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This document comprises an admission document in relation to AIM, a market operated by London Stock Exchange plc ("AIM") and ESM, a market operated by the Irish Stock Exchange plc ("ESM"). This document has been drawn up in accordance with the AIM Rules for Companies (the "AIM Rules") and the ESM Rules for Companies (the "ESM Rules") and has been issued in connection with the proposed admission to trading of the entire issued and to be issued ordinary share capital of Draper Esprit plc (the "Company") to AIM and ESM. This document has not been approved by the United Kingdom Listing Authority as a prospectus under the Prospectus Rules (made under Part VI of the FSMA) or by the London Stock Exchange. This document has not been approved by the Central Bank of Ireland or the Irish Stock Exchange as a prospectus under the Irish Prospectus Rules.

AIM and ESM are both markets designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM and ESM securities are not admitted to the Official List of the UK Listing Authority or the Main Securities Market of the Irish Stock Exchange plc (together, the "Official Lists"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules and the ESM Rules are less demanding than the rules applicable to companies whose shares are listed on either or both of the Official Lists and it is emphasised that no application is being made for admission of the entire issued and to be issued ordinary share capital of the Company (the "Ordinary Shares") to either of the Official Lists. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc in the form set out in Schedule 2 to the AIM Rules for Nominated Advisers. London Stock Exchange plc has not itself examined or approved the contents of this document. Each ESM company is required pursuant to the ESM Rules to have an ESM adviser. The ESM adviser is required to make a declaration to Irish Stock Exchange plc on admission in the form set out in Schedule 2 to the Rules for ESM Advisers. Irish Stock Exchange plc has not itself examined or approved the contents of this document. Your attention is drawn to the Risk Factors set out in Part 4 of this document which should be read in its entirety. The whole of this document should be read in light of these Risk Factors.

Application will be made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM and ESM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM and ESM on 15 June 2016.



Draper Esprit plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 09799594)

Placing and Subscription of 26,220,547 Ordinary Shares at 300 pence per Ordinary Share and

Admission to trading on AIM and ESM

Numis Securities Limited
Lead Bookrunner and Nominated Adviser

Zeus Capital
Joint Bookrunner

Goodbody Stockbrokers
Joint Bookrunner and ESM Adviser

ZAI Broking Ltd.
Subscription Agent

Numis Securities Limited ("Numis"), which is a member of the London Stock Exchange, is authorised and regulated in the UK by the Financial Conduct Authority and is acting as nominated adviser to the Company for the purposes of the AIM Rules and as joint broker to the Company in connection with the Placing and Admission. Numis is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or on any transaction or arrangement referred to in this document. Numis' responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company, any Director or to any other person. No representation or warranty, express or implied, is made by Numis as to, and no liability is accepted by Numis in respect of, any of the contents of this document.

Goodbody Stockbrokers ("Goodbody"), which is authorised and regulated by the Central Bank of Ireland, has been appointed as ESM Adviser for the purposes of the ESM Rules and has agreed to act as joint broker to the Company. Persons receiving this document should note that, in connection with the Placing and Admission, Goodbody is acting exclusively for the Company in connection with the Placing and Admission and is not acting for any other person and will not be responsible to any person for providing the protections afforded to customers of Goodbody or for advising any other person in connection with the Placing and Admission. In accordance with the ESM Rules and the Rules for ESM Advisers, Goodbody has confirmed to the Irish Stock Exchange plc that the Directors have received advice and guidance as to the Company's responsibilities and obligations under the ESM Rules to ensure compliance by the Company with the ESM Rules and the Rules for ESM Advisers and that, in its opinion and to the best of its knowledge and belief, all applicable requirements of the ESM Rules and the Rules for ESM Advisers have been complied with. Goodbody's responsibilities as the Company's ESM Adviser and broker under the ESM Rules are owed solely to the Irish Stock Exchange and are not owed to the Company or any Director of the Company or to any person in respect of that person's decision to acquire shares in the Company in reliance on any part of this document. Goodbody accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible. No warranty, express or implied, is made by Goodbody as to the contents of this document for which the Directors are solely responsible.

Zeus Capital Limited ("Zeus Capital"), which is a member of the London Stock Exchange, is authorised and regulated in the UK by the Financial Conduct Authority and is acting as joint bookrunner to the Company in connection with the Placing. Zeus Capital is not acting for, and will not be responsible to, any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or on any transaction or arrangement referred to in this document. No representation or warranty, express or implied, is made by Zeus Capital as to, and no liability is accepted by Zeus Capital in respect of, any of the contents of this document.

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IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. This document should not be forwarded or transmitted to or into the Prohibited Territories or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom and the Republic of Ireland where such distribution may lead to a breach of any legal or regulatory requirement. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the United Kingdom, the Republic of Ireland, Scotland and the Cayman Islands and are subject to change. This document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

The delivery of this document or any subscriptions or purchases made hereunder and at any time subsequent to the date of this document shall not, under any circumstances, create an impression that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct.

PROSPECTIVE INVESTORS SHOULD READ THE WHOLE TEXT OF THIS DOCUMENT AND SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS ARE ADVISED TO READ, IN PARTICULAR, THE SECTIONS ENTITLED “THE GROUP” AND “RISK FACTORS” SET OUT IN THIS DOCUMENT.

The distribution of this document outside the United Kingdom and the Republic of Ireland may be restricted by law. No action has been taken by the Company, Numis, Goodbody or Zeus Capital that would permit a public offer of Ordinary Shares or possession or distribution of this document where action for those purposes is required. Persons outside the United Kingdom and the Republic of Ireland who come into possession of this document should inform themselves about and observe any restrictions on the holding of Ordinary Shares and/or the distribution of this document in their particular jurisdiction. Failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. In particular, this document is not for distribution (directly or indirectly) in or into the Prohibited Territories. Accordingly, Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the Prohibited Territories. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the Prohibited Territories and they may not be offered or sold directly or indirectly within the Prohibited Territories or to or for the account or benefit of any national, citizen or resident of the Prohibited Territories.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Group's future prospects, developments and business strategies.

These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” or the negative of those variations, or comparable expressions, including references to assumptions. These statements are contained in all sections of this document. The forward-looking statements in this document, including statements concerning projections of the Group’s future results, operating profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks relating to the Group are specifically described in the section entitled “Risk Factors”. If one or more of these risks or uncertainties arises, or if underlying assumptions prove incorrect, the Group’s actual results may vary materially from those expected, estimated or projected. Given these uncertainties, potential Shareholders should not place over-reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. The Company undertakes no obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or the ESM Rules or applicable law, whether as a result of new information, future events or otherwise.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group’s website (www.draperesprit.com) or any hyperlinks accessible from the Group’s website do not form part of this document and investors should not rely on them.

GOVERNING LAW

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales, the Republic of Ireland, Scotland and the Cayman Islands and are subject to change therein.

All references to legislation in this document are to the legislation of England and Wales or the Republic of Ireland or Scotland or the Cayman Islands unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

CURRENCY PRESENTATION

All references in this document to “**Sterling**”, “**Pounds Sterling**”, “**£**” and “**pence**” are to the lawful currency of the UK, all references in this document to “**Euros**” and “**€**” are to the lawful currency of the participating member states of the Eurozone and all references in this document to “**Dollars**” and “**US\$**” and “**\$**” are to the lawful currency of the United States. This document uses an exchange rate of £1.00:€1.357 (as at 31 December 2015), £1.00:€1.27540 (as at 30 April 2016) and £1.00:€1.29 (as at the date of this document).

THE GROUP

References to the Group throughout this document are references to the group of companies and partnerships which will be established on Admission and upon completion of the Acquisition Agreements. For the avoidance of doubt, the Group does not currently exist. Descriptions of the business, intentions and performance of the Group in this document are descriptions of the business, intentions and performance of Esprit Capital and its subsidiaries and subsidiary undertakings and/or are descriptions of the business, intentions and performance of the Group as will be established shortly prior to and/or on Admission.

GLOSSARY

Terms specific to the venture capital market, or which are specific to the structure of the Group’s investments, are defined in the ‘Glossary’ set out on page 135 of this document.

ISSUE STATISTICS

Issue Price	£3.00/€3.87 ⁽¹⁾
Number of Placing Shares	15,520,547 ⁽²⁾
Number of Subscription Shares	10,700,000
Number of Consideration Shares	15,953,362 ⁽³⁾
Number of Ordinary Shares in issue on Admission	40,673,909
Market capitalisation of the Company at the Issue Price immediately following Admission	£122,021,727
Gross proceeds of the Placing and the Subscription	£74,161,641 ⁽⁴⁾
Gross proceeds of the Placing and the Subscription as a percentage of market capitalisation on Admission	60.8 per cent. ⁽⁴⁾
Net proceeds of the Placing and the Subscription	£69.4 million ⁽⁴⁾
Gross proceeds of the Sale Shares	£4,500,000

(1) From Admission, the price per Ordinary Share will be expressed in Sterling on AIM and in Euros on the ESM.

(2) Consisting of 14,020,547 New Ordinary Shares and 1,500,000 Sale Shares.

(3) Consisting of 8,000,000 Ordinary Shares as consideration for the acquisition of Esprit Capital and 7,953,362 Ordinary Shares as part consideration for the acquisition of Esprit Fund 3.

(4) Not including the proceeds from the sale of 1,500,000 Sale Shares under the Placing.

DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN	GB00BY7QYJ50
SEDOL (AIM)	BY7QYJ5
SEDOL (ESM)	BYZY4T1
Ticker (AIM)	GROW
Ticker (ESM)	GRW

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2016
Publication of this document	10 June
Admission, completion of the Acquisitions and dealings in the Ordinary Shares commence on AIM and ESM	8.00 a.m. on 15 June
Crediting of CREST stock accounts in respect of the Ordinary Shares	15 June
Despatch of definitive certificates in respect of the New Ordinary Shares (where applicable) expected by no later than	24 June

The dates and times specified are subject to change at the discretion of the Company, Numis and Goodbody without further notice. All references to times in this document are to GMT time unless otherwise stated.

DIRECTORS, SECRETARY AND ADVISERS

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Karen Slatford (Non-executive Chair)
Simon Cook (Chief Executive Officer)
Stuart Chapman (Chief Operating Officer)
Grahame Cook (Non-executive Director)
Richard Pelly (Non-executive Director)

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PART 1

THE GROUP

1 INTRODUCTION

1.1 The Group

Draper Esprit is one of the leading venture capital investors involved in the creation, funding and development of high-growth technology businesses with an emphasis on digital technologies in the UK, the Republic of Ireland and Europe.

The Draper Esprit team has considerable experience. The team has operated the Group for nine years and, prior to that, its members worked for leading firms within the venture capital industry. In aggregate, the team has been involved in investing over US\$1 billion into more than 200 technology businesses and been involved in creating businesses with a total aggregate value of over US\$8 billion, with an exited value of over US\$6 billion.

The recognition of Draper Esprit's brand, the Group's strong position in the European growth and venture capital market, the Company's deal sourcing model and its connections to Silicon Valley provide the Group with access to a large number of investment opportunities in its areas of focus. This connection to innovation hubs around the world also helps catalyse international growth of Draper Esprit portfolio companies. As one of Europe's most active and successful growth and venture capital investment groups, Draper Esprit believes its reputation drives origination activity which can in turn provide valuable market information that helps to inform all parts of the Group's activities, which include primary direct investments, angel co-investments and secondary investments.

1.2 Investment rationale

The Directors believe that, over the last decade, the venture capital industry has felt the impact of globalisation driven by: (i) the opening of many new consumer and enterprise markets outside of the US; (ii) increasing digital innovation around the world; (iii) the increase of cross border M&A; and (iv) institutional investors seeking initial public offerings on regional stock markets. The Directors consider that the US\$50 billion of shareholder value in Europe represented by significant venture capital backed exits from 2010 to 2014 indicates the start of a new period of strong technology-led value creation and that several notable global technology companies formed in recent years (including those in the Initial Portfolio) have had their origins in Europe.

The Directors believe European growth and venture capital returns are now able to at least match equivalent returns from the US. The Company considers that Europe should continue to offer investors a compelling growth opportunity given the potential for global expansion emerging from European entrepreneurs, limited competition and receptive global exit markets. The Directors believe that the dynamics of the European growth and venture capital market combined with Draper Esprit's investment strategy should provide investors with greater diversity to their portfolio exposure to digital growth companies. The Directors further believe that there is currently a gap in the market for the creation of a listed evergreen venture capital vehicle which can invest in the new generation of early and growth stage digital businesses in order to deliver attractive long term returns for investors.

1.3 Admission and use of proceeds

On Admission, the Company will acquire Esprit Capital (the existing FCA authorised and regulated management vehicle of the Group) and, subject to certain existing carried interest arrangements, the Initial Portfolio. The Company has raised gross proceeds of £74.2 million pursuant to the Placing and the Subscription, principally to acquire the Initial Portfolio, to provide development and expansion capital to companies in the Initial Portfolio, for future investments of the Group and to provide working capital for the Company. Certain of the Vendors have raised £4.5 million to meet certain tax liabilities.

2 INVESTMENT MODEL AND STRATEGY

2.1 Model

Draper Esprit's model has three main elements.

Primary investments

On Admission, the Group will own, subject to certain existing carried interest arrangements, minority interests in 24 portfolio companies which, as at 31 December 2015, had an Aggregate Valuation of £74.8 million (including residual value relating to prior exits) (the "**Initial Portfolio**"). The Initial Portfolio, adjusted solely for currency movements since 31 December 2015, had an unaudited aggregate valuation of £76.4 million as at 30 April 2016.

Using the proceeds from the Placing and the Subscription, the Board intends to invest further capital to companies in the Initial Portfolio and also pursue new investment opportunities. The Board expects to allocate approximately 30 per cent. of the Group's investment capital towards smaller rounds of seed and series A investments with approximately 70 per cent. being invested in larger follow-on series B+ and later series C+ investments to scale technology companies to fund later stage growth. The Board intends to realise value for Shareholders through exiting these investments over time.

The Company may also enter into arrangements with certain institutional investors to provide them with the opportunity to co-invest with the Group in primary investments should it be in the Group's strategic interests to do so. The Board anticipates that such arrangements would primarily focus on the larger follow-on B+ and later C+ investment rounds referred to above.

Details of the Initial Portfolio are set out at paragraphs 1 of Part 2 and Section A of Part 7 of this document.

EIS funds

Through its ownership of Encore Ventures (an FCA authorised and regulated management vehicle), the Group manages four EIS funds, currently with a total of £19.5 million under management (approximately three quarters of which is invested). The Group receives income via management fees and performance fees from the Encore Funds and the Directors intend to continue to grow this area of the business.

Encore Ventures will typically make an initial co-investment of between £100,000 and £1 million in each of the Group's primary investments. Encore Ventures typically fixes the percentage of each deal shared with the Group on an annual basis, with periodic reviews as required. It is expected that the EIS funds will continue to co-invest in the Group's primary investments.

The Encore Funds were reviewed in the Tax Efficient Review, Issue 203, on January 2015 and were ranked as the #1 "Growth EIS" fund. They received a score of 88/100, the highest of any EIS fund as at January 2015.

Secondary investments

The Group will also continue to manage three legacy funds, Esprit Fund 1, Esprit Fund 2 and Esprit Fund 3(i) (the "**Historic Esprit Funds**"). These funds are now in run-off, and while the Group will no longer receive management fees in respect of these funds, the Company expects them to generate carried interest for the Group depending upon the realisation of certain investments held within certain of these funds. Further details of the Historic Esprit Funds are set out at Section B of Part 7 of this document.

The Group has a joint venture with Draper Esprit Secondaries, a separately owned and managed partnership, pursuant to which they work exclusively together on new opportunities to manage secondary investments in Europe. Further information about the team behind Draper Esprit Secondaries is set out in paragraph 2 of Part 3 of this document. The Group expects to receive a proportion of management fees and carried interest in respect of future transactions carried out by Draper Esprit Secondaries. Draper Esprit Secondaries currently manages two funds from which it expects to generate carried interest for the Group. Draper Esprit Secondaries plans further secondary investments through its joint venture with the Group. Draper Esprit Secondaries has previously raised six venture capital secondary funds in Europe totalling €215 million and has acquired portfolios of technology companies from Vivendi, Siemens and WestLB, amongst others.

The Group may also make secondary investments from time-to-time by acquiring primary investments previously made by other investors (including investors wishing to realise their

investment in the Encore Funds), and/or, where it is in the interest of the Group to do so, by acquiring other third party funds managed by the Group.

2.2 Sector

The Group provides early stage and growth stage technology businesses with capital, networks and management support to accelerate their international growth and development and enhance their value over the long term. The Group adopts a broad sector approach but the Directors believe that most growth and venture capital investment opportunities in Europe of the requisite size for the Company fall into the following four core sectors underpinned by digital technologies:

Consumer Technology: companies with exceptional growth opportunities in national or international markets that are underpinned by new consumer facing products, innovative business models and proven execution capabilities.

Enterprise Technology: companies developing the software infrastructure, applications and services that drive productivity improvements, convenience and cost reduction for enterprises.

Hardware: companies developing differentiated technologies that underpin advances in computing, consumer electronics and other industries.

Healthcare: companies leveraging digital and genomic technologies to create new products and services for the health and wellness markets.

The Company looks for impressive entrepreneurs across all of these core sectors. Draper Esprit diversifies risk within its portfolio by not focusing on any one sector. Many of these sectors remain significantly under-funded in Europe despite their evident strengths and the Directors believe there is considerable potential for upside returns from the companies that operate within them.

2.3 Strategy

Draper Esprit aims to seek out high growth companies originating from across Europe that, in the Directors' view:

- operate in new markets with the potential for strong cross-border or global expansion;
- have the potential to address large new markets or disrupt major existing ones, utilising disruptive technology to achieve this;
- have competitive barriers to entry to encourage strong margins and capital efficient business models;
- have the potential to be global sector leaders;
- are run by impressive entrepreneurs who have the ability to build world-class management teams;
- are backed by strong syndicates of investors to reduce financing risk in future rounds;
- will be attractive candidates for acquisition by large corporations or public ownership by institutions by way of an IPO, with valuations ranging from US\$50 million to over US\$1 billion; and
- will generate multiples of invested capital for investors.

Draper Esprit intends that the later stage companies that it targets will typically:

- have in excess of £2 million in run-rate revenues at the time of the investment and be growing at more than 30 per cent. per annum and so have proven their propositions commercially; and
- be likely to have been supported by non-venture capital sources of funding or have early stage local venture capital investors, or be one of Draper Esprit's own early stage portfolio companies which has gained sufficient commercial traction.

The Group's investments, whether primary or direct secondary transactions, typically:

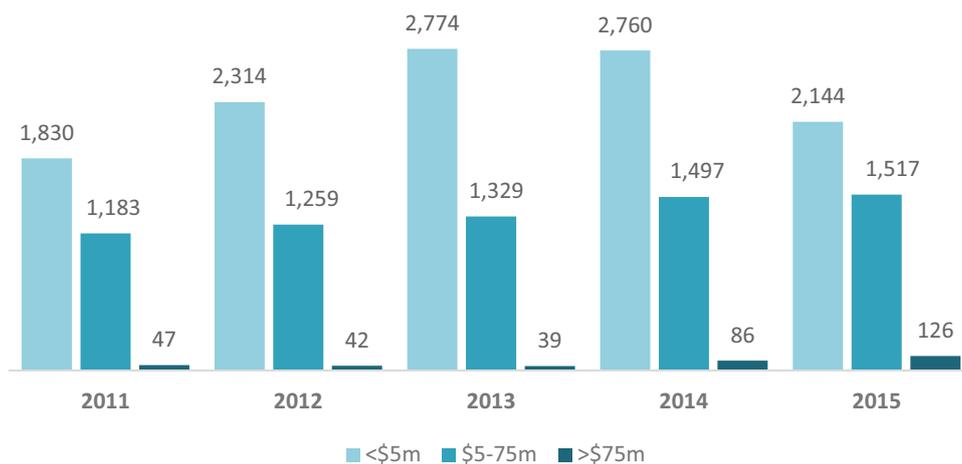
- secure a significant minority stake with board participation and rights in portfolio companies;
- allow the Group to participate in later follow-on funding rounds in order to minimise any dilution where possible; and
- potentially require the Group to invest £5 million to £10 million of equity over the course of several funding rounds in primary and secondary transactions.

3 MARKET OPPORTUNITY

In the US, the number of companies raising smaller VC funding rounds below US\$5 million is similar to the number of companies raising larger growth funding rounds over US\$5 million. In Europe, however, only about a quarter of companies which raise a smaller VC funding round go on to raise a larger growth funding round of more than US\$5 million. This follow-on financing risk is perhaps the key difference between growth and VC investment in the US and Europe, and it is precisely why Draper Esprit reserves the right to invest the majority of later stage follow-on capital in all its investments which progress from the early stages of development.

Number of small (< US\$5 million), vs mid/late stage (> US\$5 million to US\$75 million) venture capital deals vs US\$75 million plus 'pre-IPO' rounds

USA



Europe



(Source: VentureSource (Dow Jones) and Pitchbook)

4 THE GROUP

4.1 History

During the 1990s Simon Cook and Stuart Chapman (the two Executive Directors) worked together in 3i plc's technology venture team. They later worked together again to manage venture capital investments for Cazenove Private Equity, a division of the UK investment bank.

In 2006, Simon and Stuart set up Esprit Capital (currently the investment manager of the Esprit Funds and an FCA authorised and regulated fund manager) and led a management buyout of its venture capital business from Cazenove (with the underlying fund renamed as Esprit Fund 1) and the acquisition of the listed venture capital business of Prelude Ventures Limited. These transactions added a portfolio of approximately 52 companies, and Prelude Ventures Limited

operated as a listed vehicle until 2008 when it was taken private by Esprit Capital as part of the establishment of Esprit Fund 2.

Esprit Capital was rebranded as DFJ Esprit in 2007 when the Silicon Valley-based venture capital firm, Draper Fisher Jurvetson, founded by Tim Draper, acquired a minority stake in Esprit Capital and Esprit Capital became Draper Fisher Jurvetson's exclusive partner in Western Europe.

In 2009, Esprit Capital acquired the European venture capital management business of 3i plc (established as the Esprit Fund 3(i) investment management business). This transaction added approximately 30 new portfolio companies. Richard Marsh (now a principal of Encore Ventures) was recruited to help manage the Group's wider portfolio.

In 2010, Esprit Capital closed Esprit Fund 3 (a fund established to make primary investments with capital of €80 million plus an additional €15 million of co-investment capital from Draper Fisher Jurvetson and the partners of Esprit Capital). Brian Caulfield joined the Group to open the Dublin office following a career as a venture capitalist and serial software entrepreneur.

In 2011, Esprit Capital formed a joint venture with Tempo Capital LLP (established by David Tate and Olav Ostin) to work exclusively together on secondary venture capital opportunities in Europe. Tempo is now known as Draper Esprit Secondaries. Draper Esprit Secondaries has previously raised six venture capital secondary funds in Europe totalling €215 million, and has acquired a portfolio of technology companies from Vivendi, Siemens and WestLB amongst others.

In 2012, Esprit Capital, via Encore Ventures, launched the first of the Encore Funds (an angel EIS co-investment fund programme), which is managed separately by Richard Marsh and David Cummings. There are now four Encore Funds with an aggregate of £19.5 million of assets under management.

During 2014, Vishal Gulati joined the Group as a venture partner to lead investments in the digital health field, having previously been an investment manager at several VC and private equity firms and originally trained as a medical doctor.

In 2015, the Group rebranded as Draper Esprit as part of the overall rebranding of the Draper Venture Network under the leadership of Tim Draper.

4.2 The Initial Portfolio

On Admission the Company will, by virtue of its acquisition of the Initial Portfolio (subject to certain existing carried interest arrangements), have a portfolio of 24 primary investments with an Aggregate Valuation of £74.8 million as at 31 December 2015 (the latest practicable date prior to the publication of this document). Esprit Capital has managed Esprit Fund 3, via which the Initial Portfolio is held, since 2009. The Initial Portfolio, adjusted solely for currency movements since 31 December 2015, had an unaudited aggregate valuation of £76.4 million as at 30 April 2016.

Details of the Initial Portfolio are set out at paragraph 1 of Part 2 and Section A of Part 7 of this document.

4.3 The Draper Venture Network

Headquartered in Silicon Valley, the Draper Venture Network is a self-governed collective of ten independent growth and venture funds managing hundreds of portfolio companies in multiple countries. These independent venture capital funds are based in technology hubs across the world and collaborate on deals, diligence and the provision of value-added services. Esprit Capital is the Western European member of the Draper Venture Network. The Draper Venture Network has offices in Silicon Valley and a team of business development executives available to assist any network portfolio company. An annual CEO conference is arranged by the Draper Venture Network with attendance by hundreds of CEOs and dozens of business development executives of significant technology companies.

The Directors believe the Group's membership of the Draper Venture Network provides it with a significant advantage in the origination and diligence of potential investments, the generation of market intelligence and the development of valuable corporate relationships. It also enables the Group to provide portfolio companies with assistance in approaching sources of funding in the United States for future fundraising rounds and provides them with an opportunity to expand into new and lucrative markets or to position them in global markets with the intention of attracting higher valuations at exit. Simon Cook, the Company's chief executive officer, is one of five global board directors of the Draper Venture Network.

Further information about the Group's arrangements with the Draper Venture Network is set out at paragraph 10.16 of Part 9 below.

4.4 Draper Esprit and the Venture Community

As a dedicated advocate for the venture capital industry, the Group has provided contributions and leadership in BVCA, IVCA, EVCA and UK Government initiatives, as well as several corporate and strategic arrangements with its investors, all of which help to increase Draper Esprit's profile further and to raise its status as one of Europe's leading growth and venture capital investors.

Industry awards received by the Group include:

- Top rated EIS Funds 2015 by Tax Efficient Review (88/100)
- Investor Allstars VC Fund of the year 2013
- Investor Allstars VC Fund of the year 2011
- VC of the year, Private Equity Awards, 2009
- VC of the year, EVCJ awards, 2008

5 INVESTMENT OBJECTIVE AND INVESTING POLICY

5.1 Patient long term capital

Generally speaking, with patient long term capital, investors are willing to make a financial investment in a business with no expectation of generating a profit over the short term. Instead, investors are willing to forgo a short term return in anticipation of more substantial returns at a later stage. Investment may take the form of equity, debt, loan guarantees or other financial instruments, and is characterised by a:

- greater tolerance for risk than traditional investment capital;
- longer time horizons for return of capital; and
- intensive support of management as they grow their enterprise.

Listed vehicles already exist in the UK which combine university innovation with a patient capital approach. Currently, as far as the Directors are aware, there is no UK listed vehicle that predominantly invests in digital technology emerging from ecosystems outside of university intellectual property and Draper Esprit believes it can fill this gap in the market.

5.2 Investment objective

The investment objective of the Group is to generate capital growth for Shareholders by the creation, funding, incubation and development of high-growth technology businesses.

5.3 Investing policy

The Group intends to meet its investment objective by: (i) providing early stage businesses with initial smaller rounds of seed and series A primary investments and co-investments; (ii) making larger series B+ and later series C+ primary investments and co-investments for scaling technology companies; and (iii) undertaking secondary transactions.

The Group will seek exposure to early stage companies which combine technology and service provision, are able to generate strong margins through significant intellectual property or strong barriers to entry, are scalable and require relatively modest investment. The Group will primarily seek exposure to developing companies in, but not limited to, the following sectors of the digital economy: Consumer Technology, Enterprise Technology, Hardware and Healthcare.

Form of investment

Investments are expected to be mainly in the form of equity, although investments may be made by way of debt, convertible securities or investments in specific projects. In the case of equity investments, the Directors intend to take positions (with suitable minority protection rights where appropriate), primarily in unquoted companies. Draper Esprit (acting through the relevant Group entity) is an active investor, usually taking a board position on the investee company.

Given the time frame required to fully maximise the value of an investment, the Board expects that investments will be held for the medium to long term, although short term disposals of assets cannot be ruled out in exceptional or opportunistic circumstances. The Directors intend to re-invest

the proceeds of disposals in accordance with the Group's investing policy unless, at the relevant time, the Directors believe that there are no suitable investment opportunities, in which case the Directors will consider returning the proceeds to Shareholders in a tax efficient manner.

Borrowing

Draper Esprit does not currently intend to utilise gearing. However, Draper Esprit may, in the future, use gearing if it believes it will enhance Shareholder returns over the longer term. If, in the future, Draper Esprit does decide to introduce gearing it would seek to maintain a conservative level of gearing and would intend to limit Draper Esprit's borrowings to a maximum of 25 per cent. of Net Asset Value at the time of investment.

Treasury

Cash held by the Group pending investment, reinvestment or distribution will be managed by the Group in accordance with the Group's treasury policy and placed in bank deposits with major global financial institutions, in order to protect the capital value of the Group's cash assets. Investments are expected to be held by the Company or a subsidiary to be incorporated for the purpose of holding an investment.

Esprit Capital, Encore Ventures and Draper Esprit Secondaries manage the Historic Esprit Funds, Encore Funds and Secondaries Funds respectively in accordance with each of their respective investment objective and policy, each of which, for the avoidance of doubt, is distinct from the investment objective and investment policy of the Group and the investment objective and investment policy of the other Historic Esprit Funds, Encore Funds and other secondary funds managed by the Group.

6 INVESTMENT PROCESS

6.1 Origination

Each member of the Investment Team is responsible for generating deal flow for the team as a whole, as well as within their specialist sectors. Additional deal flow is created by in-bound enquiries from the Group's established network of contacts and membership of the Draper Venture Network.

The first contact with a potential investee company is directly through a member of the Investment Team which enables the Group to progress or reject an investment opportunity quickly.

Deals are reviewed each week in the Investment Team's weekly meeting. Two members of the Investment Team test the early investment thesis. These two members of the Investment Team will submit the first formal paper to the Investment Committee. At this stage due diligence will focus on the following critical issues:

- (a) interviews and reference checks on management;
- (b) validation of a company's technology and intellectual property;
- (c) validation of the business plan i.e. the business model and anticipated future margins, the potential market, the positioning of the company within its market as well as referencing from existing/prospective customers; and
- (d) potential for a strategic premium valuation at exit.

The formal submission to the Investment Committee will introduce the investment thesis, the outline terms of the deal and the proposed diligence path to investigate the previous diligence points already identified. The aim of this process is for the Investment Committee to be able to support or reject the thesis and, if the consensus view is positive, to provide a framework and assistance to help the deal partner to close the transaction successfully.

The next stage of the approval process is a presentation by the management team of the potential investee company to the Investment Team. Following this stage, subject to Investment Committee approval, the Group is able to submit a term-sheet.

The final stage of the process is the presentation of a formal paper to the Investment Committee, restating the proposal and summary findings of the diligence process. Final approval is granted by a consensus of the Investment Committee. Once a deal has been accepted, lawyers are instructed to complete the final negotiations to protect the Group's interests before final closing.

In relation to investments made directly by the Group, any investment of more than £5 million at the time such investment is under consideration, will require Board approval, in addition to Investment Committee approval.

The Group reviewed in excess of 1,800 opportunities in 2014, of which c.750 opportunities passed the initial screening phase, leading to the Group meeting in excess of 200 potential investee companies of which c.40 were considered by the Investment Committee with a target number of investments of 10 to 15 per annum.

6.2 Specialist secondary and portfolio acquisition skills

Through its network, the Group identifies situations from time-to-time where there is an investor with multiple stakes in high growth technology companies which requires liquidity across one or a range of its holdings for strategic reasons. These special situation secondary portfolio transactions require complex legal, structuring and negotiation skills. The Group's special situation secondary portfolio transactions are carried out via Draper Esprit Secondaries through a joint venture agreement with Esprit Capital. A separate special purpose vehicle or fund is created for each pool of companies acquired. The Company receives additional revenue through management income and carried interest arrangements in each of these secondary fund acquisitions. The team focuses on the key value drivers in such secondary portfolios, evaluating them in exactly the same way as it would a primary transaction. The Group takes over non-value driving investments as part of a secondary portfolio if necessary.

Once the Group has acquired a stake through a single company secondary or a secondary portfolio transaction, it is managed in the same way as stakes in investee companies acquired by way of a primary transaction, as described above.

6.3 Active management of the portfolio

The Group pursues a strategy of restricting the number of active board seats that each member of the Investment Team may hold at any one time and expects them to spend at least two days a month helping each investee company for which they are responsible. The Group also encourages regular involvement of other members of the Investment Team in investee company meetings and reviews to ensure the appropriate balance and objectivity when investments are discussed at Investment Committee meetings.

6.4 Management team building

The Group actively helps recruit senior management team members and board members for their investee companies. This includes non-executive chairmen and directors, CEOs and senior positions in finance, marketing technology, production, manufacturing, sales and other positions. The Group is particularly focused on ensuring its portfolio companies have the right team for each stage of their development.

6.5 Performance reviews

The Group often leads reviews of sales performance, marketing and product focus groups for its investee companies. It has extensive contacts at third party consulting organisations who can assist the management teams to execute to the best of their abilities and in line with best practice for their industries.

6.6 Acquisition expertise

The Group is focused on assisting investee companies to achieve organic growth as a core investment strategy. However, organic growth can often be complemented by acquiring further products, development skills or sales and distribution capabilities. The Group is actively involved in helping its investee companies to identify, negotiate and integrate strategic acquisitions. The Draper Venture Network provides a global origination capability, helping to highlight potential acquisitions from around the world to the Group.

6.7 Business development/market entry

The Group often helps its investee companies to develop new business development activities, helping to identify and negotiate channel partnerships, manufacturing links and other strategic and tactical opportunities. The Draper Venture Network adds value with its contacts within business development teams of major technology corporates. Often, it is these business development

relationships that can emerge as a potential acquirer of the company at a later stage. The Group leverages its strong relationships with the major technology corporations and actively engages on behalf of its investee companies. The members of the Investment Team also have long histories of helping investee companies to expand into international markets.

6.8 Dealing with underperformance

With periodic business reviews and close and regular contact with the management teams, the Group is well placed to identify any problems within the Group's portfolio at the earliest stage possible. Together with management, the Group will endeavour to secure change at board, management and/or operational level as necessary.

Formal reports from the investee companies are typically received monthly, in a format that is used by the relevant management to help them run the business. Every six months, data is presented in the Group's standard format and each member of the Investment Team reports to the Group on his portfolio's progress. The Group takes a team based approach to quarterly performance and all of the members of the Investment Team are actively involved in reviewing portfolio progress, including attending board meetings of companies outside of an individual member's remit. The Group also actively assigns investee companies (where possible) to different members of the Investment Team from time to time, to help provide fresh insights and perspectives to the Group's investments.

6.9 Investment exit review

The Group reviews exit opportunities regularly and each member of the Investment Team is responsible for an exit thesis for the investee companies he is responsible for prior to any investment being made. An exit thesis is set out in the original investment papers and it is reiterated or amended thereafter, as appropriate, in the quarterly reports.

Determining the exit thesis prior to an investment is an important stage in gaining the commitment of the management, board and co-investors to a common plan. Thereafter, the Group seeks to actively manage this exit process by participating on the portfolio company board, and using these management meetings to promote open discussions within the investee company.

The Group endeavours to be an active 'hands-on' participant in any exit process. This includes involvement in the formation of strategy, appointment of advisers or often negotiating directly with potential acquirers or investment banks as necessary.

At the start of each quarter, the Group undertakes a strategic review of each of its assets, establishing the investee company's funding position, any opportunity for additional investment and timing of a potential exit. The outcome of this meeting sets the benchmark for how the Group will manage its portfolio of companies. Decisions relating to potential exits (to the extent they are within the control of the Group) have historically been taken by the partners of Esprit Capital and, following Admission, will be taken by the Investment Committee and follow a similar approval process to any approval of a new investment, requiring a majority vote.

7 USE OF PROCEEDS

The Company has raised net proceeds of £69.4 million pursuant to the Placing and the Subscription, which funds are intended to be used as follows:

- £40.1 million to pay the cash element of the consideration for the acquisition of, subject to certain existing carried interest arrangements, the Initial Portfolio; and
- £29.3 million to make further primary investments and secondary investments (including companies in the Initial Portfolio) and to provide working capital for the Group to support its growth plans.

8 THE ACQUISITIONS

On Admission, the Company will acquire Esprit Capital (the existing FCA authorised and regulated management vehicle of the Group) and, subject to certain existing carried interest arrangements, the Initial Portfolio pursuant to the Esprit Capital Acquisition and the Esprit Fund 3 Acquisition respectively.

8.1 Esprit Capital

On 10 June 2016, the Company entered into the Esprit Capital Acquisition Agreement with the Vendors to acquire, subject to certain conditions set out in the Esprit Capital Acquisition Agreement, Esprit Capital. The aggregate consideration for the acquisition of Esprit Capital is to be satisfied by the issue of 8,000,000 Ordinary Shares. Completion of the Esprit Capital Acquisition will take place on Admission. Each of the Vendors has given certain warranties customary for a transaction of this type.

Further details of the Esprit Capital Acquisition are set out at paragraph 10.1 of Part 9 of this document.

8.2 The Initial Portfolio

The Initial Portfolio is currently held by Esprit Fund 3. Between 9 May 2016 and 8 June 2016, each Limited Partner of Esprit Fund 3 entered into a Limited Partner Offer Letter with the Company and Esprit Ireland for the acquisition, subject to Admission, of each Limited Partner's limited partnership interest in Esprit Fund 3 (which holds the Initial Portfolio and other net current assets of approximately £0.4 million). The aggregate consideration for the acquisition of such interests is approximately £63.9 million (being the Aggregate Valuation of Esprit Fund 3 as at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 30 April 2016, less applicable carried interest entitlements (further details of which are set out at paragraph 4 of Part 9 of this document) and a discount of between 10 per cent. to 20 per cent. for those Limited Partners electing to receive some or all of their consideration in cash), of which £40.1 million will be satisfied in cash and £23.9 million will be satisfied by the issue of 7,953,362 Ordinary Shares. The currency adjustment is because the 31 December 2015 valuation of Esprit Fund 3 is in Euros and the consideration for the acquisition is being paid in Sterling. The Consideration Shares will (other than those held by ISIF) be subject to a six month lock-in from Admission (subject to carve-outs that are typical for agreements of that nature). Completion of the Limited Partnership Acquisition is expected to take place on Admission. Each of the Limited Partners has given certain warranties customary for a transaction of this type.

Further details of the Initial Portfolio are set out at paragraph 1 of Part 2 and Section A of Part 7 of this document. Further details of the carried interest arrangements are set out at paragraph 4 of Part 9 of this document. Further details of the Limited Partner Offer Letters are set out at paragraph 10.2 of Part 9 of this document.

8.3 ISIF

The National Treasury Management Agency (as controller and manager of the Ireland Strategic Investment Fund ("ISIF")) will, following the sale of its Esprit Fund 3 limited partnership interest to the Group pursuant to a Limited Partner Offer Letter and a further subscription of Ordinary Shares pursuant to the ISIF Subscription and Relationship Agreement, hold 10,904,502 Ordinary Shares at Admission (representing 26.8 per cent. of the issued ordinary share capital of the Company at Admission). The National Treasury Management Agency is an Irish state body which provides asset and liability management services to the Irish Government.

ISIF has, pursuant to the terms of the ISIF Subscription and Relationship Agreement, undertaken (for so long as ISIF holds Ordinary Shares representing 15 per cent. or more of the voting capital of the Company), amongst other things, that it will (and, in relation to its associates, will procure that each of its associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Group on an arm's length basis and on normal commercial terms; and (ii) exercise its voting rights to procure in so far as ISIF is able that each member of the Group is able at all times to carry on its business independently of ISIF.

Further details of the ISIF Subscription and Relationship Agreement are set out in paragraph 10.8 of Part 9 of this document.

8.4 The Vendors

The consideration the Vendors receive pursuant to the Esprit Capital Acquisition will be in Ordinary Shares at the Issue Price. Certain Vendors will use the cash they receive from the proceeds from the sale of 1,500,000 Ordinary Shares to Placees as part of the Placing to meet personal tax liabilities.

On Admission, the Vendors will hold, in aggregate, 6,500,000 Ordinary Shares, representing 16.0 per cent. of the issued ordinary share capital of the Company.

Each of Simon Cook, Stuart Chapman and Brian Caulfield have agreed that, if he becomes a bad leaver under the customary bad leaver provisions contained in the Lock-in and Vesting Deed, a proportion of the Ordinary Shares held by him immediately following Admission will be bought back by the Company (or a nominee of the Company) for an aggregate consideration of £1.00 as follows: (i) where such Vendor becomes a “bad leaver” within one year of Admission, 50 per cent.; (ii) where such Vendor becomes a “bad leaver” following the first anniversary of Admission but prior to the second anniversary of Admission, 37.5 per cent.; (iii) where such Vendor becomes a “bad leaver” following the second anniversary of Admission but prior to the third anniversary of Admission, 25 per cent.; and (iv) where such Vendor becomes a “bad leaver” following the third anniversary of Admission but prior to the fourth anniversary of Admission, 12.5 per cent.

Each of the other Vendors have also agreed that, if he becomes a bad leaver under the same customary bad leaver provisions contained in the Lock-in and Vesting Deed, 1/24th of the Ordinary Shares held by him immediately following Admission will be bought back by the Company (or a nominee of the Company) for an aggregate consideration of £1.00 for each month he leaves prior to the second anniversary of Admission.

9 SUMMARY FINANCIAL INFORMATION

The Company will become the new parent company of the Group on Admission. The Company has not traded since incorporation. The following financial information for Esprit Capital for the three years ended 31 March 2015 and the half yearly periods from 1 April 2014 to 30 September 2014 and 1 April 2015 to 30 September 2015 has been derived from the financial information contained in Part 6 of this document, prepared in accordance with IFRS, and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

(£'000s)	For the year ended 31 March			For the interim financial period ended 30 September	
	2013	2014	2015	2015	2014
Revenue	3,780	3,174	2,796	1,181	1,470
Operating (Loss)/Profit	382	(94)	(145)	179	(211)
(Loss)/Profit attributable to members	376	(104)	(168)	195	(233)
Net Assets	4,359	3,610	2,766	2,893	3,145

The unaudited net assets for the Group on a *pro forma* basis on Admission will be £128.7 million. Please see the unaudited *pro forma* statement of net assets at Section F of Part 6 of this document for further information.

10 CURRENT TRADING AND PROSPECTS

There has not been any significant change in the valuation of the Initial Portfolio since 31 December 2015 and the Group continues to review a strong pipeline of investment opportunities.

During the six months ended 30 September 2015, the Group has continued to receive management fees from the Historic Esprit Funds and Esprit Fund 3. However, the Historic Esprit Funds are now in run-off, and while the Group will no longer receive management fees in respect of these funds, the Company expects them to generate carried interest for the Group depending upon the realisation of certain investments held within Esprit Fund 2 and Esprit Fund 3(i). Following the acquisition of, subject to certain existing carried interest arrangements, the Initial Portfolio, the Group will no longer receive management fees in respect of Esprit Fund 3.

The Group closed a further Encore Fund to new subscriptions during October 2015 and now manages four EIS funds, with a total of £19.5 million under management. The Group receives income via management fees and performance fees from the Encore Funds and the Directors intend to continue to grow this area of the business.

Draper Esprit Secondaries manages two funds having closed a second fund in December 2015. The Group expects to generate carried interest from these funds.

Following Admission, the Group's cost base is expected to increase to approximately £4 million per annum mainly due to the recruitment of additional professionals, including a finance director, and also costs associated with being a company admitted to trading on AIM and the ESM. The Directors believe that these operating costs will be partially offset by the income which the Company expects to receive from the Encore Funds and also through carried interest generated upon the realisation of certain investments held within Esprit Fund 2 and Esprit Fund 3(i) and also the realisation of certain co-investments.

11 VALUATION

Full valuations of the Company's investments will be conducted as at 31 March for each financial period. Interim valuations will also be performed on a half-yearly basis as at 30 September. The valuations of the Group's investments will be in compliance with IFRS on the basis of market value in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The first interim and full valuations will be conducted as at 30 September 2016 and 31 March 2017 respectively.

The Net Asset Value (and Net Asset Value per Ordinary Share) will be calculated half-yearly by the Group.

Details of each half-yearly valuation of the Company's investments, the Net Asset Value and the Net Asset Value per Ordinary Share, and of any suspension in the making of such valuations, will be announced by the Company on a Regulatory Information Service as soon as practicable after the end of the relevant period.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

12 MEETINGS, REPORTS AND ACCOUNTS

The audited accounts of the Company are prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 31 March each year, with the next accounting period of the Company ending on 31 March 2017. It is expected that copies of the report and accounts will be sent to Shareholders by the end of September each year. The Company will also publish an unaudited half-yearly report covering the six months to 30 September each year. The first unaudited financial report that the Company will publish will be for the period from 1 April 2016 to 30 September 2016. The next annual financial report and accounts that the Company will publish will be for the period from 1 April 2016 to 31 March 2017. The Company intends to hold its next annual general meeting before 30 September 2017 and will continue to hold an annual general meeting each year thereafter.

13 DIVIDEND POLICY

It is the current intention of the Directors to reinvest any income received from investee companies as well as the net proceeds of any realisations in the Group's portfolio. However, the Directors may consider the payment of dividends (or other methods of returning net proceeds to Shareholders in a tax efficient manner) in the future when, in their view, the Company has sufficient distributable profits after taking into account the working capital needs of and investment opportunities available to the Group.

14 INCENTIVISING MANAGEMENT AND EMPLOYEES

The Directors believe that the success of the Group depends, in part, on the future performance of the Investment Team and other employees. The Directors also recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company. The Directors intend to establish a discretionary share option scheme in the form of a company share option plan and has established a profit participation scheme in the form of a carried interest plan. Please see paragraph 4 of Part 9 of this document for further details.

15 FURTHER ISSUE OF ORDINARY SHARES

The issue of further Ordinary Shares for cash is subject to pre-emption rights in favour of existing Shareholders, which may be disapplied by Shareholders by way of a special resolution. Pursuant to a resolution passed by the Company's initial shareholder, the Directors will have authority following Admission to issue further Ordinary Shares for cash on a non pre-emptive basis up to an amount representing 15 per cent. of the issued share capital on Admission to expire on the later of the Company's next annual general meeting and 30 September 2017.

16 REPURCHASE OF ORDINARY SHARES

The Directors will have general authority to make market purchases immediately following Admission of up to 14.99 per cent. of the aggregate of the issued share capital on Admission. There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Board, and not at the option of the Shareholders. Subject to Shareholder authority for the proposed repurchases, general purchases of up to 14.99 per cent. of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations on AIM for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

17 TAXATION

Investors are referred to Part 8 of this document for details of the taxation of the Company and Shareholders in the UK and the Republic of Ireland. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK and the Republic of Ireland are strongly advised to consult their own professional advisers immediately.

18 RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the risk factors set out at Part 4 of this document.

PART 2

THE INITIAL PORTFOLIO AND TRACK RECORD

1 THE INITIAL PORTFOLIO

As at 31 December 2015 the Initial Portfolio included 24 investments and had an Aggregate Valuation of £74.8 million (including residual value relating to prior exits). The Initial Portfolio, adjusted solely for currency movements since 31 December 2015, had an unaudited aggregate valuation of £76.4 million as at 30 April 2016.

The Initial Portfolio is balanced across four sectors: Consumer Technology, Enterprise Technology, Hardware and Healthcare. The weightings of the Initial Portfolio as at 31 December 2015 (adjusted solely for currency movements from 31 December 2015 to 30 April 2016) across these sectors are set out below.

Sector	Percentage of the Initial Portfolio's Aggregate Valuations at 31 December 2015*
Consumer Technology	25.8 per cent.
Enterprise Technology	40.3 per cent.
Hardware	11.6 per cent.
Health & Wellness	12.5 per cent.
Other	9.7 per cent.
Total	100 per cent.

* Adjusted solely for currency movements from 31 December 2015 to 30 April 2016.

1.1 Key investments

Information about some of the key investments in the Initial Portfolio is set out below.

Lyst

Lyst is an online fashion marketplace that lets people shop across over 11,500 different online stores using a single check-out. Lyst was founded in 2010. Lyst is differentiated from other "aggregation" websites by the size of the pool of online stores and designers that it aggregates. Lyst develops technology to personalise the experience for visitors, suggesting new items to customers based on previous purchases, with a real-time ability to show the customer what is actually in stock and where.

Lyst raised US\$35 million in 2015 from investors including Group Arnault (owner of LVMH Moët Hennessy Louis Vuitton SE), with support from existing investors Accel, Balderton and the Group.

SportPursuit

SportPursuit was founded in 2011 as a UK-based sport-specific e-commerce website where members receive access to sales from brand partners targeting the technical sports wear and outdoor clothing and equipment space. The company offers up to 70 per cent. off sports and outdoor brands. SportPursuit has customers in the UK, Australia, Germany, France and Scandinavia. It aims to be the world's largest private shopping club for sports enthusiasts.

Investors include CIT Growth Capital, Scottish Equity Partners and the Group.

Trustpilot

Founded in 2007, Trustpilot is a global, multi-language review community. Trustpilot has customers in 65 countries including Denmark, Sweden, the U.K., France, Italy, Germany and the Netherlands, as well as the U.S. The company has locations in New York, London, Copenhagen and Melbourne. Trustpilot's aim is to build the world's single most trusted review company.

Trustpilot raised US\$73.5 million in 2015 led by Vitruvian Partners, alongside existing investors, the Group, Index Ventures, Northzone and SEED Capital Denmark.

Qosmos

Qosmos is a software company with a strong presence in the market for IP traffic classification and network intelligence technology used in physical, 'software-defined networking' and 'network functions virtualisation' architectures. The company supplies software to vendors who embed real-time application visibility in their products for traffic optimization, service chaining, quality of service, analytics, cyber security and more.

Qosmos has its headquarters in Paris, France. The company has regional headquarters in Silicon Valley and Singapore as well as local offices in London and Tokyo.

Investors include Alven Capital France, BPI, Gfk and the Group.

M-Files

M-Files is a software company which provides enterprise information management (EIM) solutions to eliminate information silos and provides access to content from core business systems and devices. The M-Files EIM system is used as a single platform for managing front office and back office business operations, which improves productivity and quality while ensuring compliance with industry regulations and standards.

M-Files investors include the Group, Finnish Industry Investment and Partech Ventures.

Conversocial

Conversocial aims to be the leading provider of cloud-based social customer service solutions using analytics to provide accurate, actionable insights on customer trends over time and comprehensive application program interfaces that integrate into customer relationship management and contact centre technologies.

Conversocial is expanding its executive team to help innovate its product as companies invest in customer service applications in order to accelerate their customer engagement. During the past year, Conversocial has increased its office presence and has recorded new client wins across North America, UK and Europe.

Conversocial raised US\$11 million in 2015 from Dawn Capital, previous investor Octopus and the Group.

Movidius

Movidius is a provider of low power integrated circuits and software to enable visual sensing and computer vision for mobile devices and the internet of things. The company's Myriad product is a computationally powerful but power efficient vision processing unit.

The company taped-out its 28nm MA2100 chip in early 2015 and successfully launched it in July 2015. They have subsequently successfully taped out a more power-efficient device – MA2150.

In 2015 Movidius raised US\$40 million. The investment was led by Summit Bridge Capital, with ARCH Venture Partners, Sunny Optical Technology Group, Atlantic Bridge Capital, AIB Seed Capital Fund, Capital-E, the Group and Robert Bosch Venture Capital.

Graze (Nature Delivered Ltd)

Graze is an online and offline retailer and manufacturer of healthier snacks, operating in the UK and the USA. Founded in 2009, it developed a subscription model based on experiences of founder Graham Boshier at Lovefilm, the DVD rental business. The company has developed logistics technology that allows it to deliver cost effectively across the UK and USA and it utilises data generated from user reviews to innovate and develop new products for evolving taste preferences and growing consumer demand for wholesome on the go snack options. Graze's vision is to become the number one healthier snacking brand in the world.

Investors in Graze include Carlyle Group and Octopus alongside the Group.

Horizon Discovery

Horizon Discovery is a life science company that provides enabling products, services and research programs. Horizon was founded in 2007, and has offices in the UK, Europe and the U.S. Horizon

supplies advanced research tools and expert services to organisations engaged in genomics research and the development of personalised medicines.

In addition, Horizon provides custom cell line and in vivo model generation services for research and bioproduction applications, quantitative molecular reference standards, in vivo disease models, contract research and custom screening services including for target identification and validation, and for drug combination studies.

Horizon is headquartered in Cambridge, UK, is traded on AIM and had a market capitalisation of £163.4 million as at 31 May 2016.

1.2 Valuation as at 31 December 2015 and 30 April 2016

The following table shows certain details regarding the top eight companies in the Initial Portfolio by value and the Company's quoted holdings as at 31 December 2015 (being the latest practicable date prior to the publication of this document) and as at 30 April 2016 (adjusted solely for currency movements since 31 December 2015) representing 79.7 per cent. of the Initial Portfolio as at 31 December 2015:

Investee company	Original investment date	Region	% interest fully diluted	Valuation (£) million as at		Valuation/cost	Gross IRR
				31 December 2015	31 December 2015 adjusted for currency movements to 30 April 2016		
Lyst	July 2012	UK	12	£9.2	£9.3	3.8x	62 per cent.
Trustpilot	December 2013	Denmark	4	£8.8	£8.9	1.6x	33 per cent.
SportPursuit	March 2012	UK	25	£8.2	£8.2	2.6x	43 per cent.
Movidius	March 2013	Ireland	10	£7.5	£7.6	2.1x	48 per cent.
Graze	January 2010	UK	6	£7.2	£7.2	2.1x	26 per cent.
M-files	March 2013	Finland	8	£6.3	£6.7	2.7x	53 per cent.
Conversocial	June 2011	UK	16	£5.4	£5.4	2.4x	31 per cent.
Qosmos	August 2011	France	15	£4.6	£4.9	1.2x	4 per cent.
Horizon	September 2010	UK	2	£2.4	£2.4	2.1x	16 per cent.
Total value of top 8 investee companies plus quoted holdings	—	—	—	59.6	60.6	—	—
Other investee companies				15.2	15.8	—	—
Total				74.8	76.4	1.8x	22 per cent.

Characteristics of the Initial Portfolio are subject to change. Values are estimates only and are based on internal data. Applying the valuation figure to the percentage interest as a method of calculating value will not necessarily reflect the true value of an investee company.

Since the close of Esprit Fund 3 in January 2010, it has achieved an unrealised IRR as at 31 December 2015 of 22 per cent. and an unrealised multiple of cost of 1.8x. Further details in respect of the performance of Esprit Fund 3 and the other Esprit Funds are set out below.

The Company has used an exchange rates of £1.00:€1.357 (as at 31 December 2015) and £1.00:€1.27540 (as at 30 April 2016) in presenting the figures above.

2 TRACK RECORD

The following table shows a summary of the returns of each of the Esprit Funds as at 31 December 2015 (the last practicable date prior to the publication of this document).

As at 31 December 2015

Funds managed	Vintage	Cost invested	No. of investments	No. of realisations	Realised investments				Realised and unrealised		
					No. of gains on sale	Weighted average exit multiple on gain	No. of losses on sale	Weighted average exit multiple on losses	Gross IRR	Gross IRR	Multiple
Fund 1	2001	£177m	35	30	9	3.2x	21	0.3x	7 per cent.	0 per cent.	1.2x
Fund 2	2008	£66m	19	9	6	1.7x	3	0.1x	9 per cent.	9 per cent.	1.5x
Fund 3(i)	2009	£85m	27	20	16	3.0x	4	0.4x	89 per cent.	40 per cent.	2.2x
Fund 3	2010	£55m	30	7	3	2.9x	4	0.6x	21 per cent.	23 per cent.	1.7x
Fund 3 in €M (as reported)	2010	€74m	30	7	3	2.9x	4	0.6x	21 per cent.	23 per cent.	1.7x

Composition of Track Record

The Draper Esprit track record presented consists of all investments made by the Investment Team since January 2010 for Esprit Fund 3, as at 31 December 2015. Esprit Fund 3 reports its valuation in EUR. These figures have been converted into GBP at the spot exchange rate, as at 31 December 2015, of £1:€1.357. The percentage interests presented in the table at Section A of Part 7 show the Esprit Fund 3's equity stakes in each individual company, calculated on a fully diluted basis.

Esprit Fund 3 has made 30 investments in total, representing a cost of £54.8 million. Of these, 7 have been realised, for £20.4 million versus a cost of £12.3 million representing 1.7x investment cost and gross IRR of 21 per cent. Gross IRRs represent investment IRRs based on the gross cash flows between Esprit Fund 3 and any individual investee company before any carried interest or fees. This excludes the residual valuation of the deferred considerations of some of the realised assets of £1.7 million which is included in the current portfolio valuation.

The Initial Portfolio includes 24 assets (Horizon Discovery being partially realised post-IPO) valued at £74.8 million as at 31 December 2015 (including residual value from realisations) versus a cost of £42.5 million representing 1.8x investment cost and gross IRR of 22 per cent. The Initial Portfolio, adjusted solely for currency movements since 31 December 2015, had an unaudited aggregate valuation of £76.4 million as at 30 April 2016.

Calculation of IRRs

IRR calculations are made for each individual asset taking into account the total cost invested by Esprit Fund 3 since the investment date to 31 December 2015, and Esprit Fund 3 valuation at the same date. The assumptions which are common to standard unrealised IRR calculations are as follows:

- (i) cost of investment includes the initial investment and any follow-on investments, net of any bridged amounts that have been realised;
- (ii) all investment and realisation amounts are rounded to the nearest £0.1m for presentation purposes;
- (iii) unrealised investments held by Esprit Fund 3 have been included at their valuation as at 31 December 2015 held in the Company's accounts at fair market value determined in accordance with the International Private Equity & Venture Capital Valuation Guidelines (edition December 2012 published by the EVCA). The Company's internal valuation practice, which is set out at note 20 of the LLP Group's historical financial information set out at Part 6 of this document, states that investments remain on a cost basis until the companies have i) either raised equity from third party investors or ii) made operational progresses and are marked up to fair market value in line with Esprit Fund 3's limited partnership agreement.

In all cases the Gross IRR shown represents an investment IRR based on the gross cash flows between Esprit Fund 3 and any individual investee company, i.e. from the point of deployment of capital to the investee companies to 31 December 2015. For reporting purposes, this IRR has been calculated using the month end date as the assumed investment date rather than the actual investment date.

Unrealised IRRs

Unrealised investments are those where no significant realisation of equity has occurred but may include investments where there has been redemption of capital such as bridge repayments, preference shares or loan notes. The unrealised value includes the 24 investments held by Esprit Fund 3 in accordance with the EVCA valuation guidelines as described in iii) of the 'Calculation of IRRs' section.

Realised IRRs

Realised investments are those that have been fully realised in the form of cash. Partially realised investments are those where the major part has been realised for cash, leaving a residual investment that is not yet realised. The residual investment in the case of partially realised investments is calculated in accordance with the principles defined in the 'unrealised IRR' paragraph. Realisation proceeds are recognised when cash proceeds are received and include all deal fees, dividends, interest income, capital redemptions and capital realisations.

PART 3

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1 THE DIRECTORS

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance. The Directors will meet at least ten times per annum, and the Audit Committee of the Company will meet at least three times per annum.

The Directors are as follows:

Karen Slatford (age 59) *(Non-executive Chair)*

Between 1983 and 2001 Karen was at Hewlett Packard, where in 2000 she became Vice President and General Manager Worldwide Sales & Marketing for the Business Customer Organisation. She was responsible for sales of all Hewlett Packard's products, services and software to business customers globally. Since 2001, Karen has held various roles at board level at a range of technology companies, including Portwise AB, Via Networks, Inc, Compel Group plc, HAL Knowledge Systems, and Stepstone ASA. She is currently chair of The Foundry, a leading special effects software company, the senior independent non-executive director and chair of the nominations committee of Micro Focus International, chair of ECI Debitor Limited and non-executive director at both Intelliflo Ltd and Accesso Technology Group plc. Karen holds a BA Honours degree in European Studies from Bath University and a Diploma in Marketing.

Simon Christopher Cook (age 47) *(Chief executive officer)*

Simon has been active in the UK venture capital industry since 1995. Previously, Simon was a partner with Cazenove and with Elderstreet Investments and a director at 3i in Cambridge. In 2006, he led the management buy-out of Cazenove Private Equity and acquisition of Prelude Ventures and he negotiated the Group's partnership with the Draper Venture Network. Simon has invested in a number of successful technology start-ups including Cambridge Silicon Radio (IPO), Virata (IPO), Horizon Discovery (IPO), nCipher (IPO), Lovefilm (sold to Amazon), Zeus (sold to Riverbed) and KVS (sold to Veritas). Simon currently works as a director or observer with Graze, Lyst, Sport Pursuit, Crowdcube and Trustpilot. Prior to venture capital, Simon worked as a strategy and IT consultant at KPMG, where he established the Digital Media strategy consulting practice, and as a computer games developer including running his own development company started at age 19. Simon is a graduate of University of Manchester Institute of Science and Technology (UMIST) with a BSc in Computation. Simon is a former member of the EVCA Venture Platform group and was voted VC personality of the year 2008.

Stuart Malcolm Chapman (age 46) *(Chief operating officer)*

Prior to joining the Group, Stuart was a partner with 3i Ventures in London. He was also a founding partner of 3i US, based in Menlo Park, CA from 1999 until 2003. Stuart had 13 years of venture capital experience with 3i in Europe and the US. While he was in the US, Stuart was responsible for 3i's investments in Still Secure, CollegeNet, Appshop and Digital 5. Following his return from the US in October 2003 he was responsible for 3i's investments in The Cloud (sold to Sky), Searchspace and Magic 4 (sold to Openwave). Stuart was responsible for Esprit's investments in Lagan Technology and currently manages Achica and M-Files. Stuart is a member of the British Venture Capital Association Venture Committee. Prior to 3i, Stuart was involved in software and systems implementations for Midland Bank. He is a graduate of Loughborough University.

Grahame David Cook (age 58) *(Non-executive director)*

Grahame Cook is an experienced FTSE and AIM non-executive, with extensive experience as an audit committee chairman. With a background in banking, where he has specialised in the life sciences, pharma and biotech sectors, Grahame has over 20 years' experience of M&A, equity capital markets and investor relations. Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant and worked within audit and corporate investigations. Subsequent positions include at UBS, where he was a member of the global investment banking management committee and global head of equity advisory, and at WestLB Panmure, where he

was joint chief executive officer. Grahame currently sits on a number of boards including Horizon Discovery plc, and chairs four, including Sinclair Pharma plc and Morphogenesis Inc.

Richard Fowler Pelly (age 60) (Non-executive director)

Up until April 2014, Richard was the Chief Executive of the European Investment Fund (“EIF”), Europe’s largest investor in venture capital funds. Before joining EIF in April 2008, Richard was managing director of structured asset finance at Lloyds TSB Bank in London from 2005-2007. From 1998-2005, he worked for GE Capital, first as chairman and CEO of Budapest Bank in Hungary and then as CEO of UK Business Finance within GE Commercial Finance. Prior to his career at GE, Richard worked for Barclays Bank in various functions in the UK and in France from 1977-1997, including business development, corporate finance, structured finance and retail banking. Richard holds an honours degree in psychology from Durham University, a diploma from the Institute of Bankers and obtained an MBA with distinction from INSEAD Fontainebleau. In 2003, he was awarded an OBE in the Queen’s Honours List for Services to the community in Hungary.

2 INVESTMENT TEAM

The Investment Team is responsible for the Group’s investment advice and management services.

Experience and Expertise

The Group leverages the team’s years of experience and expertise to drive value creation in its investee companies. The breadth of the Group’s team encourages deeper involvement by each member of the Investment Team in transaction origination as well as the execution of growth and business plans, working closely with investee companies’ executive management usually as a board director or observer.

Investee companies have the potential of benefiting from this involvement in a multitude of ways:

- Internationalisation and business development is accelerated as a result of the Group’s experience in relocating or expanding companies’ presence in the US and the rest of the world, introduction to distribution, supplier or recruitment opportunities, and leveraging the Group’s extensive network.
- Management teams are strengthened and grown through Draper Esprit’s recruitment network, ensuring portfolio companies have appropriate board structures in place to oversee growth plans.
- Assistance with KPI monitoring and reviews seeks to assist portfolio companies in hitting their targets, particularly in their sales and marketing functions, driving revenue growth for the duration of the Group’s involvement.
- Support of M&A activity within portfolio companies allows portfolio companies to identify potential acquisition opportunities.
- Planning the exit process throughout the period of investment by aligning management and shareholders and identifying and communicating with potential acquirers helps to maximise the valuation of the company.

In addition to the executive Directors, Simon Cook and Stuart Chapman, the Investment Team comprises:

Brian Caulfield (Managing Director)

Brian Caulfield is an entrepreneur and venture capitalist based in Dublin, Ireland. Prior to joining the Group, Brian was a partner at Trinity Venture Capital where he sat on the boards of, or led investments in, AePONA (sold to Intel), ChangingWorlds (sold to Amdocs), CR2, SteelTrace (sold to Compuware) and APT (acquired by CSR). Previously, in 1992 Brian co-founded Exceptis Technologies (sold to Trintech Group in November 2000). In 2001 Brian co-founded Similarity Systems, a business focused data quality management software company that was acquired by Informatica in January 2006. Brian currently sits on the boards of Clavis Insight, Movidius, Datahug, RhodeCode and the Irish Times, Ireland’s leading daily newspaper. Brian is a Computer Engineering graduate of Trinity College Dublin. Brian was the 2007 recipient of the Irish Software Association’s “Technology Person of the Year” award. In 2010 he also received the Halo Business

Angel Network's "Business Angel of the Year" award and in 2015 became a member of the Irish Internet Association's "Hall of Fame".

Jonathan Freuchet – Sibilia (Investment Director)

Jonathan joined the Group in 2009. Prior to joining the Group, Jonathan was a senior associate in the technology group at Jefferies International advising on high-profile cross-border M&A, debt & equity offerings. Previously he worked at Rothschild & Cie in Paris where he focused on M&A in the French market. He also worked at Apax Partners Corporate Finance in France. Jonathan holds a masters degree in management from EM-Lyon and the University of St Gallen in Switzerland, and a masters degree in advanced corporate finance from the University of Paris IX Dauphine.

Graham Redman (Chief Financial Officer)

Graham joined the Group in November 2006, and is responsible for the financial & IT systems. He qualified as a chartered accountant with PricewaterhouseCoopers working primarily with SMEs before moving into industry. After leaving PwC Graham worked as senior accounting manager for INC Research, a US Research Triangle based clinical research organisation before taking a controllership position at Unitive Electronics, a venture-backed semiconductor packaging company based in the US. Graham holds an MA in Natural Sciences from Cambridge University where he studied at Sidney Sussex College.

Richard Marsh (Partner – Encore Ventures)

Richard has worked in start-ups and venture capital since 1997 and is an experienced entrepreneur as well as a venture capitalist. He founded and built Datanomic, a Cambridge-based software company which was a pioneer of Data Quality software and was acquired by Oracle. As an investor, Richard has worked across software, hardware, mobile and cleantech sectors. He is responsible for the Group's investments in Garlik (acquired by Experian), GreenPeak Technologies, Polatis, Psytechnics (acquired by NetScout) and Displaydata. Richard is an Engineering graduate of Cambridge University where he also received his PhD. Richard holds an MBA from IMD Business School, Lausanne, where he was a Sainsbury Management Fellow.

David Cummings (Partner – Encore Ventures)

David has worked for IMI Plc, Lazard and KPMG. His early career at IMI Titanium was as a research and development metallurgist developing superconductors and titanium alloys. From 1986-2002, David worked at Lazard, where he became a partner and the managing director running the TMT group in London. While there he gained a wide variety of experience in corporate finance, M&A, debt restructuring and equity capital markets based on over a decade of transactions in the TMT sector. From 2004-2011, David was a senior director of KPMG Corporate Finance focusing on Business development and relationship building with medium to large corporations in the telecom and technology sectors. David is an active investor in early stage private technology companies and is a member of Cambridge Angels. David is a graduate of Trinity Hall, Cambridge University (Natural Sciences) and London Business School (Msc21).

Vishal Gulati (Venture Partner)

Vishal Gulati is a venture capitalist who started his investment career at Atlas Venture in 2000. During his investment career Vishal has successfully invested in and served on the boards of several healthcare companies and has supported them through product launches, public listings and trade sales in markets across Europe, the United States and India. His board appointments include Enigma Diagnostics Limited, Psynova Neurotech Ltd, Horizon Discovery Group plc, Fluidic Analytics Ltd. Prior to joining Atlas Venture, Vishal worked at the Wellcome Trust where he was involved in the setting up of its post-genomics programme. Vishal trained as a physician in India and subsequently worked in the Nuffield Department of Medicine, Oxford and the Department of Medicine at Imperial College Medical School. During his career he has received several academic awards including the UNESCO MCBN Fellowship and the Rhodes Scholarship. Vishal will be working part time for the Company, with a time commitment of one day per week.

Alan Duncan (Venture Partner)

Alan has been in the venture capital industry for more than twenty five years, initially through establishing a corporate venture fund for Ferranti plc and then with Foreign & Colonial Ventures,

Newmarket Venture Capital and Prelude Ventures. He joined Esprit as a managing partner when it was formed in 2006 and served on its board until retiring in 2013. Alan continues to manage a number of Draper Esprit's electronics investments; Lime Microsystems, XMOS, Aveillant and DisplayLink. His previous investments include Alphamosaic (sold to Broadcom), Phyworks (sold to Maxim), Greenpeak and nCipher (IPO). Alan has an electronic engineering background and gained his industrial experience in computer systems with Ferranti. Alan is a past member of the European Venture Capital Association High Tech Committee and past lecturer on the EVCA's venture capital professional training courses.

David Tate (*Partner – Draper Esprit Secondaries*)

David has been involved with the venture capital industry since 1998. In 2006, David co-founded Tempo Capital Partners, a specialist direct secondary venture investment firm, when the venture division of Nova Capital Management Limited which David had co-led since 2004 was de-merged to form Tempo. In February 2012, Tempo joined with Esprit Capital to form Draper Esprit Secondaries. David has been involved with the acquisition of some of the largest European secondary direct venture portfolios, such as Viventures, Siemens Mobile, and WestLB portfolios. He has a particular focus on software, including SaaS (software as a service) investments. Prior to 2004, David was the head of investments and an executive director at WestLB Panmure, where he was responsible for sponsoring and managing ten venture investments in WestLB & Panmure Growth Fund, including Wolfson Microelectronics, a £200 million IPO in 2003. Before WestLB Panmure, he spent over 15 years in investment banking, first at BZW and then at WestLB Group. His initial experience was in accountancy and management consultancy with Deloitte & Co. David is a Chartered Accountant and was educated at Jesus College, Oxford, University College in London, and has completed the Advanced Management Programme at INSEAD.

Olav Ostin (*Partner – Draper Esprit Secondaries*)

Olav has been involved with the venture capital industry for the past 12 years. Olav has been involved with the acquisition of some of the largest European secondary direct venture portfolios, such as Viventures, Siemens Mobile and WestLB portfolios. In 2006, Olav co-founded Tempo Capital Partners, a specialist direct secondary venture investment firm, when the venture division of Nova Capital Management Limited which Olav had co-led with David Tate since 2004 was de-merged to form Tempo. Between 2000 and 2004, he was a managing director of the ETF Group, a venture capital firm, where he was responsible for sponsoring and managing all investments in the UK and the Nordic region. Before ETF, he spent over six years in investment banking at Enskilda Securities where he was a director and the head of the technology team in London. Olav was educated at EM Lyon in France.

3 FEES AND EXPENSES OF THE COMPANY

3.1 Expenses associated with the Placing, Subscription and Admission

The costs and expenses incurred by the Group in connection with the Placing, Subscription and Admission are £4.8 million (inclusive of VAT) and will be borne by the Company.

3.2 Ongoing annual expenses

Ongoing annual expenses of the Group will be borne by the Company including fees paid to the Directors and service providers, travel, accommodation, printing, audit, finance costs, due diligence and legal fees.

4 CONFLICTS

Any member of the Group or any associate, director, partner, officer, employee, agent of any of them may be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Company. Whenever such conflicts arise, the Board shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated, fairly.

The Group has a long established conflicts of interest policy that covers policies with regards to gifts, bribery, insider trading, personal trading accounts and sensitive information. With regards to personal investments, employees and executive Directors are prohibited from investing in private companies that fall within the target investment focus of the Group. All personal investments made by employees or executive Directors in private companies irrespective of their sector require explicit

approval from the Group's compliance officer. Prior to joining the Board, the non-executive Directors must disclose all personal investments that fall within the target investment focus of the Group. Following Admission, all personal investments made by non-executive Directors into private companies that fall within this target investment focus require explicit approval from the Group's compliance officer. The non-executive Directors must not make investments into public companies that the Group has confidential or inside information on.

With regards to conflicts of interest arising from investments, each of the Draper Esprit Funds has its own conflicts committee. With regards to the Encore Funds, the purpose of the conflicts committee is to provide an opinion to the Board in the event that a conflict arises in respect of co-investment between the Group's investments and co-investments to be made by one or more Encore Funds.

Esprit Capital and Encore Ventures are governed by the COBS Rules and in the event of a conflict of interest arising, Esprit Capital and Encore Ventures will also ensure that it is resolved fairly and in accordance with the COBS Rules including those rules as to suitability and best execution.

5 UK TAKEOVER CODE

The UK Takeover Code applies to the Company.

6 CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and the Directors intend to observe the requirements of the corporate governance code for small and mid-size quoted companies published by the QCA.

The Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee, with formally delegated duties and responsibilities as described below.

Audit Committee

The Audit Committee will be responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee will monitor the need for an internal audit function following Admission.

The Audit Committee will initially comprise Grahame Cook, who will act as chair, and Karen Slatford and Richard Pelly. The Audit Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee will also meet frequently with the Company's external auditors.

Remuneration Committee

The Remuneration Committee will be responsible for determining and agreeing with the Board the framework for the remuneration of executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments, share options or other long term incentive plans. The remuneration of non-executive Directors will be a matter for the chairman and the executive Directors. No Director will be involved in any decision as to his or her own remuneration. The Remuneration Committee will also be responsible for issuing awards of shares and options to purchase Ordinary Shares under the Company's proposed share incentive plans.

The Remuneration Committee will initially comprise Richard Pelly, who will act as chair, Karen Slatford and Grahame Cook. The Remuneration Committee will meet at least twice a year and otherwise as required.

Nominations Committee

The Nominations Committee will be responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board and the chair of each such committee. The Nominations Committee will also arrange for evaluation of the Board. The Nominations Committee will initially comprise Karen Slatford, who will act as chair, Grahame Cook and Richard Pelly. The Nominations Committee will meet at least twice a year and otherwise as required.

7 MATTERS RESERVED TO THE BOARD

The Company has adopted a policy regarding matters reserved for the full Board. Those matters include (amongst other things):

- Board appointments or removals, following recommendations from the Nominations Committee.
- The approval of any material change to the Group's investment policy (subject to shareholder approval).
- In relation to investments made by the Group itself, any investment of more than £5 million at the time such investment is under consideration.
- Approval where the aggregate investment in a single asset is the greater of £10 million or 10% of market capitalisation.
- Approval of any divestment by the Group of an asset valued at £5 million or more at the time of such divestment.
- Approval of any investment where the Investment Committee considers there to be a reputational risk or the opportunity may be outside the investment focus.
- The appointment of directors to specified offices of the Board (including the Chair and Senior Independent Director).
- Contracts not in the ordinary course of business.
- Approval of yearly proposals regarding the funding of the Group (and any material amendments to such proposals).
- Approval of any matter relating to litigation considered by the Board to be material to the Company, or material in the context of the Group as a whole.

8 SHARE DEALING CODE

The Company has adopted a share dealing code, in conformity with the requirements of the AIM Rules and the ESM Rules, and will take steps to ensure compliance by the Board and relevant senior staff with the terms of the policy. The Company has also adopted a new share dealing code to come into effect on 3 July 2016 to ensure compliance by the Board and relevant senior staff with the requirements of the Market Abuse Regulations.

PART 4

RISK FACTORS

Investment in the Company should be regarded as long-term in nature and involving a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below.

Only those risks which are believed to be material and currently known to the Company in relation to itself and its industry as at the date of this document have been disclosed. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the business, results of operations, financial condition and prospects of the Company and the market price of the Ordinary Shares. Potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to invest in the Ordinary Shares.

RISKS RELATING TO THE COMPANY AND ITS OPERATIONS

The Initial Portfolio businesses are at an early stage and carry inherent risk

The Company intends to use the net proceeds of the Placing and the Subscription principally to invest further in its pipeline of direct investments and to take advantage of any future (following payment at the cash consideration due under the Acquisition Agreements) opportunities. The majority of these direct investments will be in early stage companies which may be subject to one or more of the following risks (or a combination of these risks):

- The technology and offering developed by these businesses may fail and/or these businesses may not be able to develop their offering or technology into commercially viable products or technologies.
- Early-stage businesses may not be able to secure subsequent rounds of funding which may restrict their ability to fund on-going research and the development and commercialisation of their offering and technology. Any such lack of funding could result in a company being forced to sell off its assets.
- These businesses may not be able to source and/or retain appropriately skilled personnel. In particular, they may not have the financial resources to compete with the salary and other incentivisation packages offered by their competitors or other scientific and technology based companies or organisations.
- Competing offerings and technologies may enter the market which may adversely affect the businesses' ability to commercialise their intellectual property or the underlying companies may not have been able to adequately protect their intellectual property (whether due to lack of financial resource or otherwise).

There is no certainty that any of the businesses: will (i) reach the stage where economic benefits resulting from expenditure on research activities become probable; or (ii) generate any, or any significant, returns (e.g. dividends, proceeds from a share sale or a return on capital from an exit event) for their shareholders (including the members of the Group) or that the Group will be able to secure a profitable exit from its investment in any or all of the Company's portfolio businesses.

The past performance of the Initial Portfolio and the Group are not indications of the Company's future performance

This document includes information regarding the track record and performance data of the Group and investments made by the Group (collectively, the "**Track Record**"), as well as certain performance data regarding the Initial Portfolio.

The Track Record and the past performance of the Initial Portfolio are not indications of the Company's future performance. The investments in the Initial Portfolio and those that the Company makes in the future may not appreciate in value and, in fact, may decline in value. Moreover, the Company's future financial performance may reflect unrealised gains on investments as at applicable measurement dates which may never be realised due to many factors, some or all of which are not in the Company's control, which in turn may adversely affect the ultimate value realised from the Company's investments and the market price of the Ordinary Shares.

The previous experience of the Group may not be directly comparable with the Company's proposed business. Differences between the Company and the circumstances in which the Track Record and the performance data of the Initial Portfolio in this document was generated include but are not limited to: actual acquisitions and investments made, investment objectives, fee arrangements and structure, terms, performance targets and investment horizons. All of these factors can affect returns and impact the usefulness of performance comparisons and as a result, none of the Track Record information and the Initial Portfolio performance data contained in this document is directly comparable to the returns which the Company may generate. The Company's success will depend upon, among other things:

- The Company's ability to select successful investment opportunities.
- The performance of the Company's investments.
- The management and performance of the portfolio companies in which the Company invests.

An investment in the Company is subject to all of the risks and uncertainties associated with an investment business of the Company's type, including the risk that the Company will not achieve its investment objective and that the value of the Ordinary Shares could decline substantially. An investor may not get back the amount originally invested. The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

The Company is vulnerable to risks related to non-controlling investments and the value of the Initial Portfolio and income receivable through realisations may be dominated by a single or limited number of investee companies

The Company will hold non-controlling interests in its investments and, therefore, may have a limited ability to protect its position in such investments. The Initial Portfolio includes significant investments in each of which the Company will be a non-controlling investor with relatively little ability to influence the operation of the investee companies in which it invests. This could materially adversely affect the Company's business, financial condition, results of operations and/or the market price of the Ordinary Shares.

Furthermore, a large proportion of the overall value of the portfolio of investee companies held by the Company may at any time be accounted for by one, or very few, investee companies. The Company's top eight investments together accounted for approximately 76 per cent. by value of the Initial Portfolio as at 31 December 2015. Accordingly, there is a risk that if one or more such investee companies experience difficulties or suffer from poor market conditions and if, as a result, their value were to be adversely affected, this would have a material adverse impact on the overall value of the Company's portfolio of investee companies. Any material adverse impact on the value of the Company's portfolio of investee companies or material detrimental effect on the revenue received by the Group could have a material adverse effect on the Company's business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

The Company's investments will be difficult to value accurately, valuation methodologies are subject to significant subjectivity and there can be no assurance that the values of the Company's investments reported will in fact be realised

The Company's investments (including the Initial Portfolio) include securities and other obligations which are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable laws and/or the relevant investment documentation. While the valuations of the Group's investments will be in compliance with IFRS on the basis of market value in accordance with the International Private Equity and Venture Capital Valuation Guidelines, these investments are extremely difficult to value accurately. The value of the Company's investments (including the Initial Portfolio) which can be liquidated may differ, sometimes significantly, from their valuations. Third party pricing information may not be available for certain investment positions held by the Company or may not be available in a timely manner, in which case the Net Asset Value will be published based on estimated values and on the basis of the information available to the Company at the time. The Company may base the valuations that it uses in calculating its Net Asset Value upon pricing information and valuations furnished to the Company by third parties. Absent bad faith or manifest error, valuations determined in accordance with the Company's valuation policy will be conclusive and binding. Further, such valuations cannot by their nature be exact and are liable to change. Such valuation estimates will be unaudited and may not be subject to independent verification or other due diligence. Moreover, valuations of the Company's

investments (including the Initial Portfolio) may not reflect the price at which such investments can be realised. The aggregate value of the Company's investments (including the Initial Portfolio) may therefore fluctuate and, furthermore, there can be no assurance that the values of investments reported by the Company from time to time will in fact be realised. This may materially adversely affect the market price of the Ordinary Shares.

The Company may experience competition with other market participants which may reduce the opportunities available for investment

The execution of the Company's investment strategy depends primarily on the ability of the Company to identify opportunities to make investments and to convert those opportunities. A number of entities compete with the Company for investment opportunities, including public and private investment funds, commercial and investment banks, commercial finance companies, business development companies and operating companies acting as strategic buyers. The Company believes that competition for investment opportunities is based primarily on pricing, terms and structure of a proposed investment, certainty of execution and in some cases, brand or reputational presence. Some of the Company's competitors will have access to funding sources that are not available to the Company. In addition, some of the Company's competitors may have higher risk tolerances, higher profile brands or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Company. The competitive pressures faced by the Company may prevent it from identifying investments that are consistent with its investment objectives or that generate attractive returns for Shareholders. The Company may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by competitors. The Company can offer no assurance that competitive pressures will not have a material adverse effect on its business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

The termination of the Group's arrangements with the Draper Venture Network may reduce the opportunities available for investment

The execution of the Company's investment strategy depends primarily on the ability of the Company to identify opportunities to make investments. Esprit Capital is, pursuant to the terms of the Licence Agreement, the Western European member of the Draper Venture Network. Headquartered in Silicon Valley, the Draper Venture Network is a self-governed collective of ten independent growth and venture funds managing hundreds of portfolio companies around the globe. These independent venture capital funds based in tech hubs across the world collaborate on deals, diligence and other value-added services. The Directors believe the Company's membership provides it with a significant advantage in the origination and diligence of potential investments, the generation of market intelligence and the development of valuable corporate relationships. It also enables the Group to provide portfolio companies with assistance in approaching sources of funding in the United States for future fundraising rounds and enables it to expand into new and lucrative markets or to position it in global markets with the intention of attracting higher valuations at exit. If the Group's arrangements with the Draper Venture Network were terminated for any reason, the Company would lose the advantages that membership to the Draper Venture Network brings and this may have a material adverse effect on its business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

The Company will depend on the expertise of the Group's personnel in providing investment management and advisory services

The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the Executive Directors and employees (including Simon Cook, Stuart Chapman and Brian Caulfield), as well as the ability of the Group to attract and retain other suitable staff. The impact of the departure for any reason of one or more key individuals from the Group on the ability of the Company to achieve its investment objectives cannot be determined and may depend on, amongst other things, the ability of the Group to recruit other individuals of similar experience and credibility.

The due diligence process that the Company undertakes in connection with the Company's investments may not reveal all facts and circumstances that may be relevant in connection with an investment

Before an investment is made the Company will conduct due diligence which it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Group typically evaluates a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisers and accountants may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company will be required to rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be subjective, especially with respect to companies for which only limited information is available. Accordingly, there can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating such investment opportunity.

Any failure by the Company to identify relevant facts and circumstances through the due diligence process may lead to unsuccessful investment decisions, which could have a material adverse effect on the Company's business, financial condition and/or results of operations, and/or the market price of the Ordinary Shares. Similarly, notwithstanding that the Company takes all reasonable steps to verify the accuracy of the information provided to it by the investee companies that comprise the Initial Portfolio, there can be no assurance that such information, some of which has been included in this document, reveals or highlights accurately all relevant facts and circumstances that may be necessary or helpful in evaluating such investee company.

The amount which the Company invests in an investment may exceed the amount it realises upon exit from that investment

There can be no guarantee that an investment will ultimately be realised for an amount exceeding the amount invested by the Company. Some or all of the Company's investments (including the Initial Portfolio) may be difficult to realise in a timely manner, or at an appropriate price, or at all. If the Company is unable to realise value from its investments (including the Initial Portfolio), this could have a material adverse effect on the Company's business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

The Company may hold a relatively concentrated portfolio

The Company may hold a relatively concentrated portfolio. Although the Company's investing policy is intended to help ensure that the Company's portfolio is diversified, it is possible that a significant portion of the Company's portfolio will be concentrated within a small number of underlying investee companies. There is a risk that the Company could be subject to significant losses if any company in which the Company has an investment were to default or suffer some other material adverse change, or if any sector or geography in which the Company has substantial investments were to experience difficulties.

Any of these factors could materially adversely affect the value of the Company's portfolio and, by extension, the Company's business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

Fluctuations in foreign exchange rates may adversely affect the performance of the Company's portfolio

The Company does not currently intend to enter into any hedging arrangements to mitigate its exposure to fluctuations in exchange rates. The Ordinary Shares will be quoted in Sterling (and in Euros on the ESM), the accounts of the Company will be reported in Sterling and the majority of the net proceeds the Company receives from the Placing will be in Sterling. However, certain of the Company's investments are made or operate in currencies other than Sterling and the Company may make certain of its future investments in other currencies and in companies that use other currencies as their functional currency, including the Euro. Accordingly, changes in exchange rates may have an adverse effect on the valuations and/or revenues of the Company's investments, and on its investments' ability to make debt payments, pay dividends or make other distributions to investors such as the Company.

The Initial Portfolio

Pursuant to certain of the Acquisition Agreements, on, or immediately before, Admission, the Group will acquire, directly and indirectly, the Initial Portfolio pursuant to the terms of the relevant Acquisition Agreements. The Company has been advised in each relevant jurisdiction that the acquisition of the Initial Portfolio does not, save in respect of Cloudapps Limited, trigger any obligation on the Group to obtain consent to such acquisition or utilise any pre-emption mechanism for the transfers contained in the underlying constitutional documents of the investee companies that comprise the Initial Portfolio. However, if that advice was challenged successfully in relation to one or more investee companies, any potential future gains the Group may have otherwise received from an increase in value and/or realisation of such investee companies would be reduced. This could have a material adverse effect on the Company's business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

The Company is newly established and has no operating history

The Company was incorporated on 29 September 2015 and has not yet commenced operations. The Company does not have any operating history, meaningful historical financial statements or other meaningful operating or financial data with which investors may evaluate it. Although this document contains certain historical financial and performance data of Esprit Capital and the Initial Portfolio, the investments made prior to the Company's acquisition of Esprit Capital and the Initial Portfolio and their performance will not necessarily reflect the performance of any investments made by the Company. An investment in the Company is, therefore, subject to all of the risks and uncertainties associated with any new business, including the risk that the Company will not achieve its investment objective and that the value of any investment could decline substantially.

In the event of the insolvency of one of the Company's investee companies, the return on such investment to the Company may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that investee company and any of its assets

In the event of the insolvency of one of the Company's investee companies, the Company may lose all of the amounts which it has invested in such company. The Company's recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction of incorporation of such investee company or in the jurisdiction in which such investee company mainly conducts its business (if different from the jurisdiction of incorporation), and/or in the jurisdiction in which the assets of such investee company are located. Such insolvency regimes impose rules for the protection of creditors and may adversely affect the Company's ability to recover such amounts as are outstanding from the insolvent investee company under the investment. The different insolvency regimes applicable in the different jurisdictions result in a corresponding variability of recovery rates for equity, senior secured loans, high yield bonds and other debt obligations entered into or issued in such jurisdictions, any of which may materially adversely affect the Company's business, financial condition and/or results of operations, and/or the market price of the Ordinary Shares.

The Company may be exposed to risks arising from the involvement of its personnel in investee companies as non-executive directors

Investing in non-public companies normally involves a greater involvement on the part of the Company than is the case with investments in public companies. The Group may have the right to appoint a non-executive to the board of directors of an investee company, whether public or private, which would enhance its ability to efficiently supervise the Company's investment. Although a representative of the Group may serve on an investee company's board of directors, such directors will be non-executive directors and each portfolio company will be managed by its own executive officers (who generally will not be associated with the Company). Typically, investee companies will have insurance to protect directors and officers (including those associated with the Group), but there is no guarantee that they will have such insurance, and even if they do, this may be inadequate. Any legal action resulting in damages being payable by such directors and/or officers may result in the Company being liable for such indemnity payments in the event that the insurance coverage of the underlying investee company is inadequate.

Incentive arrangements could encourage riskier investment choices that could cause significant losses for the Company

The compensation of some investment professionals employed by the Group will in part be based upon the performance of the investments that the Company make. Such compensation arrangements may create an incentive for the Company to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. Resulting losses by the Company could have a material adverse effect on the performance of the Company and the market price of the Ordinary Shares.

Need for further investment

The Company may require additional capital in the future for expansion activity and/or business development and/or potential follow-on investments in existing investee companies, whether from equity or debt sources, especially if the Company's equity realisations from investee companies are not significant. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned expansion activity and/or business development. In light of the Company's portfolio and existing Shareholder base, the success of any future fundraising by the Company is likely to be largely dependent on the continued support of existing Shareholders. The Company will not be able to participate in subsequent funding rounds carried out by portfolio businesses which will result in the interest which the Company holds in such businesses being diluted which may have a material adverse effect on the Company's business, financial condition and/or results of operations and/or the market price of the Ordinary Shares.

The Company may enter into arrangements with certain institutional investors to provide it with the opportunity to co-invest with the Group in investee companies. Such arrangements may be restricted following Admission due to restrictions under the AIM Rules and ESM Rules, particularly the rules governing related party transactions which may limit the manner and extent to which a Shareholder can act together with the Company in relation to any joint investment arrangement.

The Company is subject to risks associated with developments in the technology sector

The success of the Company is based on the ability to successfully identify, develop and take to market viable products in the technology sector. The Company cannot be certain that such a successful outcome is possible. The technology sector is characterised by rapid technological changes, frequent new product introductions and enhancements and evolving industry standards. The Company's investee companies may encounter unforeseen operational, technical and other challenges.

Potential UK exit from the European Union

The UK Government has announced a referendum to be held on 23 June 2016 to decide whether the UK should remain in the EU. A vote in favour of the UK leaving the EU ("**Brexit**") could have a significant impact on the Company. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of a Brexit on the value of investments in the technology sector and, by extension, the value of investments in the Company's portfolio is unknown. As such, it is not possible to state the impact that Brexit would have on the Company and its investments. It could also potentially make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

RISKS RELATING TO TAXATION AND REGULATION

The market's demand for investment in early stage companies may impact the Company's ability to realise equity returns

Some of the Company's investee companies may have significant funding requirements in the future. Venture capital is a cyclical industry, and the success of these investee companies may be influenced by the market's appetite for investment in early stage companies.

Impact of events affecting companies with comparable business models

There are a relatively small number of companies with comparable business models to the Company. Accordingly, any event which detrimentally affects one or more companies in this

comparator group may adversely affect the value of the Company and the value of the Ordinary Shares.

Regulatory burden

Regulatory requirements in relation to compliance and governance can be burdensome for venture capital businesses, which tend to have less internal infrastructure in place than larger businesses in that regard. The need to comply with regulatory requirements may divert some management time from the business of the Group, resulting in the relevant members of management having less time to devote to the management of the Group's investments.

A change in the Company's tax status or in taxation legislation in the UK or Ireland could adversely affect the Company's profits and portfolio value and/or returns to Shareholders

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Company and/or the returns payable to Shareholders. Any change in the Company's tax status or in taxation legislation in the UK or Ireland (including a change in interpretation of such legislation) could affect the Company's ability to achieve its investment objective or provide favourable returns to Shareholders. Any such change could also adversely affect the net amount of any dividends payable to Shareholders and/or the price of Ordinary Shares.

Gains realised on investments made by the Group may be subject to Irish corporation tax at 33 per cent.

The Initial Portfolio will be acquired, and it is the intention that future investments will be acquired, by Esprit Ireland, a wholly owned subsidiary of the Company incorporated in the Republic of Ireland. As such the Group should benefit from the Irish participation exemption (exemption from tax in the case of gains on certain disposals of shares, contained in section 626B of the Taxes Consolidation Act 1997) on the disposal of the Initial Portfolio and future investments on the basis set out below.

The disposal by an Irish company of its shareholding in a company that is resident in an EU member state or a country with which Ireland has concluded a double tax treaty is exempt from Irish capital gains tax if, broadly, at the time of the disposal, the investee company carries on a trade or is part of a trading group and the disposing company holds or has held at least 5 per cent. of the ordinary share capital and economic interest in the investee company for 12 months beginning not more than two years before the disposal. Ordinary share capital means all the issued share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate, but have no other right to share in the profits of the company.

This should mean that any gains that Esprit Ireland realises from disposals of 5 per cent or greater shareholdings in trading companies should be exempt from Irish corporation tax provided that the shares have been held for at least 12 months prior to disposal.

The tax residence of Esprit Ireland will be maintained in the Republic of Ireland and no UK tax should arise on the gains. Notwithstanding the above, the Group cannot guarantee that the tax authorities in the UK will not change the rules regarding the treatment of offshore subsidiaries, as Esprit Ireland would be to the Company, or that the tax authorities in Ireland will not change the rules relating to the Irish participation exemption. In addition, the Group cannot guarantee that the tax authorities in Ireland will continue to view English limited partnerships, the vehicles through which the Group's investments are largely held, as 'see-through' investment entities. In the event that one of these risks materialises, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Esprit Capital and/or Encore Ventures may cease to be authorised by the FCA

Esprit Capital and Encore Ventures are authorised and regulated by the FCA as small authorised UK AIFMs and, in the case of Esprit Capital, as a EuVECA Manager. Should either Esprit Capital and/or Encore Ventures cease to be authorised and regulated by the FCA as small authorised UK AIFMs then they would no longer be authorised to act as the investment manager of the Esprit Funds or the Encore Funds respectively or as the UK AIFM to the Group. If that was to occur, the Group would: (i) lose one of its revenue streams; and (ii) be required to appoint a replacement UK AIFM which would adversely affect the business, results of operations or financial condition of the Group. If Esprit Capital ceased to be authorised as a EuVECA Manager, the Company would be unable to market the Ordinary Shares in other EU jurisdictions (including the Republic of Ireland)

unless it obtained a 'full scope' authorisation under the AIFM Directive. This would have a material adverse effect on the Company, as it would be unable to raise additional capital in any EU member state other than the UK.

The AIFM Directive may increase the costs of running the Company and impair the ability of the Group to manage investments of the Company, which may materially adversely affect the Company's ability to implement its investment strategy and achieve its investment objectives

The AIFM Directive, which was transposed by EU member states into national law by 22 July 2013, seeks to regulate AIFMs established in the EU and prohibits such managers from managing any AIF or marketing shares in such funds to investors in the EU unless an AIFM Directive authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage the AIF, an AIFM needs to comply with various obligations in relation to the AIF and in relation to the conduct and operation of its own business. For the purposes of the AIFM Directive; Esprit Capital has been entered under the UK Alternative Investment Fund Managers Regulations 2013 into the register of UK AIFMs as a "Small Authorised UK AIFM". As such, Esprit Capital will be responsible for portfolio management decisions and risk assessment. One consequence of Esprit Capital being a "Small Authorised UK AIFM" is that the Group is not permitted to incur borrowings and cannot have more than €500 million of funds under management. It is not currently the intention of the Directors that the Group secures borrowing facilities. However, should the Group secure borrowing facilities in the future or seek to manage more than €500 million, further arrangements will need to be made to comply with the AIFM Directive. It is intended that at such time Esprit Capital would seek "full scope" authorisation. If Esprit Capital did not obtain "full scope" authorisation or alternative arrangements were not made, the Company would not be able to seek borrowings or increase the amount of funds it has under management above €500 million and this could adversely affect the Company's investment returns.

RISKS RELATING TO THE ORDINARY SHARES AND ADMISSION

Substantial shareholder influence

Immediately following Admission, ISIF and funds managed by Woodford will hold approximately 26.8 per cent. and 24.6 per cent. of the issued ordinary share capital of the Company respectively and may, individually, have the ability to exercise a controlling influence on the business and may cause or take actions that are not in, or may conflict with, the best interests of the Company or its Shareholders as a whole. In order to minimise this risk, ISIF and Woodford have given certain undertakings to the Company pursuant to the terms of the ISIF Subscription and Relationship Agreement and the WIM Relationship Agreement, further details of which are set out at paragraphs 10.8 and 10.9 of Part 9 of this document respectively.

Investments in AIM and ESM companies may attract a higher degree of risk

The prices of publicly traded securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the company issuing the relevant securities. The Ordinary Shares will not be listed on either of the Official Lists and although the Ordinary Shares will be traded on AIM and ESM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM and ESM may carry a higher risk than an investment in shares quoted on either of the Official Lists. AIM has been in existence since June 1995, and ESM since November 2005 but their future success and liquidity in the market for Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

Absence of prior trading market

Prior to Admission, there has been no public trading market for the Ordinary Shares and a market for the Ordinary Shares may not develop even after Admission. The Issue Price may not be indicative of the market price for the Ordinary Shares following Admission. Following Admission, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many

factors, including those referred to in this Part 4, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.

If securities or industry analysts do not publish research or reports about the Company's business, or if they downgrade their recommendations, the market price of the Ordinary Shares and their trading volume could decline

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Company or its businesses. If any of the analysts that cover the Company or its business downgrade it or them, the market price of the Ordinary Shares may decline. If analysts cease coverage of the Company or fail to regularly publish reports on it, the Company could lose visibility in the financial markets, which in turn could cause the market price of the Ordinary Shares and their trading volume to decline.

The Company may apply the proceeds of the Placing to uses that Shareholders may not agree with and may make investments or incur expenditure that fail to produce income or capital growth or that lose value

The Company will have considerable discretion in the application of the net proceeds of the Placing and holders of Ordinary Shares must rely on the judgement of the Investment Team regarding the application of such proceeds. The Company's allocation of the net proceeds is based on current plans and business conditions. The amounts and timing of any expenditure will vary depending on the amount of cash generated by the Company's operations and competitive and market developments, among other factors. The net proceeds may be placed in investments that fail to produce income or capital growth or that lose value.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, prospective investors are advised to consult an appropriate independent financial adviser authorised under FSMA if such prospective investor is resident in the UK, a financial adviser authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1-3) or the Investment Intermediaries Act 1995 (as amended) if such prospective investor is resident in Ireland or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities. The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment. In the event of a winding-up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

The Company's ability to pay dividends in the future is not certain

Although the Company does not intend to declare dividends in the near term, the payment of dividends by the Company to Shareholders in the future will be highly dependent upon any dividends and profits that it receives from its investee companies. The Company cannot guarantee that it will have sufficient cash resources to pay dividends.

Future issues of Ordinary Shares may result in immediate dilution of existing Shareholders

The Company may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placements to fund future investments. If existing Shareholders do not subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing Shares. The issue of additional Ordinary Shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the Issue Price.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Company's control

From time to time, publicly traded securities experience significant price and volume fluctuations which may be unrelated to the operating performance of the companies which have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control, including: variations in operating results in the Company's reporting periods, changes in financial estimates by securities analysts, changes in market valuation of similar companies, announcements by the Company of a significant investment in a portfolio company, strategic alliances, joint ventures or other capital commitments, additions or departures of key personnel, any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares.

THE RISKS NOTED ABOVE DO NOT NECESSARILY COMPRISE ALL RISKS FACED BY THE GROUP AND ARE NOT INTENDED TO BE PRESENTED IN ANY ASSUMED ORDER OF PRIORITY.

PART 5

THE PLACING

1 INTRODUCTION

The Placing comprises an offer by the Company of 14,020,547 Placing Shares to raise gross placing proceeds of £42.1 million and the sale of 1,500,000 Placing Shares by Vendors. The Placing Shares have been offered to selected investors at the Issue Price of 300 pence per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced and the Placing is not underwritten.

The Placing is conditional, *inter alia*, on Admission. The costs incurred by the Company in respect of the Placing, Subscription and Admission, being £4.8 million (inclusive of VAT), include, *inter alia*, commissions and fees payable under the Placing, registrar's fees, admission fees, printing costs, legal, advisory and accounting and tax fees and any other applicable expenses.

2 THE PLACING AGREEMENT

On 1 June 2016, the Company, the Directors, the Vendors, Numis, Goodbody and Zeus Capital entered into the Placing Agreement, pursuant to the terms of which Numis, Goodbody and Zeus Capital each agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price.

The Placing Agreement may be terminated by Numis and/or Goodbody and/or Zeus Capital in certain customary circumstances prior to Admission. The Company has appointed Numis as nominated adviser, bookrunner and joint broker to the Company in connection with the Placing. The Company has appointed Goodbody as ESM adviser, joint bookrunner and joint broker to the Company. The Company has appointed Zeus Capital as joint bookrunner to the Company.

The obligation of the Company to issue the Placing Shares and the obligation of Numis, Goodbody and Zeus Capital to procure subscribers for the Placing Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 15 June 2016 (or such later time and/or date, not being later than 29 June 2016, as the Company, Numis, Goodbody and Zeus Capital may agree); (ii) the Acquisition Agreements, the Subscription Agreements and the WIM Relationship Agreement having completed (save for any condition relating to Admission) and not being terminated; and (iii) the Placing Agreement not having been terminated in accordance with its terms.

In consideration for their respective services in relation to the Placing and Admission and conditional upon completion of the Placing, Numis, Goodbody and Zeus Capital will be paid commissions based on the aggregate value of the Placing Shares at the Issue Price issued to Placees and each of Numis and Goodbody will be paid a corporate finance fee.

The Company and the Directors have given warranties to Numis, Goodbody and Zeus Capital concerning, *inter alia*, the accuracy of the information contained in this document. The Company has also given indemnities to Numis, Goodbody and Zeus Capital. The warranties and indemnities given by the Company and the Directors are standard for an agreement of this nature. In addition, the Vendors have given warranties to Numis, Goodbody and Zeus Capital concerning, *inter alia*, title to the Placing Shares to be sold on their behalf.

Further details of the terms of the Placing Agreement are set out in paragraph 10.4 of Part 9 of this document.

3 ADMISSION

Application has been made to the London Stock Exchange and the Irish Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM and ESM respectively. It is expected that Admission will become effective and that dealings will commence on AIM and ESM on 15 June 2016. The Ordinary Shares will be in registered form and the Registrar will be responsible for the maintenance of the Shareholder register.

It is expected that, subject to the satisfaction of the conditions to the Placing Agreement, the Placing Shares will be registered in the names of the Placees subscribing for them and issued or transferred either: (a) in certificated form, where the Placee so elects, with the relevant share certificate expected to be dispatched by post, at the Placee's risk, by 24 June 2016; or (b) in

CREST, where the Placee so elects and only if the Placee is a “system member” (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for, which is expected to take place on 15 June 2016. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued. All documents or remittance sent by or to a place, or as they may direct, will be sent through the post at their risk.

4 TYPICAL INVESTOR

An investment in the Ordinary Shares is only suitable for institutional investors, professionally-advised private investors and highly knowledgeable investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

PART 6
FINANCIAL INFORMATION
Section A

Accountant's Report on the historical financial information of the Company



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The Directors
Draper Esprit plc
4 More London Riverside
London
SE1 2AU

10 June 2016

Dear Sirs

Draper Esprit Plc (the Company)

We report on the historical financial information of the Company set out in Section B of Part 6, for the period ended 31 March 2016 (the “**Historical Financial Information of the Company**”). The Historical Financial Information of the Company has been prepared for inclusion in the Company's admission document dated 10 June 2016 (the “**Admission Document**”) on the basis of the accounting policies set out in note 2 to the Historical Financial Information of the Company.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules for Companies and is given for the purpose of complying with those paragraphs and for no other purpose.

Responsibilities

The directors of Draper Esprit plc are responsible for preparing the Historical Financial Information of the Company in accordance with IFRSs. It is our responsibility to form an opinion on the Historical Financial Information of the Company and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information of the Company. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information of the Company and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance

that the Historical Financial Information of the Company is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information of the Company gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 March 2016 and of its results for the period ended 31 March 2016, in accordance with IFRSs.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules.

Yours faithfully

GRANT THORNTON UK LLP

Section B

Historical financial information of the Company

Income statement and statement of comprehensive income for the period ended 31 March 2016

	<u>Note</u>	<u>2016</u> <u>£'000s</u>
Revenue		—
Other operating charges	4	(3)
Operating loss		(3)
Finance expense		—
Loss on ordinary activities before tax		(3)
Corporation tax		—
Loss for the period		(3)
Other comprehensive income		—
Total comprehensive loss for the period		(3)

Statement of financial position as at 31 March 2016

	<u>Note</u>	<u>2016</u> <u>£'000s</u>
Assets		
Non-current assets		
Property, plant & equipment		—
Investments	8	—
Total non-current assets		<u>—</u>
Current assets		
Trade & other receivables	5	50
Cash and cash equivalents		—
Total current assets		<u>50</u>
Current liabilities		
Trade & other payables	6	(3)
Total current liabilities		<u>(3)</u>
Total liabilities		<u>(3)</u>
Net assets		<u>47</u>
Equity		
Issued share capital	9	50
Retained earnings		(3)
Total equity		<u><u>47</u></u>

Statement of changes in equity from incorporation to 31 March 2016

	Share capital £'000s	Retained earnings £'000s	Total £'000s
Balance at incorporation	—	—	—
Issue of share capital	50	—	50
Total comprehensive loss	—	(3)	(3)
Balance at 31 March 2016	50	(3)	47

Notes to the historical financial information of the Company from incorporation to 31 March 2016

1. General information

Ingleby (1994) plc was incorporated on 29 September 2015 and had no trading activity during the period ended 31 March 2016. Its registered address is 4 More London Riverside, London, SE1 2AU. Ingleby (1994) plc was renamed Draper Esprit plc on 9 June 2016.

2. Accounting policies

Basis of preparation

The historical financial information of the Company has been prepared in accordance with IFRSs and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The historical financial information of the Company has also been prepared in accordance with international accounting standards.

The Company has not prepared group historical financial information on the grounds that the inclusion of the subsidiary (which is dormant, see note 8) is not material for the purpose of giving a true and fair view. The historical financial information of the Company presents information about the Company as an individual undertaking and not about its group.

Statement of Cash Flows

The Company did not trade between inception and the end of the financial period. There were no cash flows in the current period. The Directors received no remuneration for their services during the period and there were no staff employed during the period. Consequently, the historical financial information of the Company does not include a statement of cash flows.

Going Concern

The Directors have assessed the current financial position of the Company, along with future cash flow requirements to determine if the Company has the financial resources to continue as a going concern for the foreseeable future. The conclusion of this assessment is that it is appropriate that the Company be considered a going concern. For this reason, the Directors continue to adopt the going concern basis in preparing the historical financial information of the Company. The historical financial information of the Company does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Currency

The historical financial information of the Company is presented in GBP sterling, which is the functional currency of the Company, rounded to the nearest thousand pounds.

Financial instruments

Financial assets and financial liabilities are recognised in the historical financial information of the Company when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for where maturities exceed twelve months beyond the end of the reporting period. At the end of the reporting period, the Company's loans and receivables comprise solely of unpaid share capital.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party, to the contractual provision of the instrument, and are derecognised when the contractual provision are extinguished, discharged cancelled or expire. Financial liabilities are initially measured at fair value, plus transaction costs.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges and are included within finance costs or finance income.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Auditors' remuneration

The fee payable to the Company's auditors for audit of the Company's statutory financial statements for the period ended 31 March 2016 is £3,000.

5. Trade and other receivables due within one year

	2016 £'000s
Unpaid share capital	50
	<u>50</u>

All amounts are short term. The net carrying value of all financial assets is considered a reasonable approximation of fair value.

6. Trade and other payables due within one year

	2016 £'000s
Accruals	3
	3

All amounts are short term. The net carrying value of all financial liabilities is considered a reasonable approximation of fair value.

7. Financial assets and liabilities

The description of each category of financial asset and financial liability and the related accounting policies are shown below. The carrying amounts of financial assets and financial liabilities in each category are as follows:

31 March 2016	Amortised cost £'000s	Total £'000s
Financial assets		
Trade and other receivables	50	50
Cash and cash equivalents	—	—
Short term financial assets	50	50
Total financial assets	50	50
Financial liabilities		
Trade and other payables	3	3
Total financial liabilities	3	3

8. Investments in subsidiaries

The Company holds a £1 investment in a dormant company as detailed below. The investment is held at cost.

Name of subsidiary undertaking	Activity	Holding	Country
Draper Esprit (Ireland) Limited	Dormant	100%	Ireland

9. Share capital

	2016 £'000s
Authorised, allotted, called up and fully paid	
1 ordinary share £1.00 each	—
50,000 management shares £1.00 each	50
	50

An undertaking to pay up on demand has been received by the Company in regards to amounts unpaid on the issued shares. This amount has been recorded within other receivables.

Each ordinary share entitles the holder to a single vote, has equal rights to participate in dividends and upon winding up of the company and is not redeemable.

Each management share has no right to vote, has a right to an annual dividend equal to 0.01% of its nominal value each year upon demand, and an equal right to share in proceeds of a winding-up

up to the amount paid for the share. Each management share may be redeemed at the nominal value of £1.

10. Ultimate controlling party

The Directors do not consider that there is an ultimate controlling party.

11. Post reporting date events

Conditional on Admission, the Esprit Capital Acquisition and the Esprit Fund 3 Acquisition, certain Members of Esprit Capital have assigned their future carried interest entitlements in Esprit Fund 3 to the Group.

Section C

Accountant's Report on the historical financial information of the LLP Group



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The Directors
Draper Esprit plc
4 More London Riverside
London
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10 June 2016

Dear Sirs

Esprit Capital Partners LLP (previously Draper Esprit LLP)

We report on the historical financial information set out in Section D of Part 6, for the three years ended 31 March 2015 (the “**Historical Financial Information**”). The Historical Financial Information has been prepared for inclusion in Draper Esprit plc’s admission document dated 10 June 2016 (the “**Admission Document**”) on the basis of the accounting policies set out in note 3 to the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules and is given for the purpose of complying with those paragraphs and for no other purpose.

Responsibilities

The Members of Esprit Capital are responsible for preparing the Historical Financial Information in accordance with IFRSs. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the LLP Group as at 31 March 2013, 2014 and 2015 and of its results, cash flows and recognised gains and losses for the three years ended 31 March 2015 in accordance with IFRSs.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies and Paragraph (a) of Schedule Two of the ESM Rules.

Yours faithfully

GRANT THORNTON UK LLP

Section D

Historical financial information of the LLP Group

Consolidated income statements for the years ended 31 March 2013, 2014 and 2015

	Note	2013 £'000s	2014 £'000s	2015 £'000s
Revenue	5	3,780	3,174	2,796
Staff costs and Members remuneration		(2,725)	(2,234)	(1,660)
Depreciation & amortisation		(14)	(8)	(6)
Other operating charges	6	(824)	(984)	(962)
Fund raising costs		—	(13)	(242)
Revaluation of investments held at FVTPL	19	165	(29)	(71)
Operating profit/(loss)		382	(94)	(145)
Finance expense		(6)	(10)	(23)
Profit/(Loss) on ordinary activities before tax		376	(104)	(168)
Tax expense in corporate subsidiaries	8	—	—	—
Profit/(Loss) for the financial year before Members' profit shares		376	(104)	(168)
Profit/(Loss) available for discretionary division among Members		376	(104)	(168)
Profit attributable to non-controlling interests		—	—	—
Profit/(Loss) for the financial year attributable to Members		376	(104)	(168)

Consolidated statements of comprehensive income for the years ended 31 March 2013, 2014 and 2015

	<u>Note</u>	<u>2013</u> <u>£'000s</u>	<u>2014</u> <u>£'000s</u>	<u>2015</u> <u>£'000s</u>
Profit/(Loss) for the financial year		376	(104)	(168)
Other Comprehensive Income				
Items that will be reclassified subsequently to profit and loss:				
Foreign exchange differences on consolidation		<u>6</u>	<u>31</u>	<u>(91)</u>
Total comprehensive income for the financial year, net of tax		382	(73)	(259)
Total comprehensive income for the financial year attributable to:				
Members		382	(73)	(259)
Non-controlling interests		<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the financial year		<u>382</u>	<u>(73)</u>	<u>(259)</u>

Consolidated statement of financial position as at 1 April 2012, 31 March 2013, 2014 and 2015

	Note	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Assets					
Non-current assets					
Property, plant & equipment	10	26	12	11	5
Investments	12	1,272	2,268	2,427	2,341
Total non-current assets		1,298	2,280	2,438	2,346
Current assets					
Trade & other receivables	13	1,329	794	868	813
Cash and cash equivalents	14	1,731	2,521	1,393	521
Total current assets		3,060	3,315	2,261	1,334
Current liabilities					
Trade & other payables	15	868	1,226	1,079	904
Members Capital (refundable)		10	10	10	10
Total current liabilities		878	1,236	1,089	914
Total liabilities		878	1,236	1,089	914
Net assets		3,480	4,359	3,610	2,766
Equity					
Members' reserves		3,337	4,210	3,426	2,673
Non-controlling interests		—	—	—	—
Currency translation differences on group undertakings		63	69	100	9
Members' capital (non-refundable)		80	80	84	84
Total equity		3,480	4,359	3,610	2,766
Members' interests					
Members' capital		80	80	84	84
Members' reserves		3,337	4,210	3,426	2,673
Amounts due (from) Members (included in trade & other receivables)		(12)	(12)	(16)	(16)
Total Members' interests	17	3,405	4,278	3,494	2,741

Consolidated statements of cash flows for the years ended 31 March 2013, 2014 and 2015

	Note	2013 £'000s	2014 £'000s	2015 £'000s
Cash flows from operating activities				
Operating profit/(loss)		382	(94)	(145)
Adjustments to reconcile operating profit to net cash flows used in operating activities				
Revaluation of investments at FVTPL	19	(165)	29	71
Members' remuneration charged as an expense in excess of drawings		497	—	—
Depreciation & amortisation	10	14	8	6
Decrease/(increase) in trade & other receivables	13	535	(74)	255
Increase/(decrease) in trade & other payables	15	349	(137)	(175)
		<u>1,612</u>	<u>(268)</u>	<u>12</u>
Net cash generated by/(used in) operating activities				
Tax paid by corporate subsidiaries		—	—	—
		<u>1,612</u>	<u>(268)</u>	<u>12</u>
Net cash inflow/(outflow) from operating activities				
		<u><u>1,612</u></u>	<u><u>(268)</u></u>	<u><u>12</u></u>
Cash flows from investing activities				
Purchase of property, plant and equipment	10	—	(7)	—
Purchase of investments	19	(855)	(179)	(353)
Proceeds from sale of investments		—	—	354
		<u>(855)</u>	<u>(186)</u>	<u>1</u>
Net cash inflow from investing activities				
		<u><u>(855)</u></u>	<u><u>(186)</u></u>	<u><u>1</u></u>
Cash flows from financing activities				
Payments (to) Members		—	(165)	(543)
Payments to non-controlling interests		(1)	(515)	(242)
Interest paid		(6)	(10)	(23)
Capital contributions by Members	17	—	4	—
		<u>(7)</u>	<u>(686)</u>	<u>(808)</u>
Net cash outflow from financing activities				
		<u><u>(7)</u></u>	<u><u>(686)</u></u>	<u><u>(808)</u></u>
Net increase/(decrease) in cash & cash equivalents				
		<u>750</u>	<u>(1,140)</u>	<u>(795)</u>
Cash & cash equivalents at beginning of year	14	1,731	2,521	1,393
Impact of foreign exchange revaluation		40	12	(77)
		<u>2,521</u>	<u>1,393</u>	<u>521</u>
Cash & cash equivalents at end of year				
		<u><u>2,521</u></u>	<u><u>1,393</u></u>	<u><u>521</u></u>

Consolidated statements of changes in Members' equity for the years ended 31 March 2013, 2014 and 2015

	Available for division amongst Members £'000s	Members Capital £'000s	Foreign exchange reserve £'000s	Total £'000s
Balance at 31 March 2012	3,337	80	63	3,480
Profit for the year	376	—	—	376
Other comprehensive income	—	—	6	6
Total comprehensive income	376	—	6	382
Transactions with Members	497	—	—	497
Balance at 31 March 2013	4,210	80	69	4,359
Profit for the year	(104)	—	—	(104)
Other comprehensive income	—	—	31	31
Total comprehensive income	(104)	—	31	(73)
Transactions with non-controlling interests	(515)	—	—	(515)
Transactions with Members	(165)	4	—	(161)
Balance at 31 March 2014	3,426	84	100	3,610
Profit for the year	(168)	—	—	(168)
Other comprehensive income	—	—	(91)	(91)
Total comprehensive income	(168)	—	—	(259)
Transactions with non-controlling interests	(242)	—	—	(242)
Transactions with Members	(343)	—	—	(343)
Balance at 31 March 2015	2,673	84	9	2,766

Notes to the financial statements for the years ended 31 March 2013, 2014 and 2015

1. General information

Esprit Capital is engaged in investment management activities. Its registered address is 1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP. Draper Esprit LLP was renamed Esprit Capital LLP on 9 June 2016.

Information on the LLP Group's structure is given in note 11. Information on other related party relationships of the LLP Group is provided in note 21.

Going Concern

The Members have assessed the current financial position of Esprit Capital, along with future cash flow requirements to determine if the LLP Group has the financial resources to continue as a going concern for the foreseeable future. The conclusion of this assessment is that it is appropriate that the LLP Group be considered a going concern. For this reason the Members continue to adopt the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Basis of preparation

The Historical Financial Information of Esprit Capital for the years ended 31 March 2013, 31 March 2014 and 31 March 2015, has been prepared by the Members.

The Historical Financial Information Statements have been prepared in accordance with IFRSs and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The Historical Financial Information Statements have also been prepared under the historical cost convention.

For all periods up to and including the year ended 31 March 2015, Esprit Capital has prepared its statutory accounts in accordance with UK GAAP. These Historical Financial Information Statements for the years ended 31 March 2013, 31 March 2014 and 31 March 2015 are the first Esprit Capital has prepared in accordance with IFRSs, the date of transition was 1 April 2012.

The preparation of Historical Financial Information Statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Esprit Capital's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information Statements are disclosed later in these accounting policies.

The Historical Financial Information Statements are presented in sterling (£), rounded to the nearest thousand pounds.

2. Adoption of new and revised Standards

IFRS 1 First time adoption of IFRSs: sets out the provisions for first time adoption of International Financial Reporting Standards. The impact of the adoption on the Members equity in the opening and closing balances sheets, dated 1 April 2012 and 31 March 2015 are as follows:

1 April 2012		UK GAAP	Impact	IFRS
Assets and Liabilities	ref	2012	£'000s	2012
		£'000s	£'000s	£'000s
Total non-current assets	a,b	372	926	1,298
Total current assets		3,060	—	3,060
Total current liabilities		(878)	—	(878)
Net assets		2,554	926	3,480
Equity				
Members' reserves		2,474	926	3,400
Members' capital (non-refundable)		80	—	80
Total equity		2,554	926	3,480

a – Inclusion of DFJE III GP LP in consolidation as deemed controlled under IFRS 10 (see control assessment, page 62); +£894,000

b – Revaluation of investment in DFJ Esprit II Founder LP as FVTPL; +£32,000

31 March 2015		UK GAAP	Impact	IFRS
Assets and Liabilities	ref	2015	£'000s	2015
		£'000s	£'000s	£'000s
Total non-current assets	a,b	254	2,092	2,346
Total current assets	c	1,409	(75)	1,334
Total current liabilities	d,e	(734)	(180)	(914)
Net assets		929	1,837	2,766
Equity				
Members' reserves		845	1,837	2,682
Members' capital (non-refundable)		84	—	84
Total equity		929	1,837	2,766

a – Inclusion of DFJE III GP LP in consolidation as deemed controlled under IFRS 10 (see control assessment, page 66); +£2,015,000

b – Revaluation of investment in DFJ Esprit II Founder LP as FVTPL; +£77,000

c – Inclusion of DFJE III GP LP in consolidation; + (£75,000)

d – Inclusion of DFJE III GP LP in consolidation; + (£164,000)

e – Holiday pay accrual + (£16,000)

The impact of the adoption of IFRS on the profit or loss for the year ended 31 March 2015 is as follows:

Year ended 31 March 2015	ref	UK GAAP 2015 £'000s	Impact £'000s	IFRS 2015 £'000s
Revenue	a	2,664	132	2,796
Staff costs and Members' remuneration	b	(1,646)	(16)	(1,660)
Depreciation & amortisation	c	(6)	—	(6)
Other operating charges		(962)	—	(962)
Fund raising costs		(242)	—	(242)
Revaluation of investments held at FVTPL		—	(71)	(71)
Operating profit/(loss)		(190)	45	(145)
Finance expense		(23)	(23)	
(Loss) on ordinary activities before tax		(213)	45	(168)

a – Inclusion of DFJE III GP LP in consolidation as deemed controlled under IFRS 10 (see control assessment, page 62); +£132,000

b – Holiday pay accrual +(£16,000)

c – Revaluation of investment in DFJ Esprit II Founder LP and DFJE III GP LP as FVTPL; +(£71,000)

New standards, interpretations and amendments not yet effective

The following new standards, which have not been applied in this Historical Financial Information, will or may have an effect on the LLP Group's future financial statements:

IFRS 9 Financial Instruments: IFRS 9 will eventually replace IAS 39 in its entirety. The process has been divided into three main components, being classification and measurement; impairment; and hedge accounting. The LLP Group provisionally assesses the potential effect to be immaterial given the majority of its financial assets will be held 'at fair value through profit or loss' (FVTPL). IFRS 9 is expected to be implemented in 2018. (Not yet adopted by the EU).

IFRS 15 Revenue from contracts with customers: IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It is effective for periods beginning on or after 1 January 2018, and will supersede IAS 18 Revenue. (Not yet adopted by the EU). The potential impact on LLP Group's future financial statements has yet to be assessed.

The potential impact of other new standards, interpretations and amendments that are not yet effective have yet to be assessed for the effect on the LLP Group's future financial statements.

3. Significant accounting policies

The significant accounting policies disclosed below are those observed in the years ending 31 March 2013, 2014 and 2015, and those that will be observed in the year ending 31 March 2016.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. All revenue from services is generated within the United Kingdom and is stated exclusive of VAT. Revenue from services comprises:

a. Fund management services

Fund management fees are either earned at a fixed annual rate or are set at a fixed percentage of funds under management, measured either by commitments or invested cost, depending on the investment stage of the fund being managed. Revenues are recognised as the related services are provided.

b. Arrangement fees

Occasionally, Esprit Capital may charge a fee as part of arranging an investment from one of the Funds it manages into a portfolio company. Such fees are charged at a rate determined on a case-by-case basis and are payable upon completion of the investment.

c. Portfolio directors' fees

Portfolio directors' fees are charged to an investee company and payable to Esprit Capital as the fund manager. Esprit Capital only charges directors' fees on a limited number of the investee companies. Fees are recognised as the related services are provided.

d. Deferred income

The Fund management fees are typically billed either quarterly or half-yearly in advance. Where fees have been billed for an advance period the amounts are credited to deferred income, and then subsequently released through the profit and loss account across the period the fees relate to.

Leases

All leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Retirement benefit costs

The LLP Group arranges private pension provision for its employees and Members and makes a fixed monthly contribution as a percentage of agreed remuneration into each individuals' scheme. Payments to the schemes are recognised as an expense in the period when they are due.

Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax in the corporate subsidiaries of Esprit Capital. Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the LLP Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the LLP Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements	– over the term of the lease
Fixtures and equipment	– 33 per cent.
Computer equipment	– 33 per cent.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rates of exchange at the reporting date and the gains and losses on translation are included in the income statement.

The individual financial statements of the LLP Group's subsidiary undertakings are presented in their functional currency. For the purpose of these consolidated financial statements, the results and financial position of each subsidiary undertaking are expressed in pounds sterling, which is the functional currency of Esprit Capital and the presentation currency for these consolidated financial statements.

The assets and liabilities of the LLP Group's undertakings whose functional currency is not pounds sterling are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period.

Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve within equity.

Members' remuneration and interests

Members' rights to participate in the profits or losses, or assets of an LLP are analysed between those that give rise to, from Esprit Capital's perspective, either a financial liability or equity. Members' different participation rights are analysed separately into liability and equity elements.

- **Members' remuneration**

Amounts becoming due to Members in respect of participation rights in the profits of Esprit Capital for an accounting period that gives rise to liabilities are presented as an expense within the profit and loss account (within the heading Members' remuneration).

- **Members' interests**

Members' capital is accounted for either as equity or a liability depending upon its nature. Where Esprit Capital has a contractual obligation to deliver cash or another financial asset to the Member, the capital is treated as debt. Where Esprit Capital has an unconditional right to avoid delivering cash or other financial assets to a Member in respect of such amount (i.e. repayments of the Members' capital is discretionary), it is treated as equity.

Segmental reporting

The LLP Group considers that it only has a single operating segment, investment management.

Basis of consolidation

The LLP Group financial statements consolidate those of the parent entity and all of its subsidiaries as of 31 March 2015. Other than those listed below all of the LLP Groups' subsidiaries have a reporting date of 31 March.

Esprit Capital Holdings Limited – 30 June
Esprit Nominees Limited – 30 June
Esprit Capital I GP Limited – 31 December
DFJ Esprit II GP Limited – 31 December
DFJE III FP GP Limited – 31 December
DFJE III GP LP – 31 December
Encore I GP Limited – 31 December

Encore I Founder GP Limited – 31 December
Esprit Capital I (CIP) Limited – 31 December (Dormant)
DFJE III MLP LLP – 31 December (Dormant)
DFJE III GP Limited – 31 December (Dormant)

All transactions and balances between LLP Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between LLP Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the LLP Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The LLP Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

The LLP Group applies the acquisition method in accounting for business combinations. The consideration transferred by the LLP Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the LLP Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Financial instruments

Financial assets and financial liabilities are recognised in the LLP Group's statement of financial position when the LLP Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified by Esprit Capital into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The LLP Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets at FVTPL

A financial asset may be designated as at FVTPL upon initial recognition if:

- (a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (b) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the LLP Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (c) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The LLP Group consider that the co-investment interests it holds in DFJE III FP LP and DFJ Esprit II Founder LP are appropriately designated as at FVTPL as they meet criteria (b) above.

Assets within this category are measured at fair value with gains or losses recognised in profit or loss.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial assets. This involves developing estimates and assumptions consistent with how market participants would price the assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 20).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are recognised when the group becomes a party, to the contractual provision of the instrument, and are derecognised when the contractual provision are extinguished, discharged cancelled or expire. Financial liabilities are initially measured at fair value, plus transaction costs.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges and are included within finance costs or finance income.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the LLP Group's accounting policies, which are described in note 3, the board of Esprit Capital are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision

affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the LLP Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the board of Esprit Capital have made in the process of applying the LLP Group's accounting policies and that have the most significant effect on the amounts recognised in financial information.

Control assessment

The LLP Group has a number of entities within its corporate structure and consideration has been made of which should be consolidated in accordance with IFRS 10. The LLP Group consolidates all entities within this Historical Financial Information where it has control over the following: power over the investee to significantly direct the activities; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. A summary of the conclusions from the Members' consideration of control and the relevant judgements and rationale are presented below.

Encore Ventures LLP

At 31 March 2015, 2014 and 2013 the LLP Group held 99.9 per cent. of the capital in Encore Ventures LLP, which entitled it to full control over the relevant activities of Encore Ventures LLP with no restriction arising from any contractual rights. The minority Member in Encore Ventures LLP had no entitlement to share in the returns of the Esprit Capital, and as such the LLP Group is fully exposed to variable returns arising from it. Consequently the Members consider Encore Ventures LLP to be controlled by the LLP Group.

General Partners

Where the LLP Group holds 100 per cent. of the (share) capital of each of the General Partners and there are no contractual rights in place that limit the LLP Group's power over the relevant activities of the entity or its exposure to variable returns arising from its ownership, the general partners are considered to be controlled. This is the case for all of the General Partners within the LLP Group with the exception of Encore I GP LP, where the LLP Group does not hold 100 per cent. of the capital and the limited partnership agreement places restrictions on the returns to Members that cannot be removed by the LLP Group acting alone.

Administrative companies

The LLP Group holds 100 per cent. of the share capital of various entities that form part of the LLP Group's administrative structure. There are no contractual rights in place that restrict exposure to variable returns arising from ownership, or that limit the LLP Group's power over the relevant activities of the entities or its ability to exercise that power. These entities are therefore considered to be controlled by the LLP Group.

Limited Partnerships (co-investment)

The limited partnerships that the LLP Group's General Partners are Members of are not considered to be controlled. The agreements in place within the partnerships, and the level of capital held within them, means that the LLP Group has no significant influence over the relevant activities of the Limited Partnerships and there are significant restrictions on the allocation of returns arising from them so they are treated as investments at FVTPL.

Name of undertaking	Principal activity	Consolidated
Encore Ventures LLP	Investment management	Yes
Esprit Capital I GP Limited	General Partner	Yes
DFJ Esprit II GP Limited	General Partner	Yes
DFJE III FP GP Limited	General Partner	Yes
DFJE III GP LP	General Partner	Yes
Encore I GP Limited	General Partner	Yes
Encore I Founder GP Limited	General Partner	Yes
Encore I GP LP	General Partner	No

Name of undertaking	Principal activity	Consolidated
Esprit Capital Management Limited	Admin company	Yes
Esprit Capital Holdings Limited	Admin company (dormant)	Yes
Esprit Nominees Limited	Admin company (dormant)	Yes
Esprit Capital I CIP Limited	Admin company (dormant)	Yes
DFJE III MLP LLP	Admin company (dormant)	Yes
DFJ Esprit II Founder LP	Co-investment limited partnership	No
DFJ Esprit II Founder 2 LP	Co-investment limited partnership	No
Encore I Founder LP	Co-investment limited partnership	No
Encore I Founder 2014 LP	Co-investment limited partnership	No
Encore I Founder 2014-A LP	Co-investment limited partnership	No
DFJE III FP LP	Co-investment limited partnership	No

Limited partnership funds – LLP Group entities act as the general partner and investment manager to the following limited partnerships:

Esprit Capital I Fund No.1 Limited Partnership
Esprit Capital I Fund No.2 Limited Partnership
DFJ Esprit II LP
DFJ Esprit Capital III LP
DFJ Esprit III(i) LP
DFJ Esprit III(i)-A LP

The LLP Group receives a fixed rate compensation for its role as investment manager to these limited partnerships. The board of Esprit Capital consider that these amounts are, in substance and form, “normal market rate” compensation for its role as investment manager, and the LLP Group is not therefore exposed to variable returns arising from the Limited Partnerships. The LLP Group has no voting rights within the limited partnership funds, and it has no influence over the relevant activities of the funds being restricted to matters solely relevant to its role as investment manager. Consequently the LLP Group does not consider that it controls the funds and they are not included in the consolidation.

Contingent asset – lease break premium

The LLP Group are party to a lease for the premises they occupy at 14 Buckingham Gate which was amended at the request of the landlord to bring forward the termination date. As compensation for agreeing to vacate the premises early the LLP Group is entitled to stay at the premises rent-free until June 2016 and will then receive a payment of £200,000 upon vacating. Once the LLP Group is virtually certain that they will vacate the property by the date specified in the revised agreement the value of the early termination premium will be recognised as an asset.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of unquoted equity investments

The judgements required to determine the appropriate valuation methodology of unquoted equity investments means there is a risk of material adjustment to the carrying amounts of assets and liabilities used to determine the carrying value of investments held within the LLP Group. These judgements include a decision whether or not to impair or uplift investment valuations. See note 20 for detailed information regarding the fair value of investments.

5. Revenue

Revenue is derived solely within the United Kingdom, from continuing operations for all periods. An analysis of the LLP Group's revenue is as follows:

	2013		2014		2015	
	£'000s		£'000s		£'000s	
Management Fees						
Primary Fund – DFJ Esprit Capital III LP	1,630	43%	1,687	53%	1,235	44%
Primary Fund – Esprit Capital I Fund LP	778	21%	378	12%	105	
Secondary Fund – DFJ Esprit II LP	495	13%	495	16%	421	15%
Secondary Fund – DFJ Esprit III(i) LP	752	20%	433	14%	475	17%
EIS Funds	21		186		333	
Portfolio Directors' Fees	18		16		98	
Other	86		(21)		129	
Total	3,780		3,174		2,796	

Where revenue from a single customer exceeds 10 per cent. during a year the percentage is shown in the above table, the funds listed above are those single customers.

6. Profit for the year

The profit for the year has been arrived at after charging:

	2013	2014	2015
	£'000s	£'000s	£'000s
Depreciation	14	8	6
Operating lease rentals – plant & equipment	3	3	3
Operating lease rentals – property	185	231	184
Auditors' remuneration	38	38	48
Auditors' remuneration – non audit services	35	35	58

7. Staff costs

The average monthly number of employees, including salaried Members, during the year was 6, (2014: 5, 2013: 5).

	2013	2014	2015
	£'000s	£'000s	£'000s
Items included in staff costs			
Members remuneration charged as an expense	2,290	1,784	922
Salaries	271	201	450
Social security costs	32	23	52
Pension costs in respect of defined contribution schemes	21	21	15
	2,614	2,029	1,439

8. Tax expense in corporate subsidiaries

Certain companies consolidated in these financial statements are subject to corporate taxes based on their profits for the financial year. Income tax payable on the profits of Esprit Capital and other LLPs consolidated within the LLP Group is solely the personal liability of the individual Members of those LLPs and consequently is not dealt with in these financial statements.

The charge to tax, which arises in the corporate subsidiaries included within these financial statements, is:

	2013 £'000s	2014 £'000s	2015 £'000s
Current tax on income of subsidiaries for the year	—	—	—
Tax expense in corporate subsidiaries	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

The following table reconciles the tax expense at the standard rate to the actual tax expense:

	2013 £'000s	2014 £'000s	2015 £'000s
Profit/(Loss) on ordinary activities before tax	376	(104)	(168)
Less profit/(loss) arising in LLPs/LPs	(294)	29	130
Profit/(loss) on ordinary activities of group companies before tax	82	(75)	(38)
Tax expense at UK standard rate of 21.5% (2014: 22%, 2013: 24%)	20	(16)	(8)
Expenses not deductible for tax purposes	—	—	24
Unrealised revaluation of investments	(20)	18	(16)
Other tax adjustments	—	(2)	—
Total tax (credit)/charge for the year	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

9. Members' profit shares

	2013 £'000s	2014 £'000s	2015 £'000s
Average number of Members	7	9	6
Average Member's remuneration (charged as an expense)	327	198	154
Remuneration attributable to highest paid Member	445	269	344
	<u>445</u>	<u>269</u>	<u>344</u>

10. Property plant & equipment

	Leasehold Improvements £'000s	Fixtures & Equipment £'000s	Computer Equipment £'000s	Total £'000s
Cost				
At 1/4/2012	81	32	99	212
Additions	—	—	—	—
Disposals	—	(7)	(21)	(28)
At 31/3/2013	81	25	78	184
Additions	—	—	7	7
Disposals	—	(10)	(10)	
At 31/3/2014	81	25	75	181
Additions	—	—	—	—
Disposals	—	—	—	—
At 31/3/2015	81	25	75	181
Aggregate depreciation				
At 1/4/2012	81	30	75	186
Charge for the year	—	2	12	14
On Disposals	—	(7)	(21)	(28)
At 31/3/2013	81	25	66	172
Charge for the year	—	—	8	8
On Disposals	—	—	(10)	(10)
At 31/3/2014	81	25	64	170
Charge for the year	—	—	6	6
On Disposals	—	—	—	—
At 31/3/2015	81	25	70	176
Net Book Value				
At 1/4/2012	—	2	24	26
At 31/3/2013	—	—	12	12
At 31/3/2014	—	—	11	11
At 31/3/2015	—	—	5	5

11. Subsidiaries

The LLP Group consists of the parent entity, Esprit Capital Partners LLP (previously Draper Esprit LLP), incorporated in England and Wales, and a number of subsidiaries held directly and indirectly by Esprit Capital. Investments in subsidiaries are measured at cost less impairment. The financial statements consolidate the results and financial position of the LLP Group, including all subsidiary undertakings. The subsidiary undertakings are listed below.

Name of subsidiary undertaking	Principal activity	Holding	Country
Esprit Capital Holdings Limited	Intermediate holding company	100%	UK
Esprit Capital Management Limited	Administrative services	100%	UK
Esprit Nominees Limited	Nominee	100%	UK
Esprit Capital I GP Limited	Fund General Partner	100%	UK
DFJ Esprit II GP Limited	Fund General Partner	100%	Cayman
DFJE III FP GP Limited	Fund General Partner	100%	UK
DFJE III GP LP	Fund General Partner	100%	UK
Encore I GP Limited	Fund General Partner	100%	Cayman
Encore I Founder GP Limited	Fund General Partner	100%	Cayman
Encore Ventures LLP	Investment management	99.9%	UK
Esprit Capital I CIP Limited	Dormant	100%	UK
DFJE III MLP LLP	Dormant	100%	UK
DFJE III GP Limited	Dormant	100%	UK

12. Investments

The LLP Group holds investments through the co-investment vehicles of two of the Funds it manages. The LLP Group has a 1 per cent. (co-investment) interest in DFJ Esprit II LP. The LLP Group also holds a co-investment in DFJE III FP LP which invests alongside DFJ Esprit Capital III LP. The underlying investments within the Funds are predominantly unlisted securities and are carried at Fair Value Through Profit or Loss. The means of valuation of these investments is set out in note 20.

	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Interest in DFJ Esprit II Founder LP	379	445	371	327
Interest in DFJE III FP LP	893	1,823	1,918	2,014
Other	—	—	138	—
Total	1,272	2,268	2,427	2,341

13. Trade and other receivables due within one year

	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Trade receivables	990	496	424	472
Other receivables & prepayments	327	286	428	125
Member's loan	—	—	—	200
Amounts due from Members	12	12	16	16
	1,329	794	868	813

All amounts are short term. The net carrying value of all financial assets is considered a reasonable approximation of fair value. Ageing analysis of unimpaired trade receivables:

	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Current	979	456	407	361
30 days	—	—	—	—
60 days	1	11	7	102
90 days+	10	29	10	9
	990	496	424	472

14. Cash and cash equivalents

Cash and cash equivalents comprise:

	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Cash at bank and in hand				
Sterling (£)	801	2,433	699	520
US dollar (\$)	1	1	1	—
Euro (€)	929	87	693	1
	1,731	2,521	1,393	521

15. Trade and other payables due within one year

	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Trade payables	132	180	247	99
Other taxation and social security	14	14	7	14
Other payables	65	39	53	112
Accruals and deferred income	657	993	772	679
	868	1,226	1,079	904

All amounts are short term. The net carrying value of all financial liabilities is considered a reasonable approximation of fair value.

16. Operating leases as a lessee

The LLP Group leases an office building under an operating lease. The future minimum lease payments are as follows:

	Within 1 year £'000s	1-5 years £'000s	After 5 years £'000s	Total £'000s
31 March 2013	192	768	192	1,152
31 March 2014	192	768	—	960
31 March 2015	—	—	—	—

Following renegotiation of the building lease for 14 Buckingham Gate in 2015, the termination date was brought forward to June 2016 and no further lease payments are payable.

17. Members' interests

	Members Capital £'000s	Reserves £'000s	Amounts due from Members £'000s	Total £'000s
Balance at 31 March 2012	80	3,337	(12)	3,405
Total comprehensive income for the financial year	—	376	—	376
Transactions with non-controlling interests	—	—	—	—
Transaction with Members	—	497	—	497
Balance at 31 March 2013	80	4,210	(12)	4,278
Total comprehensive income for the financial year	—	(104)	—	(104)
Transactions with non-controlling interests	—	(515)	—	(515)
Transactions with Members	4	(165)	(4)	(165)
Balance at 31 March 2014	84	3,426	(16)	3,494
Total comprehensive income for the financial year	—	(168)	—	(168)
Transactions with non-controlling interests	—	(242)	—	(242)
Transactions with Members	—	(343)	—	(343)
Balance at 31 March 2015	84	2,673	(16)	2,741

18. Retirement benefits

The LLP Group makes contributions to personal pension schemes set up to benefit its employees and Members. The LLP Group has no interest in the assets of these schemes and there are no liabilities arising from them beyond the agreed monthly contribution for each employee or Member that is included in employment costs or Members remuneration in the income statement as appropriate.

19. Financial assets and liabilities

The description of each category of financial asset and financial liability and the related accounting policies are shown below. The carrying amounts of financial assets and financial liabilities in each category are as follows:

1 April 2012	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments in unlisted securities (co-investments)	1,272	—	1,272
Long term financial assets	1,272	—	1,272
Trade and other receivables	—	1,002	1,002
Cash and cash equivalents	—	1,731	1,731
Short term financial assets	—	2,733	2,733
Total financial assets	1,272	2,733	4,005
Financial Liabilities			
Trade and other payables	—	432	432
Total financial liabilities	—	432	432

31 March 2013	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments in unlisted securities (co-investments)	2,268	—	2,268
Long term financial assets	2,268	—	2,268
Trade and other receivables	—	508	508
Cash and cash equivalents	—	2,521	2,521
Short term financial assets	—	3,029	3,029
Total financial assets	2,268	3,029	5,297
Financial Liabilities			
Trade and other payables	—	542	542
Total financial liabilities	—	542	542
31 March 2014	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments in unlisted securities (co-investments)	2,427	—	2,427
Long term financial assets	2,427	—	2,427
Trade and other receivables	—	440	440
Cash and cash equivalents	—	1,393	1,393
Short term financial assets	—	1,833	1,833
Total financial assets	2,427	1,833	4,260
Financial Liabilities			
Trade and other payables	—	570	570
Total financial liabilities	—	570	570
31 March 2015	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments in unlisted securities (co-investments)	2,341	—	2,341
Long term financial assets	2,341	—	2,341
Trade and other receivables	—	688	688
Cash and cash equivalents	—	521	521
Short term financial assets	—	1,209	1,209
Total financial assets	2,341	1,209	3,550
Financial Liabilities			
Trade and other payables	—	415	415
Total financial liabilities	—	415	415

Financial assets designated at FVTPL:

Investments in unlisted securities (co-investments)	2013 £'000s	2014 £'000s	2015 £'000s
Fair Value 1 April	1,272	2,268	2,427
Additions at cost	855	179	353
Return of funds	—	—	(354)
Revaluation	165	(29)	(71)
Foreign exchange revaluation on consolidation	(24)	9	(14)
Fair Value at 31 March	2,268	2,427	2,341

20. Fair value measurements

The co-investment interests held by the LLP Group are held at FVTPL based on the underlying values of the co-investments in DFJE III FP LP and DFJ Esprit II LP in which the LLP Group indirectly participates. The interests held yield a preferred return (a "hurdle") calculated against the cash invested, and subject to the underlying fund values being sufficient to meet or exceed the hurdle.

The Funds, DFJE III FP LP and DFJ Esprit II LP, invest in a number of early stage and growth companies, predominantly through unlisted securities. In the accounts of the Funds these investments are carried at fair value calculated as detailed below.

Unquoted investments are initially recognised at cost, including fees and transaction costs. Thereafter, investments are re-valued in accordance with the International Private Equity Valuation Guidelines ("IPEV") published by the European Venture Capital Association in December 2012. In line with the IPEV, the Manager may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values *inter alia*.

Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business.

Where there has been any recent investment by third parties, the price of that investment will provide a basis of the valuation. The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment, and the LLP Group will consider whether the basis remains appropriate each time valuations are reviewed.

If the 'price of recent investment' methodology is no longer considered appropriate, the LLP Group then considers alternative methodologies in the IPEV guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value.

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired.

In all cases, valuations are based on the judgement of the LLP Group after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets.

Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Due to this uncertainty the Partnership may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

Subsequent to their initial recognition, measurements of fair values of financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is based on observable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and.
- Level 3 inputs are unobservable inputs for the asset or liability.

The investments held by the LLP Group are valued on the basis of the non-public reported financial performance of the underlying funds which themselves are valued principally using Level 3 inputs. As a consequence the values of investments held within the LLP Group at 31 March 2015, 31 March 2014 and 31 March 2013 are considered to be entirely based on Level 3 inputs and there were no transfer between Levels 1, 2 and 3 during the years.

Significant unobservable inputs for Level 3 Valuations

The LLP Group's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally through reference to externally generated data such as investment round share prices, although a significant proportion are valued using an internally generated revenue multiple. A quantitative sensitivity analysis of the impact that changes to the weighted average revenue multiple would have on the value of investments held by the LLP Group is shown below:

Sensitivity analysis – revenue multiple	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Value of Level 3 investments	1,272	2,266	2,288	2,340
Value sensitive to change in revenue multiple	85	141	149	204
Weighted average revenue multiple used	6.5x	3.1x	2.6x	3.0x
Sensitivity (+/-)	1x	1x	1x	1x
Effect on fair value (+/-)	13	46	57	68

Financial instruments risk

Financial risk management

Financial risks are usually grouped by risk type: market, liquidity and credit risk. These risks are discussed in turn below.

Market risk – Foreign currency

A significant portion of the LLP Group's revenue, investments and cash deposits are denominated in a currency other than sterling. The principal currency exposure risk is to changes in the exchange rate between EUR and GBP. Presented below is an analysis of the theoretical impact of 10 per cent. volatility in the exchange rate on Members equity.

The impact on revenues of a shift in exchange rates between EUR:GBP of +/- 10 per cent. would have had the following theoretical impact on profit/loss for the years ended 31 March.

Foreign currency exposures – Revenue	2013 £'000s	2014 £'000s	2015 £'000s
Profit/(Loss) for the financial year	338	(104)	(168)
Profit/(Loss) after 10 per cent. decrease in EUR:GBP	190	(257)	(194)
Profit/(Loss) after 10 per cent. increase in EUR:GBP	519	83	(70)

Impacts have been calculated based on revenues in the year of €2,001k, €2,001k and €1,665k for the years ended 31 March 2013, 2014 and 2015 respectively.

The investment held by the LLP Group into DFJE III FP LP is denominated in Euros. The theoretical impact of a change in the exchange rate of +/-10 per cent. between EUR:GBP would be as follows:

Foreign currency exposures – Investments	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Investments denominated in EUR	893	1,823	1,918	2,015
10 per cent. decrease in EUR:GBP	992	2,026	2,131	2,239
10 per cent. increase in EUR:GBP	812	1,658	1,743	1,832

Impacts have been calculated based on investment values at 31 March 2012, 2013, 2014 and 2015 of €1,071k, €2,162k, €2,320k and €2,755k respectively.

Certain cash deposits held by the LLP Group are denominated in Euros. The theoretical impact of a change in the exchange rate of +/-10 per cent. between EUR:GBP would be as follows:

Foreign currency exposures – Cash	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Cash denominated in EUR	929	87	693	1
10 per cent. decrease in EUR:GBP	1,032	97	770	1
10 per cent. increase in EUR:GBP	845	79	630	1

Impacts have been calculated based on cash deposit balances at 31 March 2012, 2013, 2014 and 2015 of €1,114k, €103k, €839k and €1k respectively.

The combined theoretical impact on Members' equity of the changes to revenues, investments and cash and cash equivalents of a change in the exchange rate of +/-10 per cent. between EUR:GBP would be as follows

Foreign currency exposures – Equity	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Members' Equity	3,480	4,359	3,610	2,766
10 per cent. decrease in EUR:GBP	3,972	4,753	4,088	3,228
10 per cent. increase in EUR:GBP	3,254	4,037	3,220	2,517

Market risk – Price risk

The LLP Group is exposed to equity price risks arising from the limited number of listed investments it holds within its co-investment holdings. Such investments are held for strategic rather than trading purposes as part of the underlying managed investment portfolios. The LLP Group does not actively trade these investments.

Liquidity risk

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less held in readily accessible bank accounts. The carrying amount of these assets is approximately equal to their fair value. Responsibility for liquidity risk management rests with the board of Esprit Capital, which has established a framework for the management of the LLP Group's funding and liquidity management requirements. The LLP Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

All LLP Group payable balances at 31 March 2013, 2014 and 2015 fall due for payment within one year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The LLP Group is exposed to this risk for various financial instruments, for example by granting receivables to customers, placing deposits, investment in unlisted securities through its co-investments, the LLP Group's trade receivables are amounts due from the investment funds under management, or underlying portfolio companies. The LLP Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at 31 March as summarised below:

Classes of financial assets, carrying amounts	2012 £'000s	2013 £'000s	2014 £'000s	2015 £'000s
Investments in unlisted securities (co-investments)	1,272	2,268	2,427	2,341
Trade and other receivables	1,002	508	440	688
Cash at bank and cash equivalents	1,731	2,521	1,393	521
	4,005	5,297	4,260	3,550

All of the LLP Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables, relating to recovery of expenses from investee companies, were found to be impaired and an allowance for credit losses of £5,000 in year ended 31 March 2015 (2014: £10,000, 2013: £3,000) has been recorded accordingly within other expenses.

The LLP Group's Members consider that all of the above financial assets that are not impaired or past due for each of the 31 March reporting dates under review are of good credit quality. In respect of trade and other receivables the LLP Group is not exposed to significant risk as the principal customers are the investment funds managed by the LLP Group, and in these the LLP Group has control of the banking as part of its management responsibilities.

Investments in unlisted securities are held within limited partnerships for which the LLP Group acts as manager, and consequently the LLP Group has responsibility itself for collecting and distributing cash associated with these investments.

The credit risk of amounts held on deposit is limited by the use of reputable banks with high quality external credit ratings and as such is considered negligible.

Capital management

The LLP Group's objectives when managing capital are to safeguard the LLP Group's ability to continue as a going concern in order to provide returns for Members of the Esprit Capital and to maintain and to minimise the cost of capital.

21. Related party transactions

The LLP Group acts as manager to Esprit Capital I Fund LP and charges a management fee which amounted to £105,000 in the year (2014: £378,000, 2013: £778,000). This fee is included in revenue for the period.

The LLP Group acts as manager to DFJ Esprit II LP and charges a management fee which amounted to £421,000 in the year (2014: £495,000, 2013: £495,000), This fee is included in revenue for the period.

The LLP Group acts as manager to DFJ Esprit Capital III LP and charges a management fee which amounted to £1,235,000 in the year (2014: £1,687,000, 2013: £1,630,000). This fee is included in revenue for the year.

The LLP Group acts as a manager to DFJ Esprit III(i) LP and charges a management fee which amounted to £475,000 (2014: £433,000, 2013: £752,000) in the year. This fee is included in revenue for the year.

Esprit Capital may require that one of its Members is appointed to the board of an investee company in a non-executive role. In such circumstances Esprit Capital charges an administration fee to the investees for the provision of the director services. These fees which amounted to £98,000 (2014: £16,000, 2013: £18,000) have been included in the turnover for the period. Esprit Capital does not exercise control or management through any of these non-executive positions

During the year ended 31 March 2015, the LLP Group made a £200,000 uncollateralised loan to Simon Cook. The loan carries interest of 4 per cent., which is considered to not differ materially from the market rate, and matures on 15 September 2015. This amount is recorded as a part of other debtors in the consolidated statement of financial position.

22. Ultimate controlling party

The Members of Esprit Capital do not consider there to be a single ultimate controlling party of the LLP Group.

23. Post reporting date events

On 1 July 2015 the LLP Group transferred 28.8 per cent. of its interest in Encore Ventures LLP to two existing Members and entered into a new LLP deed which amended profit sharing ratios and control of Encore Ventures LLP.

On 13 July 2015 the LLP Group acquired a 50 per cent. stake in the carried interest of DFJ Esprit II LP, through DFJ Esprit II Founder 2 LP, from Simon Cook and Stuart Chapman. At 30 September 2015 the fair value of the interest assigned, calculated in accordance with the policies applied with the LLP Group's financial statements, was £617,000.

On 13 July 2015 the LLP Group acquired a 4.5 per cent. interest in the carried interest of DFJ Esprit III(i) LP, held through Encore I Founder LP and Encore I Founder 2014 LP, from Simon Cook & Stuart Chapman. At 30 September 2015 the fair value of the interest assigned, calculated in accordance with the policies applied with the LLP Group's financial statements was £280,000.

On 13 July 2015 the Board of the LLP resolved to make a payment to Simon Cook and Stuart Chapman as a consequence of them giving up their right to certain carried interest entitlements in support of the of the LLP Group. An amount of £400,000 was declared payable in the period with a further £200,000 payable in the event of a successful IPO.

On 10 September 2015 the uncollateralised loan of £200,000 that had been made to a Member was repaid in full.

On 28 September 2015 Esprit Capital appointed a new member to Esprit Capital.

Conditional on Admission and completion of the Esprit Capital Acquisition, Simon Cook and Stuart Chapman will assign a portion of their personal entitlements in the carried interest in DFJ Esprit III(i) LP to the LLP Group. The fair value of the interest assigned, if calculated in accordance with the policies applied with the LLP Group's financial statements would have been £624,000 as at 30 September 2015. A payment of £75,000 each, due in the event of a successful IPO, was declared in favour of Simon Cook and Stuart Chapman in recognition of the transfer.

Conditional on Admission and completion of the Esprit Capital Acquisition, the active Members of Esprit Capital who are also limited partners of DFJE III FP LP assigned their interests in the co-investment gains within DFJE III FP LP to DFJE III GP LP, an entity that is included within the LLP Group's consolidation. The limited partners who assigned their interests are Simon Cook, Stuart Chapman, Brian Caulfield, Jonathan Freuchet-Sibilia and Graham Redman. The transfers were made for nil consideration. The fair value of the interests received by the LLP Group, if calculated in accordance with the policies applied within the LLP Group's financial statements, would have been £706,000 as at 30 September 2015.

Section E

Unaudited condensed interim financial information of the LLP Group

Consolidated income statements for the six months ended 30 September 2015 and 2014.

	Note	(unaudited) 2015 £'000s	(unaudited) 2014 £'000s
Revenue	4	1,181	1,470
Other operating income		200	—
Staff costs and Members remuneration		(747)	(999)
Depreciation & amortisation		(1)	(4)
Other operating charges	5	(267)	(492)
Fund raising costs		(549)	(132)
Revaluation of investments held at FVTPL	15	362	(54)
Operating profit / (loss)		179	(211)
Finance income/(expense)		36	(22)
Profit/(Loss) on ordinary activities before tax		215	(233)
Tax expense in corporate subsidiaries		—	—
Profit/(Loss) for the financial period before Members' profit shares		215	(233)
Profit/(Loss) available for discretionary division among Members		215	(233)
Profit attributable to non-controlling interests		20	—
Profit/(Loss) for the financial period attributable to Members		195	(233)

Consolidated statements of comprehensive income for the six months ended 30 September 2015 and 2014

	Note	(unaudited) 2015 £'000s	(unaudited) 2014 £'000s
Profit/(Loss) for the financial period		215	(233)
Other Comprehensive Income			
Items that will be reclassified subsequently to a profit and loss:			
Foreign exchange differences on consolidation		—	(96)
Total comprehensive income/(loss) for the financial period, net of tax		215	(329)
Total comprehensive (loss)/income for the financial period attributable to:			
Members		195	(329)
Non-controlling interests		20	—
Total comprehensive income/(loss) for the financial period		215	(329)

Consolidated statement of financial position as at 30 September 2015 and 2014

	Note	(unaudited) 2015 £'000s	(unaudited) 2014 £'000s
Assets			
Non-current assets			
Property, plant & equipment		4	7
Investments	9	2,906	2,395
Total non-current assets		2,910	2,402
Current assets			
Trade & other receivables	10	676	951
Cash at bank and in hand	11	825	642
Total current assets		1,501	1,593
Current liabilities			
Trade & other payables	12	1,518	840
Members Capital (refundable)		—	10
Total current liabilities		1,518	850
Total liabilities		1,518	850
Net assets		2,893	3,145
Equity			
Members' reserves		2,778	3,057
Non-controlling interests		22	—
Currency translation differences on group undertakings		9	4
Members' capital (non-refundable)		84	84
Total equity		2,893	3,145
Members' interests			
Members' capital		84	84
Members' reserves		2,778	3,057
Amounts due (from) Members (included in trade & other receivables)		(3)	(16)
Total Members' interests	13	2,859	3,125

Consolidated statements of cash flows for the six months ended 30 September 2015 and 2014

	Note	(unaudited) 2015 £'000s	(unaudited) 2014 £'000s
Cash flows from operating activities			
Operating profit/(loss)		179	(211)
Adjustments to reconcile operating profit to net cash flows used in operating activities			
Revaluation of investments at FVTPL		(362)	54
Depreciation & amortisation		1	4
Decrease/(increase) in trade & other receivables	10	(76)	117
Increase/(decrease) in trade & other payables	12	414	(239)
		<hr/>	<hr/>
Net cash generated by/(used in) operating activities		156	(275)
Tax paid by corporate subsidiaries		—	—
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		156	(275)
Cash flows from investing activities			
Purchase of investments	15	(431)	(161)
Proceeds from sale of investments		535	—
Interest received		9	—
		<hr/>	<hr/>
Net cash inflow from investing activities		113	(161)
Cash flows from financing activities			
Payments from/(to) Members		200	(200)
Payments to non-controlling interests		(90)	(136)
Interest paid		—	—
Capital contributions by Members	13	13	—
Capital repayments to Members		(10)	—
		<hr/>	<hr/>
Net cash outflow from financing activities		113	(336)
		<hr/>	<hr/>
Net increase/(decrease) in cash & cash equivalents		382	(772)
Cash & cash equivalents at beginning of period		521	1,393
Impact of foreign exchange revaluation		(78)	21
		<hr/>	<hr/>
Cash & cash equivalents at end of period	11	825	642
		<hr/> <hr/>	<hr/> <hr/>

Consolidated statements of changes in Members' equity for the six months ended 30 September 2015 and 2014

	Available for division amongst Members £'000s	Members Capital £'000s	Attributable to non- controlling interests £'000s	Foreign exchange reserve £'000s	Total £'000s
Balance at 31 March 2014	3,426	84	—	100	3,610
Profit for the period	(233)	—	—	—	(233)
Other comprehensive income	—	—	—	(96)	(96)
Total comprehensive income	(233)	—	—	(96)	(329)
Transactions with non-controlling Members	(136)	—	—	—	(136)
Transactions with Members	—	—	—	—	—
Balance at 30 September 2014 (unaudited)	3,057	84	—	4	3,145
Balance at 31 March 2015	2,673	84	—	9	2,766
Profit for the period	195	—	—	195	195
Other comprehensive income	—	—	20	—	20
Total comprehensive income	195	—	20	—	215
Transactions with non-controlling Members	(90)	—	2	—	(88)
Transactions with Members	—	—	—	—	—
Balance at 30 September 2015 (unaudited)	2,778	84	22	9	2,893

Notes to the unaudited condensed interim financial information for the six months ended 30 September 2015 and 2014

1. General information

The condensed interim consolidated financial information (the “interim financial information”) is for the six month period ended 30 September 2015.

The interim financial information has not been audited nor has it been reviewed by the auditors under ISRE 2410 of the Auditing Practices Board. The financial information set out in this report does not constitute statutory accounts as defined by the Corporations Act 2006.

This interim financial information has been prepared on the basis of the accounting policies set out in the consolidated historical financial information of the LLP Group within this document and on a going concern basis. It is presented in sterling which is also the functional currency of the parent company. It does not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated historical financial information of the LLP Group presented within this document.

Esprit Capital Partners LLP (formerly Draper Esprit LLP) is the LLP Group’s ultimate parent company. The registered office of Esprit Capital Partners LLP is 1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP. Draper Esprit LLP was renamed Esprit Capital Partners LLP (“**Esprit Capital**”) on 9 June 2016.

2. Adoption of new and revised Standards

The interim financial information has been prepared in accordance with the accounting policies adopted in the LLP Group’s most recent consolidated historical financial information.

There have been no standards, amendments or interpretations issued which are relevant or effective in these interim financial statements.

Standards, amendments and interpretations which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018

The potential impacts of other new standards, interpretations and amendments have yet to be assessed for the effect on the LLP Group’s future financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the LLP Group’s accounting policies, the board of Esprit Capital are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Control assessment

The LLP Group has a number of entities within its corporate structure and consideration has been made of which should be consolidated in accordance with IFRS 10. The LLP Group consolidates all entities within this interim financial information where it has control over the following: power over the investee to significantly direct the activities; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor’s returns. A summary of the conclusions from the Member’s consideration of control and the relevant judgements and rationale are presented below.

Encore Ventures LLP: At 31 March 2015, 2014 and 2013 the LLP Group held 99.9 per cent. of the capital in Encore Ventures LLP, which entitled it to full control over the relevant activities of the LLP with no restriction arising from any contractual rights. The minority Member in Encore Ventures LLP had no entitlement to share in the returns of the LLP, and as such the LLP Group is fully exposed to variable returns arising from it. In July 2015, the LLP Group’s holding in Encore Ventures LLP reduced to 71.2 per cent. In light of this reduction the Members have revisited their assessment of control and concluded that the reduced holding still results in the Members having a

majority contractual control over the relevant activities of the LLP. As no other significant terms have changed, the Members have concluded that Encore Ventures LLP continues to be controlled by the LLP Group.

All other judgements, estimates and assumptions in the interim financial information, including the key sources of estimation uncertainty were the same as those applied in the consolidated historical financial information of the LLP Group presented within this document.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Revenue

Revenue is derived solely within the United Kingdom, from continuing operations for all periods. An analysis of the LLP Group's revenue is as follows:

Six months ended 30 September	2015		2014	
	£'000s		£'000s	
Management Fees				
Primary Fund – DFJ Esprit Capital III LP	470	40%	695	47%
Primary Fund – Esprit Capital I Fund LP	45		59	
Secondary Fund – DFJ Esprit II LP	99		223	15%
Secondary Fund – DFJ Esprit III(i) LP	200	16%	250	17%
EIS Funds	263		62	
Portfolio Directors' Fees	102		88	
Other	2		93	
Total	1,181		1,470	

Where revenue from a single customer exceeds 10 per cent. during a year the percentage is shown in the above table.

5. Profit for the period

The profit (2014: loss) for the period has been arrived at after charging:

	2015	2014
	£'000s	£'000s
Depreciation	1	4
Operating lease rentals – plant & equipment	1	1
Operating lease rentals – property	16	72

6. Staff costs and Members remuneration

The average monthly number of employees, including salaried Members, during the period was 6, (2014: 5).

Items included in staff costs	2015	2014
	£'000s	£'000s
Members remuneration charged as an expense	552	587
Salaries	144	305
Social security costs	16	34
Pension costs in respect of defined contribution schemes	7	8
	719	934

7. Members' profit shares

	2015	2014
Average number of (non-salaried) Members	5	6
	£'000s	£'000s
Average Member's remuneration (charged as an expense)	110	98
Remuneration attributable to highest paid Member	182	150

8. Subsidiaries

The LLP Group consists of the parent entity, Esprit Capital Partners LLP (previously Draper Esprit LLP), incorporated in England and Wales, and a number of subsidiaries held directly and indirectly by Esprit Capital. Investments in subsidiaries are measured at cost less impairment. The financial statements consolidate the results and financial position of the LLP Group, including all subsidiary undertakings. The subsidiary undertakings are listed below.

Name of subsidiary undertaking	Principal activity	Holding	Country
Esprit Capital Holdings Limited	Intermediate holding company	100%	UK
Esprit Capital Management Limited	Administrative services	100%	UK
Esprit Nominees Limited	Nominee	100%	UK
Esprit Capital I GP Limited	Fund General Partner	100%	UK
DFJ Esprit II GP Limited	Fund General Partner	100%	Cayman
DFJE III FP GP Limited	Fund General Partner	100%	UK
DFJE III GP LP	Fund General Partner	100%	UK
Encore I GP Limited	Fund General Partner	100%	Cayman
Encore I Founder GP Limited	Fund General Partner	100%	Cayman
Encore Ventures LLP	Investment management	71.2%	UK
Esprit Capital I CIP Limited	Dormant	100%	UK
DFJE III MLP LLP	Dormant	100%	UK
DFJE III GP Limited	Dormant	100%	UK

9. Investments

The LLP Group holds investments through the co-investment vehicles of three of the Esprit Funds it manages. The LLP Group has a 1 per cent. (co-investment) interest in DFJ Esprit II LP and a 50 per cent. share of carried interest payable from DFJ Esprit II LP to DFJ Esprit II Founder 2 LP. The LLP Group also holds a 4.5 per cent. share of carried interest payable from DFJ Esprit III(i) LP and a co-investment in DFJE III FP LP which invests alongside DFJ Esprit Capital III LP. The underlying investments within the Funds are predominantly unlisted securities and are carried at Fair Value Through Profit and Loss. The means of valuation of these investments is set out in the accounting policies within the historical financial information of the LLP Group.

	2015	2014
	£'000s	£'000s
Co-investment interest – DFJ Esprit II Founder LP	328	377
Co-investment interest – DFJE III FP LP	1,679	2,016
Carried interest – DFJ Esprit II LP	617	—
Carried Interest – DFJ Esprit III(i) LP	280	—
Other	2	2
Total	2,906	2,395

10. Trade and other receivables due within one year

	2015 £'000s	2014 £'000s
Trade receivables	578	331
Other receivables & prepayments	95	404
Member's loan	—	200
Amounts due from Members	3	16
	676	951

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Ageing analysis of unimpaired trade receivables:

	2015 £'000s	2014 £'000s
Current	387	190
30 days	100	96
60 days	—	—
90 days+	91	45
	578	331

11. Cash and cash equivalents

Cash and cash equivalents comprise:

	2015 £'000s	2014 £'000s
Cash at bank and in hand		
Sterling (£)	778	565
US dollar (\$)	1	66
European dollar (€)	46	11
	825	642

12. Trade and other payables due within one year

	2015 £'000s	2014 £'000s
Trade payables	173	203
Other taxation and social security	11	19
Other payables	80	52
Accruals and deferred income	1,254	566
	1,518	840

All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

13. Members' interests

	Members Capital £'000s	Reserves £'000s	Amounts due from members £'000s	Total £'000s
Balance at 31 March 2014	84	3,426	(16)	3,494
Total comprehensive income for the period	—	(233)	—	(233)
Transactions with non-controlling interests	—	(136)	—	(136)
Transactions with Members	—	—	—	—
Balance at 30 September 2014	84	3,057	(16)	3,125
Balance at 31 March 2015	84	2,673	(16)	2,741
Total comprehensive income for the period	—	215	—	215
Transactions with non-controlling interests	—	(110)	—	(110)
Transactions with Members	—	—	13	13
Balance at 30 September 2015	84	2,778	(3)	2,859

14. Retirement benefits

The LLP Group makes contributions to personal pension schemes set up to benefit its employees and Members. The LLP Group has no interest in the assets of these schemes and there are no liabilities arising from them beyond the agreed monthly contribution for each employee or Member that is included in employment costs or Members' remuneration in the profit and loss account as appropriate.

15. Financial assets and liabilities

The description of each category of financial asset and financial liability and the related accounting policies are shown below. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
30 September 2014			
Financial Assets			
Investments in unlisted securities (co-investments)	2,395	—	2,395
Long term financial assets	2,395	—	2,395
Trade and other receivables	—	547	547
Cash and cash equivalents	—	642	642
Short term financial assets	—	1,189	1,189
Total financial assets	2,395	1,189	3,584
Financial Liabilities			
Trade and other payables	—	512	512
Total financial liabilities	—	512	512

30 September 2015	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments in unlisted securities (co-investments and carried interest)	2,906	—	2,906
Long term financial assets	2,906	—	2,906
Trade and other receivables	—	581	581
Cash and cash equivalents	—	825	825
Short term financial assets	—	1,406	1,406
Total financial assets	2,906	1,406	4,312
Financial Liabilities			
Trade and other payables	—	1,104	1,104
Total financial liabilities	—	1,104	1,104

Financial assets designated at FVTPL:

Investments in unlisted securities (co-investment and carried interest)	2015 £'000s	2014 £'000s
Carrying amount 31 March	2,341	2,427
Additions	631	161
Return of funds	(535)	—
Revaluation	362	(54)
Foreign exchange revaluation on consolidation	107	(139)
Carrying amount at 30 September	2,906	2,395

16. Related party transactions

The LLP Group acts as manager to Esprit Capital I Fund LP and charges a management fee which amounted to £45,000 in the period (2014: £59,000). This fee is included in revenue for the period.

The LLP Group acts as manager to DFJ Esprit II LP and charges a management fee which amounted to £99,000 in the period (2014: £223,000). This fee is included in revenue for the period.

The LLP Group acts as manager to DFJ Esprit Capital III LP and charges a management fee which amounted to £470,000 in the period (2014: £695,000). This fee is included in revenue for the period.

The LLP Group acts as a manager to DFJ Esprit III(i) LP and charges a management fee which amounted to £200,000 (2014: £250,000) in the period. This fee is included in revenue for the period.

Esprit Capital may require that one of its Members is appointed to the board of an investee company in a non-executive role. In such circumstances Esprit Capital charges an administration fee to the investees for the provision of the director services. These fees which amounted to £102,000 (2014: £88,000) have been included in revenue for the period. Esprit Capital does not exercise control or management through any of these non-executive positions.

During the period ended 30 September 2014 the LLP Group made a £200,000 uncollateralised loan to Simon Cook. The loan carried interest of 4 per cent., which is considered to not differ materially from the market rate, and was repaid in full on 10 September 2015.

On 13 July 2015 the LLP Group acquired a 50 per cent. stake in the carried interest of DFJ Esprit II LP, through DFJ Esprit II Founder 2 LP, from Simon Cook and Stuart Chapman. At

30 September 2015 the fair value of the interest assigned, calculated in accordance with the policies applied with the LLP Group's financial statements, was £617,000.

On 13 July 2015 the LLP Group acquired a 4.5 per cent. interest in the carried interest of DFJ Esprit III(i) LP, held through Encore I Founder LP and Encore I Founder 2014 LP, from Simon Cook & Stuart Chapman. At 30 September 2015 the fair value of the interest assigned, calculated in accordance with the policies applied with the LLP Group's financial statements was £280,000.

On 13 July 2015 the Board of the LLP resolved to make a payment to Simon Cook and Stuart Chapman as a consequence of them giving up their right to certain carried interest entitlements in support of the LLP Group. An amount of £400,000 was declared payable in the period with a further £200,000 due in the event of a successful IPO. For the purposes of the interim statements the amounts payable are considered to be the acquisition cost of the carried interest entitlements received.

17. Post reporting date events

Conditional on Admission and the completion of the Esprit Capital Acquisition, Simon Cook and Stuart Chapman will assign a portion of their personal entitlements in the carried interest in DFJ Esprit III(i) LP to the LLP Group. The fair value of the interest assigned, if calculated in accordance with the policies applied with the LLP Group's financial statements would have been £624,000 as at 30 September 2015. A payment of £75,000 each, due in the event of a successful IPO, was declared in favour of Simon Cook and Stuart Chapman in recognition of the transfer.

Conditional on Admission and the completion of the Esprit Capital Acquisition, the active Members of Esprit Capital who are also limited partners of DFJE III FP LP assigned their interests in the co-investment gains within DFJE III FP LP to DFJE III GP LP, an entity that is included within the LLP Group's consolidation. The limited partners who assigned their interests are Simon Cook, Stuart Chapman, Brian Caulfield, Jonathan Sibilis and Graham Redman. The transfers were made for nil consideration. The fair value of the interests received by the LLP Group, if calculated in accordance with the policies applied within the LLP Group's financial statements would have been £706,000 as at 30 September 2015.

Section F

Unaudited *pro forma* statement of net assets of the Group

Set out below is an unaudited *pro forma* statement of net assets of the Group which has been prepared on the basis of the net assets of the Company as at 31 March 2016, as adjusted for the Esprit Capital Acquisition, the Placing, the Esprit Fund 3 Acquisition, the acquisition of carried interests in Esprit Fund 3(i) and co-investment interests in Esprit Fund 3.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only, to provide information about the impact of the Esprit Capital Acquisition, the Placing, the Esprit Fund 3 Acquisition, the acquisition of carried interests in Esprit Fund 3(i) and co-investment interests in Esprit Fund 3 on the Group as if they had occurred on 31 March 2016 and, because of its nature, will not represent the actual financial position of the Group at the date of Admission.

	Company at 31 March 2016 Note 1 £'000	Esprit Capital Acquisition Note 2 £'000	Placing and Subscription proceeds (net) Note 3 £'000	Esprit Fund 3 Acquisition Note 4 £'000	Acquisition of carried interests in Esprit Fund 3(i) and co- investment interests in Esprit Fund 3 Note 5 £'000	Pro forma net assets of the Group Note 6 £'000
Assets						
Non-current assets						
Property, plant and equipment	—	4	—	—	—	4
Goodwill	—	21,132	—	—	—	21,132
Investments	—	2,906	—	76,350	1,330	80,586
Total non-current assets	—	24,042	—	76,350	1,330	101,722
Current assets						
Trade and other receivables	50	626	—	15	—	691
Cash and cash equivalents	—	825	69,354	(39,585)	(150)	30,444
Total current assets	50	1,451	69,354	(39,570)	(150)	31,135
Total assets	50	25,493	69,354	36,780	1,180	132,857
Liabilities						
Current liabilities						
Trade and other payables	3	1,540	—	2,624	—	4,167
Total current liabilities	3	1,540	—	2,624	—	4,167
Total liabilities	3	1,540	—	2,624	—	4,167
Net assets	47	23,953	69,354	34,156	1,180	128,690

Notes

- The financial information in respect of the Company at 31 March 2016 has been extracted from the historical financial information on the Company as at 31 March 2016, as set out in Section B of Part 6 of this document.
- As set out in paragraph 8 of Part 1 of this document, conditional on Admission, the Company will acquire Esprit Capital for a consideration of £24 million, which will be satisfied by the issue of 8 million Consideration Shares. The financial information in respect of the LLP Group as at 30 September 2015 has been extracted from the unaudited condensed interim financial information on the Group as at 30 September 2015, as set out in Section E of Part 6 of this document, as adjusted for the acquisition of Esprit Capital. The Management Shares will be redeemed immediately following Admission.

3. The unaudited *pro forma* net assets statement has been prepared on the basis that the Group will raise approximately £74.2 million in gross proceeds from the Placing and the Subscription, and that there will be approximately £4.8 million of fees incurred (inclusive of VAT) in respect of the Placing, the Subscription, the Acquisitions and Admission, resulting in net proceeds of approximately £69.4 million.
4. As set out in paragraph 8 of Part 1 of this document, each Limited Partner has entered into an agreement with the Company and Esprit Ireland for the acquisition, subject to Admission, of each Limited Partner's limited partnership interest in Esprit Fund 3 (subject to certain existing carried interest entitlements).
 The aggregate consideration for the acquisition of such interests is approximately £63.9 million (being the Aggregate Valuation of Esprit Fund 3 as at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 30 April 2016 (£76.8 million), less applicable carried interest entitlements (£5.9 million) and a discount of between 10 per cent. to 20 per cent. for those Limited Partners electing to receive some or all of their consideration in cash (£6.9 million)), of which £40.1 million will be satisfied in cash and £23.9 million will be satisfied by the issue of 7,953,362 Consideration Shares. Completion of the Esprit Fund 3 Acquisition is expected to take place on Admission.
 Conditional on Admission, the Esprit Capital Acquisition and the Esprit Fund 3 Acquisition, certain members have assigned their future carried interest entitlements in Esprit Fund 3. The fair value of the interests assigned, if calculated in accordance with the policies applied with the LLP Group's financial statements would have been £3.3 million based on the Aggregate Valuation at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 31 December 2016. Certain ex-employees of the Group and Draper Fisher Jurvetson will also continue to be entitled to receive carried interest arising from future realisations from the Initial Portfolio following Admission. The fair value of such interests, if calculated in accordance with the policies applied with the LLP Group's financial statements would have been £2.6 million based on the Aggregate Valuation at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 31 December 2016.
5. Conditional on Admission and the Esprit Capital Acquisition, Simon Cook and Stuart Chapman have assigned a portion of their personal entitlements in the carried interest in DFJ Esprit III(i) LP to the LLP Group. The fair value of the interest assigned, if calculated in accordance with the policies applied with the LLP Group's financial statements would have been £624,000 at 30 September 2015. A payment of £75,000 each, due in the event of a successful IPO, was declared in favour of Simon Cook and Stuart Chapman in recognition of the transfer.
 Also conditional on Admission and the Esprit Capital Acquisition, the active Members of Esprit Capital who are also Members of DFJE III FP LP assigned their interests in the co-investment gains within DFJE III FP LP to DFJE III GP LP, an entity that is included within the LLP Group's consolidation. The Members who assigned their interests are Simon Cook, Stuart Chapman, Brian Caulfield, Jonathan Sibilia and Graham Redman. The transfers were made for £1.00, in aggregate. The fair value of the interests received by the LLP Group, if calculated in accordance with the policies applied within the LLP Group's financial statements would have been £706,000 at 30 September 2015.
6. This column represents the sum of the preceding columns, and represents the *pro forma* net assets of the Group.
7. Apart from the items described above, no other adjustments have been made for the Group to reflect any issues of equity, trading, expenditure, changes in working capital, changes in debt or other movements subsequent to 31 March 2016.

PART 7
THE ESPRIT FUNDS' PORTFOLIOS
Section A — THE INITIAL PORTFOLIO (ESPRIT FUND 3)

The table below sets out details in respect of the Initial Portfolio as at 31 December 2015.

ALL IN MILLION	ORIGINAL INVESTMENT DATE	REGION	INDUSTRY	STAGE INVESTED	PER CENT. INTEREST FULLY DIL. AT 31 DEC. 2015	TOTAL COST (£M) AT 31 DEC. 2015	VALUATION (£M) AT 31 DEC. 2015	TOTAL COST (£M) AT 31 DEC. 2015 ⁽¹⁾	VALUATION (£M) AT 31 DEC. 2015 ⁽¹⁾	31 DEC 2015 VALUATION AS RESTATED AS AT 30 APRIL 2016 FOREX RATES ⁽²⁾	VALUATION / COST	GROSS IRR ⁽³⁾
1 Lyst	Jul-12	UK	Internet Retail	Early Stage	12 per cent.	€3.3m	€12.4m	£2.4m	£9.2m	£9.3m	3.8x	62 per cent.
2 Trustpilot	Dec-13	Denmark	Internet	Growth	4 per cent.	€7.5m	€11.9m	£5.5m	£8.8m	£8.9m	1.6x	33 per cent.
3 SportPursuit	Mar-12	UK	Internet Retail	Early Stage	25 per cent.	€4.4m	€11.2m	£3.2m	£8.2m	£8.2m	2.6x	43 per cent.
4 Moviedius	Mar-13	Ireland	Hardware	Late Stage	10 per cent.	€4.9m	€10.1m	£3.6m	£7.5m	£7.6m	2.1x	48 per cent.
5 Graze	Jan-10	UK	Internet Retail	Late Stage	6 per cent.	€4.7m	€9.8m	£3.5m	£7.2m	£7.2m	2.1x	26 per cent.
6 M-files	Mar-13	Finland	Software	Early Stage	8 per cent.	€3.2m	€8.5m	£2.4m	£6.3m	£6.7m	2.7x	53 per cent.
7 Cosmos	Aug-11	France	Software	Late Stage	15 per cent.	€5.2m	€6.2m	£3.8m	£4.6m	£4.9m	1.2x	4 per cent.
8 Conversocial	Jun-11	UK	Software	Early Stage	16 per cent.	€3.1m	€7.3m	£2.3m	£5.4m	£5.4m	2.4x	31 per cent.
9 Datahug	Oct-12	Ireland	Software	Early Stage	25 per cent.	€2.8m	€3.6m	£2.1m	£2.6m	£2.8m	1.3x	10 per cent.
10 Horizon *	Sep-10	UK	Healthcare / Drug discovery	Early Stage	2 per cent.	€1.5m	€3.2m	£1.1m	£2.4m	£2.4m	2.1x	16 per cent.
11 RadiumOne	Mar-11	USA	Advertising / AdTech	Late Stage	2 per cent.	€2.3m	€2.9m	£1.7m	£2.2m	£2.2m	1.3x	7 per cent.
12 WorldStores (Achica)	Sep-12	UK	Internet Retail	Late Stage	1 per cent.	€5.8m	€3.0m	£4.3m	£2.2m	£2.2m	0.5x	—
13 MoviePilot	May-12	Germany	Internet	Late Stage	4 per cent.	€1.5m	€2.0m	£1.1m	£1.5m	£1.6m	1.3x	7 per cent.
14 Avellant	Oct-11	UK	Hardware	Early Stage	8 per cent.	€2.1m	€1.9m	£1.5m	£1.4m	£1.4m	0.9x	—
15 Crate Technology	Dec-13	Austria	Software	Early Stage	13 per cent.	€0.9m	€1.7m	£0.7m	£1.3m	£1.3m	1.8x	60 per cent.
16 Bright computing	Jul-14	USA / UK	Software	Late Stage	4 per cent.	€1.0m	€0.9m	£0.7m	£0.7m	£0.7m	0.9x	—
17 Tails.com	Dec-13	UK	Internet Retail	Seed	1 per cent.	€0.6m	€0.8m	£0.4m	£0.6m	£0.6m	1.4x	48 per cent.
18 Rhodocode	Jul-14	Germany	Software	Seed	16 per cent.	€1.6m	€0.8m	£1.2m	£0.6m	£0.6m	0.5x	0 per cent.
19 DouteSima	Jan-14	France	Internet	Seed	2 per cent.	€0.5m	€0.5m	£0.3m	£0.4m	£0.4m	1.0x	4 per cent.
20 Bitbar	Feb-13	Finland	Software	Early Stage	4 per cent.	€0.3m	€0.4m	£0.2m	£0.3m	£0.3m	1.3x	15 per cent.
21 Unbound	Dec-12	UK	Internet	Seed	4 per cent.	€0.2m	€0.4m	£0.2m	£0.3m	£0.3m	1.5x	15 per cent.
22 Cloudapps	May-11	UK	Software	Seed	2 per cent.	€0.2m	€0.3m	£0.2m	£0.2m	£0.2m	1.1x	2 per cent.
23 Seedis	May-12	UK	Internet	Seed	1 per cent.	€0.1m	€0.1m	£0.0m	£0.1m	£0.1m	2.0x	21 per cent.
24 Geibutb	Apr-13	Ireland	Software	Seed	9 per cent.	€0.0m	€0.0m	£0.0m	£0.0m	£0.0m	1.0x	0 per cent.
— Residual Value of Exits	—	—	—	—	—	—	€1.7m	—	£1.2m	£1.3m	—	—
TOTAL UNREALISED INVESTMENTS						€57.6m	€101.5m	£42.5m	£74.8m	£76.4m	1.8x	22 per cent.

(*) Partial Exit - Residual stake only

(1) Cost and valuation amounts as at 31/12/15 converted in £ at the €£ FX rate of 1.357 (Spot rate on 31/12/15)

(2) Unaudited aggregate valuation as at 30 April 2016 represents underlying valuations as at 31 December 2015, adjusted solely for currency movements since 31 December 2015 using €1:€1.2754 and £1:US\$1.4607 spot rates as at 30 April 2016.

(3) "—" if IRR is N/M or <0.

Please note the information set out above is unaudited. Characteristics of the Initial Portfolio are subject to change. Values are estimates only and are based on internal data. Applying the valuation figure to the percentage interest as a method of calculating value will not necessarily reflect the true value of an investee company.

Section B

The Historic Esprit Funds

Following Admission, the Group will continue to manage Esprit Fund 1, Esprit Fund 2 and Esprit Fund 3(i), each of which is in run-off and is not owned by the Group. The Group no longer receives management fees in respect of these funds but may receive carried interest depending upon the successful realisation of certain investments which are held within Esprit Funds 2 and Esprit Fund 3(i). A summary of the investments held in each of these funds is set out below.

1. ESPRIT FUND 1

Interests in the following companies were held by Esprit Fund 1 as at 31 May 2016.

Company	Region	Industry
DisplayLink	UK	Components & Systems
Imagine	Ireland	Telecoms
PortWise	Sweden	Security Software
RedBend (VirtualLogix)	Israel	System Software
Tagsys	France	Communications Equipment

2. ESPRIT FUND 2

Interests in the following companies were held by Esprit Fund 2 as at 31 May 2016.

Company	Region	Industry
XMOS	UK	Hardware & Semis
GreenPeak	Netherlands	Hardware & Semis
DisplayData / ZBD	UK	Hardware & Semis
Polatis	UK / US	Hardware & Semis
Lime Micro	UK	Hardware & Semis
Kiadis	Netherlands	Healthcare
Displaylink	UK	Components & Systems
mxData	UK	Telecom
TTP Ventures (Excl. ZBD piece)	UK	Portfolio of 4 Assets
De Novo	UK	Healthcare

3. ESPRIT FUND 3(i)

Interests in the following companies were held by Esprit Fund 3(i) as at 31 May 2016.

Company	Region	Industry
Netronome	UK	Hardware / Semis
LBO	UK	Hardware / Semis
Pulmagen	UK	Healthcare
Metalysis	UK	Metal / Commodity Chemicals
Mobile Commerce	UK	Mobile Software
Polatis	UK / US	Hardware & Semis
Taptu/Mediafed	UK	Mobile Software

PART 8

UNITED KINGDOM AND REPUBLIC OF IRELAND TAXATION

The following paragraphs are intended as a general guide only for Shareholders who are resident in, or otherwise connected with, the United Kingdom or the Republic of Ireland for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and practice. Any prospective subscriber for, or purchaser of, Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the United Kingdom or the Republic of Ireland should consult his own professional adviser immediately.

The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to Ordinary Shares that are held as capital assets and does not apply to all categories of shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes or shareholders who have, or who are deemed to have, acquired their shares by virtue of an office or employment. This summary is not exhaustive and Shareholders and prospective investors should consult their own tax advisors as to the tax consequences in the United Kingdom or the Republic of Ireland, or other relevant jurisdictions of this offering, including the acquisition, ownership and disposition of our shares.

1 THE UNITED KINGDOM

1.1 The Company

It is expected that the Company will be subject to UK corporation tax at a rate of 20 per cent. on income and gains less relief for allowable expenses and losses, subject to the availability of certain exemptions. It will not be an investment trust company for the purposes of section 1158 of the CTA 2010.

1.2 Shareholders

(a) Taxation of dividends

Under current UK tax legislation, no amounts in respect of tax will be withheld at source from dividend payments made by the Company.

The tax rates provided below are for illustration purposes and are with reference to the 2016/2017 tax year.

From 6 April 2016 the previous dividend tax credit system applicable to UK tax resident individuals has been withdrawn and replaced by a dividend tax allowance of £5,000 a year. Dividends falling within this allowance will not be subject to income tax. The rates of tax on dividend income above the allowance are 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

UK resident corporate Shareholders are subject to UK corporation tax on dividends received. However, there are wide ranging exemptions available to the charge to UK corporation tax on dividends received.

(b) Taxation on chargeable gains

If a Shareholder who is a UK tax resident individual disposes of all or some of his Ordinary Shares, a liability to UK capital gains tax may arise. The extent of the tax liability on any gains which may arise will depend on the availability of the annual capital gains tax exemption and any other tax relief such as, investors' relief or existing capital losses.

A UK tax resident corporate Shareholder holding shares will be subject to UK corporation tax on any gain arising, subject to potential mitigation as a consequence of indexation allowances or losses available for relief. An exemption from UK corporation tax on any such gain may be available if the requirements of the substantial shareholding exemption are met.

Shareholders who are not tax resident in the UK may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK with which their Ordinary Shares are connected). Individual Shareholders who are temporarily not UK tax resident may also be liable to UK capital gains tax on chargeable gains realised on their return to

the UK. Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their personal circumstances.

(c) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

Under current law, no stamp duty or SDRT will be payable on the issue of Ordinary Shares pursuant to the Placing and neither stamp duty nor SDRT will apply to trades in Ordinary Shares made on a recognised growth market, such as AIM.

2 IRELAND

2.1 The Company

To the extent the Company undertakes trading activities in Ireland it should be subject to corporation tax in Ireland at a rate of 12.5 per cent. on profits attributed to those activities.

The Initial Portfolio will be acquired and it is the intention that future investments will be acquired by Esprit Ireland, a wholly owned subsidiary of the Company incorporated in the Republic of Ireland. Esprit Ireland should benefit from the exemption from Irish corporation tax in section 626B of the TCA 1997 on the disposal of certain shareholdings.

2.2 Shareholders

(a) Taxation of dividends

Irish resident Shareholders who are individuals will be subject to income tax, social security and the universal social charge depending on their circumstances on the gross dividend income received. Depending on the individual's personal circumstances, foreign withholding tax may apply to the gross dividend. A credit for foreign withholding tax deducted should be available in Ireland in respect of the Irish tax liability on the same income.

An Irish resident Shareholder which is a company will be subject to Irish corporation tax on the income. Depending on the particulars of the case, it may be possible for the Irish resident corporate shareholder to elect to have the dividend income treated as trading income and therefore taxable at the trading corporation tax rate. In such circumstances a credit should be available for both withholding tax deducted on any dividend payment and for underlying tax suffered on the income. An Irish resident Shareholder which is a close company, as defined under Irish legislation, may be subject to a corporation tax surcharge on dividend income to the extent that it is not distributed within the appropriate time frame.

(b) Capital Gains Tax

The Ordinary Shares constitute chargeable assets for Irish capital gains tax (“CGT”) purposes and, accordingly, individual Shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax on capital gains on a disposal of their Ordinary Shares. The Irish CGT rate is currently 33 per cent. As it is not expected that the Company will derive the greater part of its value directly or indirectly from land, buildings, minerals or interests or other assets in relation to mining or minerals or the searching for minerals within Ireland, the Shareholders who are neither resident or ordinarily resident in Ireland and who do not hold the Ordinary Shares for the purposes of a trade carried on in Ireland should not be subject to Irish tax on capital gains arising on the disposal of their Ordinary Shares. An Irish resident individual, who is a Shareholder who ceases to be an Irish resident for a period of less than five years and who disposes of Ordinary Shares during that period, may in certain circumstances be liable, on a return to Ireland, to CGT on any gain realised. Depending on the exact circumstances of the situation it may be possible for corporate resident shareholders to claim an exemption from Irish Capital Gains Tax on the disposal of their shareholding in the company.

(c) Capital Acquisitions Tax

Irish capital acquisitions tax (“CAT”) covers both gift tax and inheritance tax. Irish CAT may be chargeable on an inheritance or a gift of Ordinary Shares where either the disposer or beneficiary of the gift is Irish tax resident. The current rate of CAT is 33 per cent. Shareholders should consult their tax advisors with respect to the CAT implications of any proposed gift or inheritance of Ordinary Shares.

PART 9

ADDITIONAL INFORMATION

1 RESPONSIBILITY

The Company and the Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules and the ESM Rules. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 THE GROUP

- 2.1 The Company was incorporated in England and Wales on 29 September 2015 with registered number 09799594 as a public company limited by shares under the Act with the name 'Ingleby (1994) plc'. The Company is domiciled in England and Wales.
- 2.2 The Company changed its name to 'Draper Esprit plc' on 9 June 2016.
- 2.3 The registered office of the Company is 4 More London Riverside, London SE1 2AU. The principal place of business of the Company is 14 Buckingham Gate, London SW1E 6LB with telephone number +44 (0)207 931 8800. Following expiry of the 14 Buckingham Gate lease (see paragraph 14.1 of this Part 9 of this document for further details), the Company's principal place of business (occupied under a licence) will be 14 Gray's Inn Road, London WC1X 8HN.
- 2.4 The principal legislation under which the Company operates is the Act. The Company is not regulated as a collective investment scheme by the FCA. However, from Admission, the Ordinary Shares will be admitted to trading on AIM and the ESM.
- 2.5 Esprit Capital is an FCA authorised and regulated fund manager under FSMA with reference number 451191. Esprit Capital has been entered onto the UK register of UK AIFMs as a 'Small Registered UK AIFM'. Esprit Capital is also registered as EuVECA Manager under the EuVECA Regulations. Encore Ventures is an FCA authorised and regulated fund manager under FSMA with reference number 510101.
- 2.6 The Company's accounting period ends on 31 March of each year. The first accounting period ended on 31 March 2016. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.
- 2.7 On 20 November 2015, the Company was granted a certificate under Section 761 of the Act entitling it to commence business and to exercise its borrowing powers.
- 2.8 From Admission and completion of the Acquisitions, the Company will be the holding company of the Group and will have the following subsidiaries and subsidiary undertakings:

<i>Subsidiary/ subsidiary undertaking</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Registered office</i>	<i>Percentage of issued share capital directly or indirectly held by the Company</i>
Esprit Capital Partners LLP	Investment manager to the Esprit Funds	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
Encore Ventures LLP	Investment manager to the Encore Funds	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	72%
Draper Esprit (Nominee) Limited	Nominee company	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%

<i>Subsidiary/ subsidiary undertaking</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Registered office</i>	<i>Percentage of issued share capital directly or indirectly held by the Company</i>
Draper Esprit (Ireland) Limited	Intermediate holding company	Republic of Ireland	2nd Floor, Beaux Lane House, Mercer Street Lower, Dublin 2, Republic of Ireland	100%
Esprit Investments (1) LP	Limited partnership pursuant to which the Group will make future investments	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
Esprit Investments (1) (Carried Interest) LP	Carried interest vehicle	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	100%
Esprit Capital III (Carried Interest) LP	Carried interest vehicle	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	100%
Esprit Capital Holdings Limited	Intermediate holding company	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
Esprit Nominees Limited	Nominee company	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
Esprit Capital Management Limited	Service company	England and Wales	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
DFJE III GP Limited	Dormant	England	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
Esprit Capital I (GP) Limited	General partner and co-invest vehicle	England	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
Esprit Capital I (CIP) Limited	Carried interest vehicle	England	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
DFJ Esprit II GP Limited	General partner	Cayman Islands	c/o Appleby Trust (Cayman) Limited, Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands	100%
DFJ Esprit II Founder 2 LP	Carried interest vehicle	Cayman Islands	c/o Appleby Trust (Cayman) Limited, Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands	50%
Esprit Capital III LP	Limited partnership pursuant to	England	1010 Cambourne Business Park, Cambourne,	100%

<i>Subsidiary/ subsidiary undertaking</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Registered office</i>	<i>Percentage of issued share capital directly or indirectly held by the Company</i>
	which the Group holds part of the Initial Portfolio		Cambridge CB23 6DP	
Esprit Capital III (B) LP	Sister fund to Esprit Fund 3	England	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
DFJE III GP LP	General partner	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	100%
DFJE III FP GP Limited	General partner	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	100%
DFJE III MLP LLP	Limited partner	England	1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP	100%
DFJE III FP LP	Co-investment vehicle	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	61%
Encore I GP LP	General partner	Cayman Islands	c/o Appleby Trust (Cayman) Limited, Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands	100%
Encore I GP Limited	Limited partner	Cayman Islands	c/o Appleby Trust (Cayman) Limited, Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands	100%
Encore I Founder GP Limited	General partner	Cayman Islands	c/o Appleby Trust (Cayman) Limited, Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands	100%

3 SHARE CAPITAL

- 3.1 On incorporation, one Ordinary Share was issued at £1.00 (unpaid) for the purpose of incorporation to the subscriber to the Memorandum. The Existing Ordinary Share will be transferred to a Placee under the Placing at the Issue Price.
- 3.2 On 20 November 2015, 50,000 Management Shares were issued at par (fully paid) to the subscriber to the Memorandum.
- 3.3 On 9 June 2016 and conditional upon Admission; (i) 8,000,000 Consideration Shares in aggregate were allotted (fully paid) to the Vendors pursuant to the terms of the Esprit Capital Acquisition Agreement; (ii) 7,953,362 Consideration Shares were allotted (fully paid) to certain limited partners in Esprit Fund 3 in consideration for the acquisition of their limited partnership interests in Esprit Fund 3 pursuant to the terms of the relevant Limited Partner Offer Letters; (iii) 5,000,000 Subscription Shares were allotted at the Issue Price to ISIF pursuant to the terms of the ISIF Subscription and Relationship Agreement; (iv) 3,333,333 Subscription Shares were allotted at the Issue Price to Huarong pursuant to the terms of the Huarong Subscription Agreement; (v) 2,366,667 Subscription Shares were allotted at the Issue Price to

WIM pursuant to the terms of the WIM Subscription Agreement; and (vi) 14,020,547 Placing Shares were allotted to Placees pursuant to the terms of the Placing, and each pursuant to a resolution of the Board in accordance with the Act.

- 3.4 Set out below is the issued share capital of the Company: (i) at the date of this document; and (ii) immediately following Admission and the issue of the Consideration Shares, the Subscription Shares and the Placing Shares:

	Ordinary Shares)*		Management Shares	
	Aggregate nominal value (£)	Number	Aggregate nominal value (£)	Number
(i) As at the date of this document	0.01	1	50,000	50,000
(ii) Immediately following Admission*	406,739.09	40,673,909	—	—

* The Management Shares will be redeemed immediately following Admission out of the proceeds of the Placing.

- 3.5 By ordinary and special resolutions passed on 9 June 2016:

- (a) the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to allot the New Ordinary Shares, such authority to expire at the annual general meeting of the Company to be held in 2017 save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of New Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (b) the Directors were generally empowered (pursuant to Section 570 of the Act) to allot the New Ordinary Shares pursuant to the authority referred to in paragraph 3.5(a) above as if Section 561 of the Act did not apply to any such allotment, such power to expire at the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the New Ordinary Shares to be allotted after such expiry and the Directors may allot the New Ordinary Shares in pursuance of such an offer or agreement as if such power had not expired;
- (c) the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £40,673.91, such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require such allotment or grant in pursuance of such an offer or agreement as if such authority had not expired;
- (d) the Directors were generally empowered (pursuant to Section 570 of the Act) to allot equity securities up to an aggregate nominal amount of £40,673.91 pursuant to the authority referred to in paragraph 3.5(c) above as if Section 561 of the Act did not apply to any such allotment, such power to expire at the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
- (e) the Company was authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 6,097,018 Ordinary Shares. The minimum price which may be paid for an Ordinary Share is one pence. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) five per cent. above the average of the mid-market value of the Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares. Such authority will expire on the earlier of the conclusion of the annual general

meeting of the Company and 30 September 2017 save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract; and

- (f) conditionally upon the issue of the New Ordinary Shares by the Company and the payment up in full thereof, it was resolved that the amount standing to the credit of the share premium account of the Company immediately following Admission be cancelled.

3.6 The Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of shares that can be issued by the Company.

4 SHARE OPTION AND CARRIED INTEREST PLANS

4.1 Company share option plan

The Directors intend to implement a company share option plan in due course. The number of Ordinary Shares over which options may be granted on any date will be limited so that the total number of Ordinary Shares issued and issuable in respect of options granted in any ten year period under the company share option plan and any other employees' share scheme of the Company will be restricted to five per cent. of the issued Ordinary Shares from time to time. Any options granted under the company share option plan will be subject to the approval of the Remuneration Committee.

4.2 Existing carried interest plans and co-investments

There are carried interest plans and/or performance fees in place for each of the Historic Esprit Funds and the Encore Funds for the benefit of the Group, its employees, partners and certain ex-employees. There are also co-investment plans for certain of the Historic Esprit Funds for the benefit of the Group, its employees, partners and certain ex-employees. The entitlements to such carried interest and co-investment plans as at the date of Admission will be as follows:

Name	Esprit Fund 1		Esprit Fund 2		Esprit Fund 3(i)		Encore Funds				
	% carried interest	% co-invest	% carried interest	% co-invest	% carried interest	% co-invest	EIS I	EIS II	EIS III		
Simon Cook	14.0	—	15.5	25.0	15.5	10.0	11.4	13.3	—	—	—
Stuart Chapman	11.6	—	5.2	25.0	5.2	10.0	11.4	13.3	—	—	—
Other employees	—	—	13.5	—	13.5	5.8	6.4	0.4	70.0	70.0	70.0
Ex-employees	32.9	—	55.8	—	55.8	56.5	53.1	73.0	—	—	—
Secondaries members	—	—	—	—	—	3.2	3.2	—	—	—	—
Draper Fisher Jurvetson	6.5	—	—	—	—	—	—	—	—	—	—
Other	34.8	—	—	—	—	—	—	—	—	—	—
Company	0.2	—	10.0	50.0	10.0	14.5	14.5	—	30.0	30.0	30.0
Total	100.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The Vendors have, conditionally upon Admission, assigned £3.3 million of their future carried interest entitlements in Esprit Fund 3 (representing 56.5% of the carried interest entitlements in Esprit Fund 3). The value of the interests assigned is based on the Aggregate Valuation at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 31 December 2016. They will receive future carried interest in Esprit Fund 3 on the basis set out at paragraph 4.3 of this Part 9 below.

Certain ex-employees of the Group and Draper Fisher Jurvetson will also continue to be entitled to receive carried interest arising from future realisations from the Initial Portfolio following Admission. In accordance with their existing entitlements, they will receive, in aggregate, 8.7 per cent. of the net realised cash profits from the Initial Portfolio once Esprit Ireland has received an aggregate annualised six per cent. realised return from the Initial Portfolio (by reference to the date such investments were made rather than acquired by Esprit Ireland pursuant to the Esprit Fund 3 Acquisition). The value of such interests is £2.6 million based on the Aggregate Valuation at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 31 December 2016..

There is also a co-investment plan for Esprit Fund 3 for the benefit of the Group, its employees, partners, certain ex-employees and Draper Fisher Jurvetson. The entitlements to such co-investment plan as at the date of this document are as follows:

	<u>% co-investment</u>
Simon Cook	19.5*
Stuart Chapman	19.5*
Other employees/partners	23.1*
Ex-employees	28.9
Draper Fisher Jurvetson	9
Total	100

* Messrs Cook and Chapman and certain other employees/partners of the Group have assigned 61.1 per cent. of the entitlement to co-investment to the Group with effect from Admission.

4.3 Carried interest plans from Admission

The Company has established carried interest plans for the Investment Team and certain other employees (the “**Plan Participants**”) in respect of any investments and follow-on investments made from Admission. Each carried interest plan will operate in respect of investments made during a 24 month period and related follow-on investments made for a further 36 month period save that: (i) there is a separate carried interest plan for the Initial Portfolio and, in due course, a separate carried interest plan for related follow-on investments; and (ii) the first such carried interest plan after Admission is for the period from Admission to 31 March 2018.

Subject to certain exceptions, Plan Participants will receive, in aggregate, 15 per cent of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised ten per cent. realised return on investments and follow-on investments made during the relevant period. The Plan Participants’ return is subject to a “catch-up” in their favour. Plan Participants’ carried interests vest over five years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Remuneration Committee.

The current entitlements under these carried interest plans are as follows:

	<u>Entitlement (%)</u>	
	Initial Portfolio carried interest plan*	Carried interest plan for the period from Admission to 31 March 2018
Simon Cook	32.0	15.0
Stuart Chapman	32.0	15.0
Other employees	36.0	32.0
Draper Venture Network	0	7.5
Unallocated	0	30.5
Total	100	100

* The percentage entitlement to carried interest for the Initial Portfolio carried interest plan is calculated following the distribution of the carried interest entitlements assigned by the Vendors to the Group and the distribution of the existing carried interest entitlement of certain ex-employees of the Group and Draper Fisher Jurvetson which will continue following Admission. Please see paragraph 4.2 of this Part 9 for further details.

5 THE ARTICLES

The Articles contain provisions, *inter alia*, to the following effect:

5.1 Objects/purposes

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

5.2 Voting rights

- (a) Subject to the provisions of the Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member holding Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy shall, on a show of hands, have one vote and every member holding Ordinary Shares present in person (or, being a corporation, by representative) or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (b) Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

5.3 Dividends

- (a) Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- (c) All dividends, interest or other sums payable and unclaimed for a period of twelve months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

5.4 Winding up

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Act, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

5.5 Transfer of shares

- (a) Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
 - (i) it is in respect of a share which is fully paid up;
 - (ii) it is in respect of only one class of shares;
 - (iii) it is in favour of a single transferee or not more than four joint transferees;
 - (iv) it is duly stamped (if so required); and
 - (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

- (c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- (d) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- (f) If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act 1934; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") must be dealt with in accordance with paragraph 4.5(g) below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.
- (g) The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- (h) Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a U.S. Person.

5.6 Variation of rights

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Act.
- (b) The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

5.7 Alteration of share capital

The Company may, from time to time, by ordinary resolution:

- (a) authorise the Directors to increase its share capital by allotting new shares;
- (b) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- (c) subject to the provisions of the Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (d) redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

5.8 General meetings

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time to time.
- (c) The notice of any general meeting shall include such statements as are required by the Act and shall in any event specify:
 - (i) whether the meeting is convened as an annual general meeting or any other general meeting;
 - (ii) the place, the day, and the time of the meeting;
 - (iii) the general nature of the business to be transacted at the meeting;
 - (iv) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
 - (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.

- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:
 - (i) the chairman of the meeting;
 - (ii) at least five members having the right to vote on the resolution;
 - (iii) a member or members representing not less than five per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
 - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

5.9 Borrowing powers

Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.10 Issue of shares

- (a) Subject to the provisions of the Act, and to any relevant authority of the Company required by the Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.
- (b) Subject to the provisions of the Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by

ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

- (c) The business of the Company shall be managed by the Directors who, subject to the provisions of the Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

5.11 Directors' fees

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.
- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

5.12 Directors' interests

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Act, a Director, notwithstanding his office:
 - (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);

- (iii) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
 - (iv) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
 - (v) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty under the Act or under the law not to accept benefits from third parties.
- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

5.13 Restrictions on Directors voting

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
 - (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
 - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
 - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in one per cent. Or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. Or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
 - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;

- (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
 - (x) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.
- (b) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.14 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

5.15 Directors' appointment and retirement

- (a) Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.
- (b) At each annual general meeting of the Company, any Directors appointed by the Board since the last annual general meeting shall retire. In addition one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three such Directors, one Director shall retire from office.
- (c) At each annual general meeting, any Director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those Directors who have been Directors longest since their appointment or last reappointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot)).
- (d) Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

5.16 Notice requiring disclosure of interest in shares

- (a) The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.
- (b) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their

absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “**default shares**”) the Shareholder shall not be entitled to vote in general meetings or class meetings where the default shares represent at least 0.25 per cent. In nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

5.17 Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for twelve years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

5.18 Indemnity of officers

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

5.19 Management Shares

The Management Shares can be redeemed at any time (subject to the provisions of the Act) by the Company for an amount equal to their nominal value and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the shares payable on demand. The holders of the Management Shares will not have any right to receive notice of or vote at any general meeting of the Company.

6 CITY CODE ON TAKEOVERS AND MERGERS

6.1 Mandatory bid

- (a) The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:
- (ii) a person acquires an interest in Ordinary Shares which, when taken together with Ordinary Shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
 - (iii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Ordinary Shares which increase the per cent. age of Ordinary Shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous twelve months.

6.2 Compulsory acquisition

Under Sections 974 – 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented

to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to Section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

7 CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Ordinary Shares are eligible for settlement in CREST in accordance with the CREST Regulations. The Company has applied for the Enlarged Share Capital to be admitted to CREST.

8 DIRECTORS' AND OTHER INTERESTS

8.1 The interests of the Directors and, so far as is known to the Directors (having made appropriate enquiries), persons connected with them, which expression shall be construed in accordance with the AIM Rules and the ESM Rules (all of which are beneficial except as shown), in the existing Ordinary Share capital of the Company as at the date of this document and as expected to be immediately following Admission, are as follows:

Name	As at the date of this document		Immediately following Admission	
	Ordinary Shares	%	Ordinary Shares	%
Karen Slatford	—	—	—	—
Simon Cook	—	—	2,230,214	5.5*
Stuart Chapman	—	—	2,230,214	5.5*
Grahame Cook	—	—	—	—
Richard Pelly	—	—	—	—

* *Simon Cook and Stuart Chapman will each receive 2,911,370 Ordinary Shares pursuant to the terms of the Esprit Capital Acquisition Agreement on Admission and have each agreed to sell, immediately following Admission, 681,156 Ordinary Shares to Placees as part of the Placing.*

8.2 Save as otherwise set out in this document, as at the date of this document, none of the Directors have been granted any options over Ordinary Shares.

8.3 Save as otherwise set out in this document, none of the Directors has any interests in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of sections 820 to 825 of the Act) have any such interests, whether beneficial or non-beneficial.

8.4 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the period of five years prior to the date of this document:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Karen Slatford	The Foundry Holdings Limited The Foundry Visionmongers Limited Micro Focus International PLC The Foundry Bidco Limited The Foundry Intermediate Holdings Limited The Foundry Midco No.1 Limited The Foundry Midco No.2 Limited The Foundry Topco Limited Intelliflo Holdings 2013 Ltd Intelliflo Limited The Foundry Topco No.2 Ltd ECI Debitoor Limited Volex PLC TS ECI UK Limited Accesso Technology Group plc	Neverfail Holdings Limited Featurespace Limited Cambridge Broadband Networks Limited Acunu Limited Via Net.works, Inc.
Simon Cook	Esprit Nominees Limited Esprit Capital I (GP) Limited Esprit Capital I (CIP) Limited Esprit Capital Holdings Limited Esprit Capital Management Limited Esprit Capital Partners LLP Lane Management Limited DFJE III GP Limited DFJE III FP GP Limited Sportpursuit Limited Lyst Ltd DFJ Esprit II GP Limited Encore I GP Limited Encore I Founder GP Limited DFJ Esprit II LP DFJ Esprit II Founder LP DFJ Esprit II Founder 2 LP DFJ Esprit IIIi Fund LP DFJ Esprit IIIi-A Fund LP Encore I GP LP Encore I Founder LP Encore I Founder 2014 LP Draper Esprit (Nominee) Limited Esprit Capital Partners LLP Esprit Maestro Limited Encore I Founder 2014-A LP	Lovefilm International Limited Neul Limited Horizon Discovery Limited Esprit Maestro Ltd DFJE III FP LP DFJE III GP LP
Stuart Chapman	Conversocial Limited Crate Technology GmbH DFJE III FP GP Limited DFJE III GP Limited Esprit Capital Management Limited Esprit Capital Holdings Limited Esprit Capital I (CIP) Limited	Achica Limited Black Spot Limited Black Spot Interactive Limited Connectivity Limited Ingleby (1653) Limited Lagan Technologies Limited Mileage Management Limited Morpheous Holdings Limited

Name	Current directorships/ partnerships	Past directorships/ partnerships
	Esprit Capital I (GP) Limited Esprit Capital Partners LLP Esprit Nominees Limited DFJ Esprit II GP Limited Encore I GP Limited Encore I Founder GP Limited DFJ Esprit II LP DFJ Esprit II Founder LP DFJ Esprit II Founder 2 LP DFJ Esprit IIIi Fund LP DFJ Esprit IIIi-A Fund LP Encore I GP LP Encore I Founder LP Encore I Founder 2014 LP Draper Esprit (Nominee) Limited Esprit Capital Partners LLP Esprit Maestro Limited Kiadis Pharma Netronome Limited Portwise Limited Encore I Founder 2014-A LP Qosmos S.A.	Powerlase Limited Road Angel Group Limited RoadPilot Limited The British Private Equity and Venture Capital Association DFJE III FP LP DFJE III GP LP Fastnet Ventures Limited RedKite Financial Markets LLP 118662 Limited 118MOB Limited
Grahame Cook	EPI-V GP Investments LLP KS Halkins MDY Healthcare Limited Minoan Group PLC Morgan Rossiter Limited Pirtsemit Limited Sinclair IS Pharma PLC Horizon Discovery Group PLC Morphogenesis Inc Biocure Limited Medisys America Limited Medisys Safety Products Limited Horizon Discovery plc	Actinopharma Limited Antisoma Research Limited C5 Capital Limited Davall Gears Limited Kinnerton Street Freehold Limited Precious Cells International Limited Sarossa Capital Limited Antisoma Development Limited Antisoma Ventures Limited Antisoma Ventures Limited Australian Vinyards Direct Limited Australian Vineyards LLP T and JK Estates LLP TJK Holdings LLP
Richard Pelly	Social Investment Business Foundation The Social Investment Business Limited The Portuguese Institute of Development Strategic Banking Corporation of Ireland Nuevo Microbank, Spain	RFP Advisory Services Ltd

8.5 Save as disclosed in paragraphs 8.6 to 8.10 below, no Director:

- (a) has any unspent convictions in relation to indictable offences; or
- (b) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

- (c) has been a director of any company which, while he or she was a director or within twelve months after he or she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- (d) has been a partner of any partnership which, while he or she was a partner or within twelve months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (e) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (f) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8.6 Stuart Chapman was a director of Powerlase Limited which was wound up and dissolved on 24 March 2015 under a creditors' voluntary liquidation.

8.7 Save as disclosed in paragraph 8.1 above, and as set out below, the Directors are not aware of any person who, directly or indirectly will have an interest in three per cent. or more of the voting rights of the Company which will be notifiable to the Company under the Disclosure and Transparency Rules immediately following completion of Admission:

Name	Immediately following Admission	
	Ordinary Shares	%
ISIF	10,904,502	26.8%
WIM	10,000,000	24.6%
Huarong	3,333,333	8.2%
Simon Cook	2,230,214	5.5%
Stuart Chapman	2,230,214	5.5%
Baillie Gifford	2,200,000	5.4%
WH Ireland	1,666,666	4.1%
Brian Caulfield	1,324,237	3.3%

8.8 None of the Company's major Shareholders have any different voting rights from other Shareholders.

8.9 Any potential investor in Ordinary Shares should note that, by virtue of the Company's ownership of Esprit Capital (being an FCA regulated entity), where it acquires 20 per cent. or more of the voting rights in the capital of the Company, it will be viewed as a 'controller' of Esprit Capital (on a 'look-through' basis), and will therefore be required, before obtaining such holding of Ordinary Shares, to apply for approval from the FCA as a 'controller' pursuant to Part 12 of FSMA.

8.10 In addition, any potential investor in Ordinary Shares should also note that, by virtue of the Company's indirect 72 per cent. ownership of Encore Ventures (also being an FCA regulated entity), where it acquires c.27.8 per cent. or more of the voting rights in the capital of the Company, it will also be viewed as a 'controller' of Encore Ventures (on a 'look-through' basis), and will therefore be required, before obtaining such holding of Ordinary Shares, to also apply for approval from the FCA as a 'controller' pursuant to Part 12 of FSMA.

9 DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

9.1 The following service agreements have been entered into by the Company with the Executive Directors:

- (a) Simon Cook

In anticipation of Admission, Simon Cook has entered into a service agreement with the Company dated 10 June 2016 in respect of his role as Chief Executive Officer of the Company and as a Director, terminable upon six months' notice by either party. The

agreement provides for an annual base salary of £240,000 and a holiday entitlement of 30 days per annum. Simon Cook is also entitled to a pension contribution into a personal pension scheme of an amount equal to 15 per cent. of his base salary per annum and further benefits of up to 10 per cent. of his base salary. Simon Cook may also be awarded a bonus of up to 60 per cent. of his base salary.

(b) Stuart Chapman

In anticipation of Admission, Stuart Chapman has entered into a service agreement with the Company dated 10 June 2016 in respect of his role as Chief Operating Officer of the Company and as a Director, terminable upon six months' notice by either party. The agreement provides for an annual base salary of £200,000 and a holiday entitlement of 30 days per annum. Stuart Chapman is also entitled to a pension contribution into a personal pension scheme of an amount equal to 15 per cent. of his base salary per annum and further benefits of up to 10 per cent. of his base salary. Stuart Chapman may also be awarded a bonus of up to 60 per cent. of his base salary.

The following appointment letters been entered into by the Company with the Non-executive Directors:

(c) Karen Slatford (née Tonks)

Karen Slatford was appointed as Non-executive Chair of the Company by letter of appointment dated 10 June 2016. The appointment is subject to re-election at the forthcoming annual general meeting and it is terminable on three months' notice by either the Company or by Karen Slatford. The fee payable to Karen Slatford for her roles as Non-executive Chair and her role as a member of the Remuneration Committee and the Audit Committee and as Chair of the Nominations Committee is £80,000 per annum and is subject to annual review.

(d) Grahame Cook

Grahame Cook was appointed as a Non-executive Director by letter of appointment dated 10 June 2016. The appointment is subject to re-election at the forthcoming annual general meeting and it is terminable on three months' notice by either the Company or by Grahame Cook. The fee payable to Grahame Cook for his role as Non-executive Director and his roles as Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominations Committee is £40,000 per annum and is subject to annual review.

(e) Richard Pelly

Richard Pelly was appointed a Non-executive Director of the Company by letter of appointment dated 10 June 2016. The appointment is subject to re-election at the forthcoming annual general meeting and it is terminable on three months' notice by either the Company or by Richard Pelly. The fee payable to Richard Pelly for his role as a Non-executive Director and his roles as Chairman of the Remuneration Committee, a member of the Audit Committee and Nominations Committee is £40,000 per annum and is subject to annual review.

9.2 None of the Directors' service contracts or letters of appointment provide for benefits upon termination of employment.

9.3 Save as set out in this paragraph 9, there are no existing or proposed service agreements or appointment letters between the Directors and any member of the Group.

10 MATERIAL CONTRACTS OF THE GROUP

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that (i) have been entered into by the Group for the two years immediately preceding the date of this document and are, or may be, material to the Group as at the date of this document and (ii) any other contract entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Group as at the date of this document:

10.1 The Esprit Capital Acquisition Agreement

Pursuant to the Esprit Capital Acquisition Agreement dated 10 June 2016 between the Vendors, the Company and Esprit Capital, the Company has agreed to acquire all of the membership interests in Esprit Capital conditional upon Admission occurring no later than 30 June 2016. The consideration for the Esprit Capital Acquisition is the issue of 8,000,000

Consideration Shares to the Vendors. The Vendors have each given certain warranties customary for a transaction of this type which concern the business, assets and affairs of Esprit Capital and are subject to certain restrictive covenants set out in the agreement. Claims for breach of warranty are subject to certain de minimis and threshold provisions and a total aggregate cap of £12 million. Other than those Consideration Shares to be sold pursuant to the Placing Agreement on behalf of certain of the Vendors to meet their personal tax liabilities, the Consideration Shares will be subject to the terms of the Lock-In and Vesting Deed, as described in more detail at paragraph 10.5 below.

The Esprit Capital Acquisition Agreement is governed by the laws of England and Wales.

10.2 The Limited Partners Offer Letters

Pursuant to the Limited Partners Offer Letters dated between 9 May 2016 and 8 June 2016, the Company and Esprit Ireland have, conditional upon Admission, agreed with each of the Limited Partners to acquire their limited partnership interests in Esprit Fund 3. The consideration for each Limited Partner's interest will be an amount in Sterling (in cash or in Ordinary Shares at the Issue Price) equal to what such Limited Partner's allocation of any proceeds distributed between the Limited Partners would be were all the Esprit Fund 3 investments had been realised at their valuation as at 31 December 2015, adjusted solely for currency movements from 31 December 2015 to 30 April 2016 (subject to a discount of between 10 per cent. and 20 per cent. for any Limited Partner electing to receive their consideration in cash).

In accepting the offer each Limited Partner made certain customary representations and warranties including, for those taking Ordinary Shares, in relation to their eligibility to receive Ordinary Shares.

The Limited Partners Offer Letters are governed by the laws of England and Wales.

10.3 The Transferring Investments Acquisition Agreement

Pursuant to the Transferring Investments Acquisition Agreement dated 10 June 2016 between Esprit Fund 3, Esprit Fund 3B and Esprit Nominees Limited, Esprit Fund 3B (a member of the Group managed by Esprit Capital) has agreed to acquire the interests in certain investee companies held by Esprit Fund 3. Completion of the transfers shall take place immediately prior to Admission. The consideration for the Esprit Capital Acquisition is the Aggregate Valuation of such transferring assets as at 31 December 2015, which shall be left outstanding as an intra-group loan on Admission.

The Transferring Investments Acquisition Agreement is governed by the laws of England and Wales.

10.4 The Placing Agreement

Pursuant to the Placing Agreement dated 9 June 2016 between the Company, the Directors, the Vendors, Numis, Goodbody and Zeus Capital, Numis, Goodbody and Zeus Capital each have agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for 14,020,547 Placing Shares at the Issue Price which are allocated pursuant to the Placing. In addition, Numis has agreed, subject to certain conditions, to use reasonable endeavours to procure purchasers for 1,500,000 Placing Shares to be sold by certain of the Vendors.

The Placing Agreement may be terminated by Numis and/or Goodbody and/or Zeus Capital in certain customary circumstances prior to Admission. The Company has appointed Numis as nominated adviser, bookrunner and joint broker to the Company in connection with the Placing. The Company has appointed Goodbody as ESM adviser and joint broker to the Company. The Company has appointed Zeus Capital as joint bookrunner.

The obligation of the Company to issue 14,020,547 Placing Shares, the obligations of the Vendors to sell 1,500,000 Placing Shares and the obligations of Numis, Goodbody and Zeus Capital to procure subscribers or purchasers for such Placing Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 15 June 2016 (or such later time and/or date, not being later than 29 June 2016, as the Company, Numis and Goodbody may agree); (ii) the Acquisition Agreements, the Subscription

Agreements and the WIM Relationship Agreement having completed (save for any condition relating to Admission) and not having been terminated; and (iii) the Placing Agreement not having been terminated in accordance with its terms.

In consideration for their respective services in relation to the Placing and Admission and conditional upon completion of the Placing, Numis, Goodbody and Zeus Capital will be paid commission based on the aggregate value of the Placing Shares at the Issue Price and Goodbody will be paid a corporate finance fee.

The Company and the Directors have given warranties to Numis, Goodbody and Zeus Capital concerning, *inter alia*, the accuracy of the information contained in this document. The Company has also given indemnities to Numis, Goodbody and Zeus Capital. The warranties and indemnities given by the Company and the Directors are standard for an agreement of this nature. In addition, the Vendors have given warranties to Numis, Goodbody and Zeus Capital concerning, *inter alia*, title to the Placing Shares to be sold on their behalf.

The Non-Executive Directors have also covenanted not to dispose of any of the Ordinary Shares held by them at Admission, or subsequently acquired, for a period of 24 months from Admission except with the consent of Numis and Goodbody or in other limited circumstances (including a sale pursuant to a court order, death or acceptance of a takeover offer which is open to all Shareholders). For the period from 24 months to 36 months after Admission each Director has also agreed that (except in certain limited circumstances), he or she will only sell such Ordinary Shares through Numis (provided that Numis shall continue to be nominated adviser and broker to the Company).

The Placing Agreement is governed by the laws of England and Wales.

10.5 Lock-in and Vesting Deed

Pursuant to the Lock-in and Vesting Deed dated 10 June 2016 entered into between the Company, Numis and each of the Vendors, each Vendor has covenanted to Numis and the Company not to dispose of any of the Ordinary Shares held by him at Admission, (or subsequently acquired) for a period of two years from Admission except with the consent of Numis or in other limited circumstances (including a sale to settle a liability arising under the Esprit Capital Acquisition Agreement or pursuant to a court order, death or acceptance of a takeover offer which is open to all Shareholders and a transfer to be a connected person). For the period of three years after Admission: (i) each Vendor has also agreed that (except in certain limited circumstances) he will only sell such Ordinary Shares through Numis; and (ii) each of Simon Cook, Stuart Chapman and Brian Caulfield have agreed not to dispose of 37.5 per cent., 25 per cent. and 12.5 per cent. of the Ordinary Shares held by each of them at Admission (on the same basis as described above) for the third, fourth and fifth years following Admission respectively.

Each of Simon Cook, Stuart Chapman and Brian Caulfield agreed that, if he becomes a “bad leaver” under the customary bad leaver provisions contained in the Lock-in and Vesting Deed, a proportion of the Ordinary Shares held by him immediately following Admission will be bought back by the Company (or a nominee of the Company) for an aggregate consideration of £1.00 as follows: (i) where such Vendor becomes a “bad leaver” within one year of Admission, 50 per cent.; (ii) where such Vendor becomes a “bad leaver” following the first anniversary of Admission but prior to the second anniversary of Admission, 37.5 per cent.; (iii) where such Vendor becomes a “bad leaver” following the second anniversary of Admission but prior to the third anniversary of Admission, 25 per cent.; and (iv) where such Vendor becomes a “bad leaver” following the third anniversary of Admission but prior to the fourth anniversary of Admission, 12.5 per cent.

Each of the other Vendors have also agreed that, if he becomes a bad leaver under the same customary bad leaver provisions contained in the Lock-in and Vesting Deed, 1/24th of the Ordinary Shares held by him immediately following Admission will be bought back by the Company (or a nominee of the Company) for an aggregate consideration of £1.00 for each month he leaves prior to the second anniversary of Admission.

The Lock-in and Vesting Deed is governed by the laws of England and Wales.

10.6 The Secretary Agreement

Pursuant to the Secretary Agreement dated 7 June 2016 between the Company and Prism Cossec, the Secretary has been appointed to act as secretary to the Company. Under the terms of the Secretary Agreement, the Secretary is entitled to a fee based on an hourly rate for time spent providing its services (exclusive of VAT). The Secretary Agreement contains provisions whereby the Company indemnifies and holds harmless the Secretary, its affiliates and their directors, officers, employees and agents from and against any and all losses incurred by such parties resulting or arising from the Company's breach of the Secretary Agreement and, in addition, any third party claims relating to or arising from or in connection with the Secretary Agreement or the services contemplated therein except to the extent that any such claims have resulted from the negligence, fraud, breach of the Secretary Agreement or wilful default of any such person. Further, the liability of Prism Cossec to the Company under the Secretary Agreement is limited (with certain exceptions) to an amount equal to the total charges paid by the Company for the services provided within a calendar year. The Secretary Agreement is terminable, *inter alia*, upon one months' written notice.

The Secretary Agreement is governed by the laws of England and Wales.

10.7 The Registrar Agreement

Pursuant to the Registrar Agreement dated 31 May 2016 between the Company and the Registrar, the Registrar has agreed to act as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to a fee for share registration services of £1.25 per Shareholder account per annum, subject to a minimum fee of £2,250 per annum (exclusive of VAT). The fee is subject to increase in line with RPI. The Registrar is also entitled to activity fees under the Registrar Agreement.

The Registrar Agreement may be terminated on six months' notice, such notice not to expire prior to the end of the first year of appointment.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement.

The Registrar's liability under the Registrar Agreement is limited (with certain exceptions) to the fees paid to the Registrars during such calendar year.

The Registrar Agreement is governed by the laws of England and Wales.

10.8 ISIF Subscription and Relationship Agreement

Pursuant to the ISIF Subscription and Relationship Agreement dated 8 June 2016 between the Company and ISIF, ISIF has agreed to subscribe for 5,000,000 Ordinary Shares at the Issue Price.

The ISIF Subscription is conditional, *inter alia*, on: (i) Admission occurring by not later than 8.00 a.m. on 29 June 2016 (or by such later time and/or date as agreed between the parties but in any event not later than 8.00 a.m. on 30 September 2016); (ii) immediately following Admission, the Company having net assets on its balance sheet available for working capital and further investments by the Group of at least £28 million; and (iii) ISIF's holding of Ordinary Shares at or following Admission not being greater than 27 per cent. of the issued ordinary shares capital of the Company.

The Company has agreed under the ISIF Subscription and Relationship Agreement to use its reasonable endeavours to procure that, within the five years following Admission, the amount invested by the Group into Principally Irish Companies will be at least £30 million, subject to compliance, in the reasonable opinion of the Directors, with the Company's investing policy and provided that nothing shall require the Directors to breach their fiduciary duties to the Company or their statutory duties to the Company set out in Chapter 2 of Part 10 of the Act.

ISIF has undertaken (for so long as ISIF holds Ordinary Shares representing 15 per cent. or more of the voting capital of the Company), amongst other things, that it will (and, in relation to its associates, will procure that each of its associates will): (i) conduct all transactions, agreements, relationships with the Group on an arm's length basis and on normal commercial terms; and (ii) exercise its voting rights to procure in so far as ISIF is able that each member of the Group is able at all times to carry on its business independently of ISIF.

The Company has also undertaken not to take any action (including any redemption or buyback of any shares) which may reasonably be expected to cause ISIF's holding to exceed 27 per cent. of the issued ordinary shares capital of the Company without ISIF's prior written consent.

The ISIF Subscription and Relationship Agreement is governed by the laws of England and Wales

10.9 WIM Relationship Agreement

Pursuant to the WIM Relationship Agreement dated 10 June 2016 between the Company and WIM, WIM has undertaken (for so long as it holds Ordinary Shares representing 15 per cent. or more of the voting capital of the Company), amongst other things, that it will (and, in relation to its associates, will procure that each of its associates will): (i) conduct all transactions, agreement, relationships and arrangements with the Group on an arm's length basis and on normal commercial terms; and (ii) exercise its voting rights to procure insofar as it is able, that each member of the Group is able at all times to carry on its business independently of WIM.

The WIM Relationship Agreement is governed by the laws of England and Wales.

10.10 WIM Subscription Agreement

Pursuant to the WIM Subscription Agreement dated 3 June 2016 between the Company and WIM, WIM has agreed that funds managed by WIM will subscribe for 2,366,667 Ordinary Shares pursuant to the WIM Subscription. The WIM Subscription is conditional, *inter alia*, upon Admission occurring.

The WIM Subscription Agreement is governed by the laws of England and Wales.

10.11 Huarong Subscription Agreement

Pursuant to the Huarong Subscription Agreement dated 31 May 2016 between the Company and Huarong, Huarong has agreed to subscribe for 3,333,333 Ordinary Shares at the Issue Price. The subscription is conditional, *inter alia*, upon Admission occurring.

The Huarong Subscription Agreement is governed by the laws of England and Wales

10.12 ZAI Introduction Agreement

Pursuant to the ZAI Introduction Agreement dated 24 May 2016 between the Company and ZAI, the parties have agreed that for every investor procured by ZAI who participates in the Subscription, the Company shall pay to ZAI a success fee (plus any applicable VAT) based on the aggregate value (at the Issue Price) of all the Subscription Shares subscribed for by those investors.

The ZAI Introduction Agreement is governed by the laws of England and Wales.

10.13 Encore Ventures LLP Agreement

Pursuant to an LLP Agreement dated 14 September 2015 (effective from 1 July 2015) between Esprit Capital, Richard Marsh, David Cummings (the "**Encore Members**") and Encore Ventures, the Encore Members have agreed how any profits of Encore Ventures available for distribution are distributed to the Encore Members.

No Encore Member may transfer its membership interests in Encore Ventures without the prior consent of the management board. The management board shall consist of four persons or such number of persons as the management board shall decide, of which two shall be nominated by Esprit Capital and the remainder shall be nominated by the other members. The Encore Ventures LLP Agreement also includes provisions regarding the frequency and governance of meetings of Encore Members.

Encore Ventures has given a standard indemnity in favour of the Encore Members in respect of the members' potential losses in carrying on their responsibilities under the Encore Ventures LLP Agreement. There is also a tax indemnity given by each of the Encore Members in favour of Encore Ventures.

Encore Ventures shall continue in existence until wound up in accordance with the terms of the Encore Ventures LLP Agreement.

The Encore Ventures LLP Agreement is governed by the laws of England and Wales.

10.14 Draper Esprit Secondaries Relationship Agreement

Pursuant to the Draper Esprit Secondaries Relationship Agreement dated 17 November 2015 between Draper Esprit Secondaries and Esprit Capital, the parties will (i) allocate deal flow between them, (ii) refer investment opportunities to each other and (iii) confer with each other with regards to any secondary investments pursuant to which both an Esprit Capital participation right and a Draper Esprit Secondaries participation right are likely to arise. A detailed breakdown of relevant participation rights are detailed within the Draper Esprit Secondaries Relationship Agreement.

Pursuant to the Draper Esprit Secondaries Relationship Agreement, Esprit Capital shall, subject to the satisfaction of certain conditions, be allocated a proportion of any carried interest (or other incentive or profit-related performance fee) procured by Draper Esprit Secondaries. Such allocation will include all remuneration required to be paid by Esprit Capital for the use of the Draper name and membership of the Draper Venture Network.

Draper Esprit Secondaries will also receive remuneration of a proportion of the amount invested by Esprit Capital in respect of all primary investments (being the subscription of newly issued securities in a company) which Draper Esprit Secondaries introduces to Esprit Capital, with such remuneration to be re-invested by Draper Esprit Secondaries in the investment on *pari passu* terms as the Esprit Capital funds are investing.

The Draper Esprit Secondaries Relationship Agreement may be terminated, *inter alia*, by either party giving not less than 90 days' notice to the other. The Secondaries Relationship Agreement may also be terminated by either party in the event of a default by the other.

The Draper Esprit Secondaries Relationship Agreement is governed by the laws of England and Wales.

10.15 Licence Agreement

Pursuant to the Licence Agreement dated 28 May 2016 between the Company and the Timothy Draper Living Trust ("**the Trust**") pursuant to which the Trust has granted a non-exclusive, non-transferable, non-sub-licensable licence (the "**Licence**") to the Company to use the Draper mark in Europe (the "**Territory**") in accordance with its terms.

Each of the funds into which the Company and Esprit Capital invests may be subject to future option schemes or carried interest schemes or performance based schemes, in which the Company and members the Group are entitled to participate (the "**Carried Interest Proceeds**"). In consideration for granting the Licence to the Company and each member of the Group, the Trust will, from Admission, be entitled to the future issue by the relevant Group entity (i.e. the entity entitled to the Carried Interest Proceeds) of a percentage of the aggregate Carried Interest Proceeds to which the relevant Group entity becomes entitled from Admission.

The Licence Agreement is conditional on, and shall take effect on, Admission. The Trust agrees not to grant to any third party any licence of the Draper mark in any part of the Territory on terms which are materially more favourable to such third party unless it has first given written notice to the Company of such proposed licence and the option, exercisable within 14 days of such notice, to vary the terms of the agreement from the date of the grant of such third party licence insofar as, and to the extent only that, such terms are inconsistent with the terms of such third party licence.

The Trust gives certain representations, warranties, covenants, declarations and acknowledgements pursuant to the terms of the Licence Agreement.

The Licence Agreement may be terminated by either party with immediate effect on the occurrence of a material breach of the agreement which fails to be remedied within 30 days of being notified to do so or if the other party repeatedly breaches the terms of the agreement in such way as to reasonably justify the opinion that the conduct of such other party is inconsistent with it having the intention or ability to give effect to the terms of the agreement. If the agreement is terminated by the Company for cause, the Trust shall have no

right whatsoever (including, without limitation, no right to allocations and distributions) in relation to any Carried Interest percentage (including, without limitation, any right to receive allocations or distributions with respect to the forfeited interest). The agreement may also be terminated by either party on 190 days' written notice to the other parties.

The Licence Agreement is governed by the laws of England and Wales.

10.16 Services Agreement and Trademark Licence and Use Agreement

Pursuant to the services agreement dated 9 December 2015 between Draper Network Hub, Inc. ("**Service Provider**") and the Company, the Company will become a member of the Draper Venture Network and agrees to pay certain annual fees to the Service Provider. The Service Provider will provide support services to the Company on the terms of the services agreement. The services agreement takes effect as at and from Admission, and terminates all other arrangements entered into between the parties thereto (and in relation to the Company, any entity associated with the Company) in relation to the Group's membership of the Draper Venture Network. The services agreement is terminable on a specified date (as set out therein). The services agreement can also be terminated by Service Provider in the event of a material breach by the Company of the services agreement and/or the trademark license and use agreement (which breach remains un-remedied for a period of 30 days). Service Provider may terminate the services agreement at any time on 90 days' prior written notice.

In connection with the services agreement, the Company is required to enter into a trademark licence and use agreement with Draper Venture Network, LLC ("**DVN**"), pursuant to which DVN grants to the Company (and its related entities) a non-exclusive, non-transferable licence to use the 'member of the Draper Venture Network' trademark. Each of the funds into which the Company and Esprit Capital invests may be subject to future option schemes or carried interest schemes or performance based schemes, in which the Company and members of the Group are entitled to participate ("**Carried Interest Proceeds**"). In consideration for the grant of such licence, the Company will (and will procure that each Group entity will) transfer and assign to DVN a percentage of all Carried Interest Proceeds to which the relevant Group entity becomes entitled at any time from Admission ("**DVN Carry Percentage**"). The trademark licence and use agreement is terminable by DVN in the event of a material breach by the Company of any term of the trademark licence and use agreement (which breach remains un-remedied for a period of 30 days), and otherwise upon one years' prior written notice.

The services agreement and the trademark license and use agreement are governed by the laws of the State of California.

10.17 Termination Agreement

The Termination Agreement dated 9 December 2015 between Timothy Draper, John Fisher and Steven Jurvetson, DFJ Network Affiliate IX, LLC (together, "**DFJ**") (1) and Esprit Capital (2) pursuant to which the parties agreed to terminate the network agreement relating to Esprit Capital dated 8 October 2007 (the "**2007 Agreement**") and the further amended limited liability partnership deed relating to Esprit Capital (the "**LLP Deed**").

Pursuant to the Termination Agreement, DFJ ceased to be a C member of Esprit Capital from 31 March 2015. Esprit Capital was obliged to return US\$20,000 to DFJ for the C capital originally purchased by DFJ whereupon the C capital was accordingly extinguished. All unpaid or outstanding fixed share fees due to DFJ under the LLP Deed were cancelled and no further payments will be made to DFJ by Esprit Capital.

Esprit Capital was under an obligation to, within six months of the date of the Termination Agreement, remove the name "DFJ" from all advertisements, publications, legal entities and funds where it is legally able to do so without approval and will request the approval from limited partners to rename funds where required.

Esprit Capital has the option to remain in the DFJ Fund Network (as defined in the 2007 Agreement). Esprit Capital also retained a board seat with the DFJ Fund Network.

DFJ retained 9 per cent. of the 15 per cent. carried interest proportion from Esprit Fund 3 and also retained 9 per cent. of the general partner co-investment proportion as per the DFJE III FP LP limited partnership agreement. With respect only to any unvested amounts, all other

carried interest entitlements to DFJ for all other funds managed by Esprit Capital (including Esprit Fund 1, Esprit Fund 3 and Esprit Fund 3(i)) were assigned to Esprit Capital or as determined by the management board of Esprit Capital.

Esprit Capital and DFJ agreed to continue to co-operate and share information on existing co-investments in Esprit Fund 3.

The Termination Agreement is governed by the laws of England and Wales.

10.18 Esprit Fund 3 Co-Investment Agreement

Pursuant to the Esprit Fund 3 Co-Investment Agreement dated 1 April 2009 between Esprit Fund 3, Fund 3 Carry LP, Jabe, LLC, Draper Fisher Jurvetson Fund IX, LP, Draper Fisher Jurvetson Partners IX, LLC, (together, the “**Co-Investing Parties**”), Esprit Capital and DFJE III GP Limited, the Co-Investing Parties will invest at the same time and on the same terms and conditions in all companies, businesses or other entities in which Esprit Capital determines that Esprit Fund 3 should invest, in proportion to their relevant commitment (as set out in the agreement), and in accordance with the investment policy of Esprit Fund 3.

On a disposal by a Co-Investing Party of any part of any interest in an investment held by that Co-Investing Party, there is a tag-along right for Jabe, LLC to dispose of such proportion of the relevant investment held by it as is equal to the proportion of that investment being disposed of by the Co-Investing Party.

The Esprit Fund 3 Co-Investment Agreement shall terminate upon the removal of DFJE III GP Limited (a subsidiary of the Company) as general partner (unless replaced as general partner by an associate of Esprit Capital) or otherwise on termination of Esprit Fund 3.

The Esprit Fund 3 Co-Investment Agreement is governed by the laws of England and Wales.

11 LITIGATION

- 11.1 The Company was made aware of a potential claim in December 2015 by a minority shareholder (the “**Potential Claimant**”) of Achica Limited (“**Achica**”) (being one of the companies comprising the Initial Portfolio) against Esprit Capital in relation to, *inter alia*, the management of a proposed transaction pursuant to which the entire issued share capital of Achica was to be sold to Worldstores Limited. The Potential Claimant made certain investments through the Encore Funds. The Potential Claimant alleged, *inter alia*, (i) a conflict of interest on the part of Esprit Capital between the Fund 3 investment in Achica and the interest of the EIS shareholders in Achica; (ii) breach of duty by Esprit Capital, as such duties are set out in the DFJ Esprit Angels’ EIS Co-Investment Fund (the “**EIS Fund**”) investment management agreement; and (iii) unfair prejudice against the minority shareholders of Achica, arising from the assertion that the acceptance of the proposed sale would cause loss and damage to those minority shareholders. Esprit Capital has no duty to the Potential Claimant under the EIS Fund investment management agreement, on the basis that it is not the investment manager of the EIS Fund. Additionally, the majority of the Potential Claimant’s investment in Achica was not made through a fund managed by Esprit Ventures (or any other Group entity), but was made privately. No proceedings have been issued against any member of the Group as at the date of this document. The Group has taken legal advice on the potential claim, and considers, on the basis of the information currently in its possession, that the Potential Claimant’s prospects of success are minimal. In December 2015 Esprit Capital refuted all claims made against it (whilst reserving its rights), in particular its breach of any duty to the Potential Claimant, on the basis that it neither had nor has such a duty. The Potential Claimant also made certain allegations against Achica itself and its directors in relation to, *inter alia*, conflicts of interest and unfair prejudice against the minority shareholders of Achica. The Company is informed that Achica and the directors of Achica have rejected all allegations made against them. The Company has not received any further correspondence from the Potential Claimant since December 2015.
- 11.2 Save as set out above, there have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

12 WORKING CAPITAL

The Directors, having made due and careful enquiry, are of the opinion that, taking into account the proceeds of the Placing and the Subscription receivable by the Group, the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

13 NO SIGNIFICANT CHANGE

- 13.1 There has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- 13.2 There has been no significant change in the financial or trading position of the LLP Group since 30 September 2015, being the last date to which financials have been published in relation to the LLP Group.
- 13.3 There has been no significant change in the valuation of the Initial Portfolio since 31 December 2015, being the latest practicable date prior to the publication of this document.

14 PREMISES

- 14.1 A summary of the Group's lease at 14 Buckingham Gate is as follows:

The Buckingham Gate Lease Agreement dated 20 February 2015 between Julil International Limited (as landlord) and Esprit Capital (as tenant) pursuant to which Esprit Capital will lease the property known as 14 Buckingham Gate for use as high class offices. Pursuant to the terms of the Buckingham Gate Lease Agreement, Esprit Capital shall pay rent of one peppercorn per year. Assignment, underletting and charging is permitted under the Buckingham Gate Lease Agreement subject to the landlord's consent (such consent not to be unreasonably withheld). The Buckingham Gate Lease Agreement shall terminate on 18 June 2016.

On determination of the term, so long as Esprit Capital has made all requisite payments and fully vacated the property, then it shall be entitled to a payment of £200,000 from the Landlord.

- 14.2 A summary of the Group's lease at 4 Ebury Mews is as follows

The Ebury Mews Lease Agreement between City Dragon Limited (as landlord) and Esprit Capital (as tenant) pursuant to which Esprit Capital has leased the property known as 4 Ebury Mews. The tenancy is for a twelve month term starting on 15 June 2015 with monthly rent payments of £3,575. The Ebury Mews Lease Agreement contains standard repair covenants for a lease of this nature. Assignment and underletting is not permitted. Esprit Capital has an option to break the lease on or after the first six months by giving the landlord not less than two months' notice in writing.

The landlord may serve written notice to Esprit Capital if (i) the rent remains unpaid for 14 days after falling due, (ii) Esprit Capital's obligations are not being complied with or the property is left vacant and unoccupied for more than 28 days without the landlords consent or (iii) Esprit Capital becomes bankrupt or insolvent or enters into a voluntary arrangement with its creditors or is made the subject of a winding up order. If Esprit Capital does not comply with the notice, the landlord may terminate the Ebury Mews Lease Agreement and regain possession of the property.

15 EMPLOYEES

The Group will have, as at Admission, ten employees (which includes part time employees).

16 RELATED PARTY TRANSACTIONS

Save as described in Note 21 to Esprit Capital's historical financial information of the LLP Group set out in Section D of Part 6 of this document and Note 16 of the interim financial information of the LLP Group set out in Section E of Part 6 of this document, there are no material 'related party transactions' (within the meaning of the AIM Rules) required to be disclosed under the accounting standards applicable to the Company, to which the Company was a party during the period of the historical financial information and up to the date of this document.

17 CONSENTS

- 17.1 Grant Thornton is a limited liability partnership registered in England and Wales with registered number OC307742 and having its registered office at Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. Grant Thornton is a member of the Institute of Chartered Accountants in England and Wales. Grant Thornton has given and not withdrawn its written consent to the inclusion of its reports in Section A and Section C of Part 6 of this document in the form and context in which they appear and has authorised the contents of its reports for the purpose of Schedule Two to the AIM Rules.
- 17.2 Numis is a company incorporated in England and Wales with registered number 02285918 and having its registered office at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT. Numis is authorised and regulated by the FCA. Numis has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 17.3 Goodbody is a company incorporated in the Republic of Ireland with registered number 54223 and having its registered office at Ballsbridge Park, Ballsbridge, Dublin 4. Goodbody is authorised and regulated by the Central Bank of Ireland. Goodbody has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 17.4 Zeus Capital is a company incorporated in England and Wales with registered number 04417845 and having its registered office at 82 King Street, Manchester M2 4WQ. Zeus Capital is authorised and regulated by the FCA. Zeus Capital has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 17.5 ZAI Broking Ltd. is a company incorporated in England and Wales with registered number 06814161 and having its registered office at 11 Staple Inn, London WC1V 7QH. ZAI Broking Ltd. is an appointed representative of ZAI Corporate Finance Ltd which is authorised and regulated by the FCA. ZAI Broking Ltd. has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

18 THIRD PARTY INFORMATION

Where information in this document has been sourced from a third party, this information has been accurately reproduced and, so far as the Company and the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19 GENERAL

- 19.1 The expenses of Admission are estimated to be £4.8 million, including VAT and are payable by the Company.
- 19.2 Esprit Capital is registered as an EuVECA manager. It is the intention of the Company that Esprit Capital shall, in due course, make an application for a 'full scope' application under the AIFM Directive. Until such time as it has received such authorisation, the Group will continue to comply with the restrictions set out under the EuVECA Regulation, including that 70 per cent. or more of its capital is invested in small and medium sized enterprises which fall within the definition of a Qualifying Portfolio Undertaking.
- 19.3 Except for fees payable to the professional advisers whose names are set out on page 7 above or payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the date of this document, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 19.4 The Company is not dependent on patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.

19.5 The Directors are not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

19.6 The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets.

19.7 Neither the Company nor any of the Directors are aware of the existence of any public takeover offer in respect of the share capital of the Company.

20 AVAILABILITY OF DOCUMENT

A copy of this document will be available, free of charge, during normal business hours on any weekday (except Saturdays, Sundays and public holidays), at the registered office of the Company at 4 More London Riverside, London SE1 2AU and at the registered office of Goodbody Stockbrokers at Ballsbridge Park, Ballsbridge, Dublin 4 for a period of one month from the date of Admission and also for download on the Group's website at www.draperesprit.com in accordance with Rule 26 of the AIM Rules and of the ESM Rules.

Dated 10 June 2016

DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meaning:

“Acquisitions”	the Esprit Capital Acquisition and the Esprit Fund 3 Acquisition
“Acquisition Agreements”	the Esprit Capital Acquisition Agreement, the Limited Partners Offer Letters and the Transferring Investments Acquisition Agreement
“Act”	the UK Companies Act 2006
“Admission”	the admission of the Enlarged Share Capital to trading on AIM and ESM and such admission becoming effective in accordance with the AIM Rules and the ESM Rules respectively
“Aggregate Valuation”	the aggregate valuation of the Initial Portfolio as extracted from the audited financial statements of Esprit Fund 3 for the year ended 31 December 2015, which includes the carried interest entitlements of the Group, certain ex-employees of the Group and Draper Fisher Jurvetson (further details of which are set out at paragraph 4.2 of Part 9 of this document)
“AIF”	an alternative investment fund
“AIFM”	an alternative investment fund manager
“AIFM Directive”	the EU Directive on Alternative Investment Fund Managers
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the AIM Rules for Companies setting out the rules and responsibilities in relation to AIM companies published by the London Stock Exchange, as amended from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers setting out the eligibility, on-going obligations and certain disciplinary matters in relation to nominated advisers published by the London Stock Exchange, as amended from time to time
“Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company from time to time
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for commercial business in the City of London
“certificated” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is not in CREST)
“COBS Rules”	the COBS Rules of the FCA
“Company” or “Draper Esprit”	Draper Esprit plc, a company incorporated in England and Wales with registered number 09799594 and having its registered office at 4 More London Riverside, London SE1 2AU
“Consideration Shares”	the (i) 8,000,000 Ordinary Shares to be issued to the Vendors at Admission as consideration for the acquisition of Esprit Capital pursuant to the Esprit Capital Acquisition Agreement; (ii) 7,953,362 Ordinary Shares to be issued to certain limited partners of Esprit Fund 3 in consideration for the acquisition of their limited partnership interests in Esprit Fund 3 pursuant to the terms of the relevant Limited Partner Offer Letters

“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (<i>SI 2001/3755</i>), as amended
“CTA 2010”	the UK Corporation Tax Act 2010
“Directors” or “Board”	the directors of the Company from time to time, but whose names as at the date of this document appear on page 7 of this document
“Disclosure and Transparency Rules” or “DTRs”	the Disclosure Rules and Transparency Rules made by the FCA in accordance with section 73(A)(3) of FSMA
“Draper Esprit Funds”	the Esprit Funds and the Encore Funds
“Draper Esprit Secondaries”	Draper Esprit Secondaries LLP
“Draper Esprit Secondaries Relationship Agreement”	the relationship agreement dated 17 November 2015 between Draper Esprit Secondaries and Esprit Capital, further details of which are set out at paragraph 10.14 of Part 9 of this document
“Draper Venture Network”	the self-governed network of ten independent growth and venture funds, of which Esprit Capital is a member
“EIF”	the European Investment Fund
“EIS”	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007
“Encore Funds”	DFJ Esprit Angels’ EIS Co-Investment Fund, DFJ Esprit Angels’ EIS Co-Investment II, DFJ Esprit EIS III and DFJ Esprit EIS IV and each an “ Encore Fund ”
“Encore Members”	Esprit Capital, Richard Marsh and David Cummings as members of Encore Ventures, further details of which are set out at paragraph 10.8 of Part 9 of this document
“Encore Ventures”	Encore Ventures LLP, a limited liability partnership incorporated in England and Wales with registration number OC347590 whose registered office is at 1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP, the investment manager of the Encore Funds
“ERISA”	Employee Retirement Income Security Act of 1974
“Enlarged Share Capital”	the New Ordinary Shares and the Existing Ordinary Share
“ESM”	the Enterprise Securities Market operated and regulated by the Irish Stock Exchange
“ESM Adviser”	Goodbody Stockbrokers, in its capacity as ESM Adviser to the Company for the purposes of the ESM Rules
“ESM Rules”	the ESM Rules for Companies published by the Irish Stock Exchange
“Esprit Capital”	Esprit Capital Partners LLP (previously Draper Esprit LLP), a limited liability partnership incorporated in England and Wales with registration number OC318087 whose registered office is at 1010 Cambourne Business Park, Cambourne, Cambridge CB23 6DP, the holding vehicle of the Group immediately prior to Admission
“Esprit Capital Acquisition”	the conditional acquisition by the Company of the membership interests of Esprit Capital from the Vendors pursuant to the terms of the Esprit Capital Acquisition Agreement

“Esprit Capital Acquisition Agreement”	the acquisition agreement dated 10 June 2016 between the Vendors (1); the Company (2) and Esprit Capital (3) relating to the acquisition of Esprit Capital, further details of which are set out at paragraph 10.1 of Part 9 of this document
“Esprit Fund 1”	Esprit Capital I Fund No.1 LP and Esprit Capital I Fund No. 2 LP
“Esprit Fund 2”	DFJ Esprit II LP
“Esprit Fund 3”	DFJ Esprit Capital III LP
“Esprit Fund 3B”	DFJ Esprit Capital III(B) LP, a parallel vehicle to Esprit Fund 3 that shall acquire certain holdings in the Initial Portfolio immediately prior to Admission
“Esprit Fund 3 Acquisition”	the Limited Partnership Acquisition and the Transferring Investments Acquisition
“Esprit Fund 3(i)”	DFJ Esprit III(i) and DFJ Esprit III(i)A
“Esprit Funds”	Esprit Fund 1, Esprit Fund 2, Esprit Fund 3 and Esprit Fund 3(i) and each an “Esprit Fund”
“Esprit Ireland”	Draper Esprit (Ireland) Limited, a wholly subsidiary of the Company incorporated in Ireland with registered number 572006 and having its registered office at 2nd Floor, Beaux Lane House, Mercer Street Lower, Dublin 2, Republic of Ireland
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738 and having its registered office at 33 Cannon Street, London EC4M 5SB
“EuVECA Manager”	a European Venture Capital fund manager registered pursuant to the EUVECA Regulation
“EuVECA Regulation”	EU Regulation No. 345/2013/EC
“EVCA”	European Private Equity & Venture Capital Association
“Executive Directors”	the executive directors of the Company at the date of this document, being Simon Cook and Stuart Chapman
“Existing Ordinary Share”	the one Ordinary Share in issue at the date of this document
“FCA”	the UK Financial Conduct Authority
“FPO”	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Goodbody”	Goodbody Stockbrokers a company incorporated in Ireland with registered number 54223 and having its registered office at Ballsbridge Park, Ballsbridge, Dublin 4, Ireland
“Grant Thornton”	Grant Thornton UK LLP, a limited liability partnership registered in England and Wales with registered number OC307742 and having its registered office at Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
“Gross IRR”	the internal rate of return expressed before deduction of fees and other expenses
“Group”	the Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital and its subsidiaries and subsidiary undertakings (notwithstanding such companies are not owned by the Company as at the date of this document)
“Historic Esprit Funds”	Esprit Fund 1, Esprit Fund 2 and Esprit Fund 3(i)
“HMRC”	HM Revenue & Customs

“Huarong”	China Huarong International Holdings Limited of 14F, China Huarong Tower, No.60 Gloucester Road, Wan Chai, Hong Kong
“Huarong Subscription”	the subscription by Huarong for 3,333,333 Subscription Shares at the Issue Price pursuant to the terms of the Huarong Subscription Agreement
“Huarong Subscription Agreement”	the subscription agreement dated 31 May 2016 between Huarong and the Company, further details of which are set out in paragraph 10.10 of Part 9 of this document
“IFRS” or “IFRSs”	International Financial Reporting Standards, as adopted for use in the European Union
“Initial Portfolio”	has the meaning given to it in paragraph 2.1 of Part 1 of this document
“Investment Committee”	means the investment committee of the Company and the Group as constituted from time to time, being as at the date of this document Brian Caulfield, Simon Cook and Stuart Chapman
“Investment Team”	the investment team of the Group, details of which are set out at paragraph 2 of Part 3 this document
“Ireland”	the island of Ireland which includes the Republic of Ireland and Northern Ireland and “Irish” shall be construed accordingly save in Part 8, where it means the Republic of Ireland and “Irish” shall be construed accordingly
“Irish Prospectus Rules”	the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland and the Prospectus Rules issued by the Central Bank of Ireland under section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland and section 136B of the Companies Act 2014 of Ireland
“Irish Stock Exchange”	Irish Stock Exchange plc
“IRR”	the internal rate of return
“ISIF”	the National Treasury Management Agency (as controller and manager of the Ireland Strategic Investment Fund)
“ISIF Subscription”	the subscription by ISIF for 5,000,000 Subscription Shares at the Issue Price pursuant to the terms of the ISIF Subscription and Relationship Agreement
“ISIF Subscription and Relationship Agreement”	the subscription and relationship agreement dated 8 June 2016 between ISIF and the Company, further details of which are set out in paragraph 10.8 of Part 9 of this document
“Issue Price”	300 pence per Placing Share and/or Subscription Share (as appropriate)
“Licence”	has the meaning given to it in paragraph 10.15 of Part 9 of this document
“Licence Agreement”	the licence agreement dated 28 May 2016 between the Company and the Timothy Draper Living Trust, further details of which are set out in paragraph 10.15 of Part 9 of this document
“Limited Partners”	the limited partners of Esprit Fund 3 as at the date of this document including ISIF
“Limited Partnership Acquisition”	the conditional acquisition by Esprit Ireland of the entire limited partnership interests of Esprit Fund 3 from the Limited Partners pursuant to the terms of the Limited Partners Offer Letters

“Limited Partners Offer Letters”	the countersigned offer letters dated 9 May 2016 from the Company and Esprit Ireland to each of the Limited Partners relating to the acquisition of the limited partnership interests of Esprit Fund 3, further details of which are set out at paragraph 10.2 of Part 9 of this document and “Limited Partner Offer Letter” shall be construed accordingly
“LLP Group”	Esprit Capital and its subsidiaries and subsidiary undertakings as at the date of this document
“Lock-in and Vesting Deed”	the agreement by which each of the Vendors have agreed, with Numis and the Company, certain undertakings with respect to their holdings of Ordinary Shares on Admission, as more particularly described in paragraph 10.5 of Part 9 of this document
“London Stock Exchange”	London Stock Exchange plc
“Management Shares”	the redeemable management shares of £1 each in the capital of the Company, which will be redeemed immediately following Admission
“Market Abuse Regulations”	EU Regulation No. 596/2014/EC
“Members”	the persons holding membership interests in Esprit Capital
“Memorandum”	the memorandum of association of the Company
“Net Asset Value”	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time
“New Ordinary Shares”	the Placing Shares (excluding the Sale Shares), the Consideration Shares and the Subscription Shares
“Nominated Adviser” or “Nomad”	Numis in its capacity as Nominated Adviser to the Company for the purposes of the AIM Rules
“Nominations Committee”	the nominations committee of the Board
“Non-executive Directors”	the non-executive directors of the Company at the date of this document, being Karen Slatford, Grahame Cook and Richard Pelly
“Numis”	Numis Securities Limited, a company incorporated in England and Wales with registered number 02285918 and having its registered office at 10 Paternoster Square, London EC4M 7LT
“Official List(s)”	the official list maintained by the UKLA and/or the official list maintained by the Irish Stock Exchange, as the context may require
“Ordinary Shares”	ordinary shares of £0.01 pence each in the capital of the Company
“Placees”	subscribers for the Placing Shares as procured by Numis, Goodbody and Zeus Capital on behalf of the Company and the Vendors pursuant to the Placing Agreement
“Placing”	the conditional placing by Numis, Goodbody and Zeus Capital of the Placing Shares on behalf of the Company and the Vendors at the Issue Price pursuant to and on the terms of the Placing Agreement
“Placing Agreement”	the placing agreement dated 9 June 2016 between Numis (1), Goodbody (2), Zeus Capital (3), the Company (4), the Directors (5) and the Vendors (6) relating to the Placing, further details of which are set out in paragraph 10.4 of Part 9 of this document

“Placing Shares”	the 14,020,547 new Ordinary Shares to be issued by the Company to Placees and, where the context requires, the 1,500,000 Sale Shares to be sold by the Vendors to Placees pursuant to the Placing
“Plan Participants”	members of the Investment Team and certain other employees entitled to participate in the Company’s carried interest plans, as more particularly set out in paragraph 4.3 of Part 9 of this document
“Principally Irish Companies”	companies which are incorporated and headquartered in the Republic of Ireland and/or companies with substantial operations located in the Republic of Ireland
“Prohibited Territories”	Australia, Canada, Japan, the Republic of South Africa and the United States
“Prospectus Directive”	Directive 2003/71/EC
“Prospectus Rules”	the Prospectus Rules made by the FCA under Part VI of FSMA relating to offers of securities to the public and admission of securities to trading on a ‘regulated market’
“Qualifying Portfolio Undertaking”	an undertaking meeting the requirements of Article 3(d) of the EuVECA Regulation
“QCA”	Quoted Companies Alliance
“QCA Corporate Governance Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published by the QCA, as amended from time to time
“Registrar”	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Registrar Agreement”	the registrar agreement dated 31 May 2016 between the Company and the Registrar, further details of which are set out in paragraph 10.7 of Part 9 of this document
“Relevant Member State”	a member state of the European Economic Area which has implemented the Prospectus Directive
“Remuneration Committee”	the remuneration committee of the Board
“Rules for ESM Advisers”	the rules for ESM advisers published by the Irish Stock Exchange from time to time
“Republic of Ireland”	the island of Ireland excluding Northern Ireland
“Sale Shares”	the 1,500,000 Ordinary Shares to be sold by the Vendors to Placees pursuant to the Placing
“Secretary”	Prism Cosec Limited, a company incorporated in England and Wales with registered number 5533248 and having its registered office at 42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ
“SDRT”	stamp duty reserve tax
“Shareholders”	holders of Ordinary Shares from time to time
“Subscription”	the ISIF Subscription, the Huarong Subscription and the WIM Subscription
“Subscription Agreements”	the ISIF Subscription and Relationship Agreement and the Huarong Subscription Agreement
“Subscription Shares”	the 10,700,000 Ordinary Shares to be issued, in aggregate, to ISIF, Huarong and WIM pursuant to the terms of the ISIF Subscription and Relationship Agreement, the Huarong Subscription Agreement and the WIM Subscription Agreement

“subsidiary” or “subsidiary undertaking”	has the same meaning as in the Act
“Takeover Code”	the UK City Code on Takeovers and Mergers
“Takeover Panel”	the Panel on Takeovers and Mergers
“Track Record”	the track record and performance data of the Group and investments made by the Group
“Transferring Investments Acquisition”	the acquisition by Esprit Fund 3B of certain holdings in the Initial Portfolio from Esprit Fund 3 immediately prior to Admission pursuant to the terms of the Transferring Investments Acquisition Agreement
“Transferring Investments Acquisition Agreement”	the transferring investments acquisition agreement dated 10 June 2016 between Esprit Fund 3 (1) and Esprit Fund 3B (2), further details of which are set out in paragraph 10.3 of Part 9 of this document
“TCA”	the Taxation Consolidation Act 1997 of the Republic of Ireland
“uncertificated” or “in uncertificated form”	a share or shares recorded on the register of members as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“UK GAAP”	the body of regulation establishing how company accounts must be prepared in the United Kingdom (generally accepted accounting practice)
“US” or “United States”	means the United States of America
“VAT”	UK value added tax
“Vendors”	Simon Cook, Stuart Chapman, Brian Caulfield, Vishal Gulati, Jonathan Freuchet-Sibilia and Graham Redman
“WIM Relationship Agreement”	the relationship agreement dated 10 June 2016 between WIM and the Company, further details of which are set out in paragraph 10.9 of Part 9 of this document.
“WIM Subscription”	the conditional subscription by funds managed by WIM for 2,366,667 Ordinary Shares at the Issue Price pursuant to the WIM Subscription Agreement, further details of which are set out at paragraph 10.10 of Part 9 of this document
“WIM Subscription Agreement”	the subscription agreement dated 3 June 2016 between WIM and the Company, further details of which are set out in paragraph 10.10 of Part 9 of this document
“Woodford” or “WIM”	Woodford Investment Management
“ZAI”	ZAI Corporate Finance Ltd, a company registered in England and Wales (company registration number 06814163) whose registered office is at Staple Court, 11 Staple Inn, London WC1V 7QH
“ZAI Introduction Agreement”	the introduction agreement by which ZAI has agreed to procure Places for the Placing, further details of which are set out in paragraph 10.12 of Part 9 of this document
“Zeus Capital”	Zeus Capital Limited, a company incorporated in England and Wales with registered number 04417845 and having its registered office at 82 King Street, Manchester M2 4WQ

GLOSSARY

In this document, where the context permits, the expressions set out below shall bear the following meaning:

“A investments”	the first round of financing (following seed capital) in the early stage financing cycle of a new business
“B+ investments”	a second round of financing in the early stage financing cycle of a new business, made in relation to Primary Investments
“BVCA”	British Venture Capital Association
“C+ investments”	a third round of financing in the early stage financing cycle of a new business
“EIS”	enterprise investment scheme
“EVCA”	Invest Europe, formerly known as the European Private Equity & Venture Capital Association
“International Private Equity and Venture Capital Valuation Guidelines”	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time
“IVCA”	Irish Venture Capital Association
“primary investments”	a new investment in an investee company
“secondary investments”	an investment in already established third party funds, whereby a new investor acquires an interest from an existing investor seeking liquidity
“seed investment”	the initial round of financing in the very early stage financing cycle of a new business
“VC”	venture capital

