporaneously trading or has traded on its own account or has either a long or short position.

## 14. Liability

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

14.2 The Fund Manager shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment Objective and the Investment restrictions 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 Fund Manager or of its Associates or any of their respective employees.

14.3 Subject to Clauses 6.6 and 12, the Fund Manager shall not be liable for any defaults of any counterparty, agent, banker, Nominee or other person or entity which holds money, investments or documents of title for the Fund, other than such party which is its Associate.

14.4 In the event of any failure, interruption or delay in the performance of the Fund Manager's obligations resulting from acts, events or circumstances not reasonably within its control including but not limited to acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or computer service or systems, the Fund Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.

14.5 The Fund 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 suitability of investment in EIS Investments carefully and note the description of the nature of the Investments and the risk warnings set out in the information memorandum about the Fund.

## 15. Termination

15.1 The Fund Manager shall set a date, which it shall notify to the Investor, on which a particular Fund will terminate. This will usually be three to five years after the Closing Date for the Fund. On termination of the Fund, all shares for the Investor's Portfolio in the Fund will either be sold and cash transferred to the Investor and/or the shares will be transferred into the Investor's name or as the Investor may otherwise direct.

15.2 If:

- (a) the Fund Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Fund Manager under this Agreement; or
- (b) the Fund Manager ceases to be appropriately authorised by the FSA or becoming insolvent the Fund Manager shall endeavour to make arrangements to transfer the funds to another fund manager in which case that fund manager shall assume the role of the Fund 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.

15.3 Provided Clause 15.2 does not apply, this Agreement shall terminate when the Fund in respect of which Portfolios held by the Investor terminates.

## 16. Consequences of Termination

16.1 On termination of this Agreement pursuant to Clause 15, the Fund 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 Fund Manager up to and including the date of termination and payable under the terms of this Agreement.

16.3 On termination, the Fund Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 9 of this Agreement, the details of which are set out in Schedule 2 to this Agreement.

## 17. Confidential Information

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

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

17.2 The Fund Manager will at all times keep confidential all information acquired in consequence of its activities pursuant to this Agreement except for information which

- (a) is in the public knowledge; or
- (b) which they may be entitled or bound to disclose under compulsion of law; or
- (c) where requested by regulatory agencies; or

- (d) is given to their professional advisors where reasonably necessary for the performance of their professional services; or
- (e) which is authorised to be disclosed by the other party and shall use all reasonable endeavours to prevent any breach of this subclause.

## 18. Complaints and compensation

18.1 The Fund Manager has established procedures in accordance with the FSA Rules for consideration of complaints. If a complaint is not satisfactorily resolved, the Investor has the right to complain directly to the Financial Ombudsman Service.

18.2 We are obliged to notify you that an investor may have a right to compensation under the Financial Services Compensation Scheme if the Fund Manager is unable to meet any of its liabilities to the Investor. The amount of compensation payable under the Financial Services Compensation Scheme varies according to the business undertaken but, for most investment business, it is 100% of the first £30,000 of loss and 90% of the next £20,000 of loss making the maximum compensation £48,000. Details of these procedures and of the Investor's particular rights to compensation under the Financial Services Compensation Scheme if it is unable to meet any of its liabilities to the Investor are available from the Fund Manager on request.

## 19. Notices, Instructions and Communications

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

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

19.3 For instructions and other communications to the Fund Manager, please write to Lacomp plc at 77 High Street, Bagshot, Surrey, GU19 5AH. All communications between the Fund Manager and the Investor shall be in English.

## 20. Unsolicited real time financial promotion

The Fund Manager may communicate an unsolicited real time financial promotion (i.e. interactive communications such as a telephone call promoting EIS Qualifying Company investments) to the Investor.

## 21. Amendments

The Fund Manager may amend these terms and conditions in this Agreement by giving the Investor not less than ten business days written notice. The Fund Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with HM Revenue & Customs requirements in order to maintain the EIS Relief or in order to comply with the FSA Rules.

## 22. Data Protection

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

## 23. Entire Agreement

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

#### **24. Rights of Third Parties**

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

#### **25. Severability**

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

#### **26. Governing Law**

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

### **Schedule 1: Investment Objective and Restrictions of the Fund**

#### **Investment Objective of the Fund**

To offer a wide range of investors the opportunity to invest in a diversified pool of lower budget film and television productions, with the added bonus of obtaining the Tax Advantages associated with EIS investments.

#### **Investment Restrictions for the Fund**

1. In carrying out its duties hereunder in respect of the Fund, regard shall be had to, and all reasonable steps taken to comply with, such policies or restrictions as are required in order to attract the EIS Relief as may be prescribed by HM Revenue & Customs from time to time.
2. In particular, but without prejudice to the generality of the above statement, the restrictions for the Fund are as follows:
  - (a) No Investment of the Fund capital shall be made prior to the Closing Date.
  - (b) Each Investment shall be in shares of an EIS Qualifying Company.
  - (c) So far as is practicable, the Portfolio shall be fully invested (subject to an Appropriate Cash Retention to meet fees, costs and expenses).
3. Investors should be aware that a Fund's Portfolios will include non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to deal in the Investments or to obtain reliable information about their value.
4. The intention is to disinvest over years 3-5. In the event of a gradual realisation of Investments prior to termination of the Fund under Clause 15.1, the cash proceeds of realised EIS investments may be placed on deposit or invested in fixed interest government securities or other investments of a similar risk profile. Proceeds will be paid out on termination of the Fund or in instalments in advance of termination, as determined by the Fund Manager.

### **Schedule 2: Fees and Expenses in respect of the Fund**

#### **Initial Charges and Set up Costs**

1. An initial charge of 9% of Subscriptions will be paid to the Fund Manager at the Closing Date (for the Fund Manager's services in establishing the Investor's Agreement for the purposes of making investments in Investee Companies). Any commission paid to introducing intermediaries will be met by the Fund Manager from its Initial Charge.
2. The Fund Manager shall also receive a performance fee, if the Realised Gain is a positive amount on termination of a Fund under Clause 15.1 of the Investor's Agreement.

The performance fee shall be 30% of the Realised Gain on the portfolios comprising the Fund. On an early termination of the Investor's Agreement, an amount shall be deducted from an Investor's Portfolio as if his Portfolio were a Fund and it had been terminated under Clause 15.1 and so a performance fee were to accrue under the above provision.

#### **General**

3. Charges and Fees are exclusive of any applicable VAT.
4. Normally the costs of making an Investment (for example, the costs of due diligence and professional advisors' fees) are borne by Lacomp and Lacomp is reimbursed in part or in whole for such costs by the company in which the Investment is made.
5. An Appropriate Cash Retention shall be made from Subscriptions to meet the Initial Charge pursuant to paragraph 1. On termination, pursuant to Clause 16, the Investor's liability in respect of the Performance Fee shall be payable from the Portfolio of the Fund and, if there is insufficient cash, Investments may be retained and/or realised in order to meet such an outstanding liability.

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