

## 1.0 THE OFFER

### 1.1 Key Terms

<b>FUND</b>	<p>EA Fund 3 Limited Partnership (the “Fund”) will be established as a Limited Partnership under the Limited Partnerships Act 2008. The Manager will be the General Partner of the Fund, EA GP Limited, a company 100% owned by EA. Investors in the Fund will be Limited Partners of and will hold units in the Fund.</p> <p>The Limited Partners of the Fund will indemnify the General Partner as detailed in the Limited Partnership Agreement. The Limited Partnership Agreement for the Fund is available on request.</p>
<b>FUND MANAGER / GENERAL PARTNER</b>	EA GP Limited (the “Manager”). The Manager will contract all Fund management services from EA but will remain liable as the General Partner of the Fund.
<b>BOARD OF DIRECTORS OF THE MANAGER</b>	The Board of EA GP Limited (the “Board”) is Neil Craig, Bill Murphy, James Beale and Richard Hoare.
<b>LIMITED PARTNERS</b>	All investors will be Limited Partners of the Fund and will invest via EA Nominee Limited.
<b>FUND MANAGEMENT</b>	EA will provide fund management services to the Manager.
<b>TARGET INVESTORS</b>	<p>Investors in the Fund must be “Wholesale Investors” as defined by the Financial Markets Conduct Act 2013. The Manager reserves the right to amend the investor eligibility criteria during the currency of this document.</p> <p>It is not required that investors be members of EA however, in the case of oversubscription, priority will be given to EA members.</p>
<b>THE OFFER</b>	Two million units at an issue price of NZ\$1.00 per unit, with provision to issue up to a further four million units at NZ\$1.00 per unit. Oversubscriptions will be at the discretion of the board.
<b>MINIMUM INVESTMENT</b>	The minimum Committed Capital per investment is 30,000 units for \$30,000. Further Commitments must be made in multiples of 5,000 units thereafter, in each case payable in tranches as set out below.
<b>INITIAL PAYMENT</b>	An initial payment of NZ\$0.10 per unit committed is payable upon application.
<b>FURTHER CALLS</b>	<p>The remaining NZ\$0.90 per unit, being the balance up to the issue price, is payable in tranches. Calls will be for a minimum of NZ\$0.10 per unit (or such lesser amount as fully pays up the units) and will be subject to a minimum of 20 business days advance notice to the investor.</p> <p>The Board of the Manager has complete discretion over all such calls but will not make such a call unless the proceeds of the majority of all previous calls has been invested or committed in full by the Fund or otherwise expended on Fund operating expenses.</p> <p>By way of illustration, on an investment of \$30,000 for 30,000 units:</p> <ul style="list-style-type: none"><li>• \$0.10 per unit (\$3,000) plus application fee of 2% (\$600) payable upon application; and</li><li>• The remaining \$0.90 per unit (\$27,000) payable in a minimum of \$0.10 per unit tranches (\$3,000) as called over two to four years.</li></ul>
<b>FUND SIZE</b>	Minimum Fund size of \$2m; maximum size is \$6m. Oversubscriptions will be allowed at the discretion of the board.

<b>APPLICATION FEE</b>	A one-time application fee of 2% of the Committed Capital is payable by each of the investors upon application. The application fee will be used to offset establishment costs of the Fund, and in certain circumstances at the Manager's discretion, can fund brokerage of 1% of investment monies of non-EA members referred to the Fund by formal angel groups.
<b>MANAGEMENT FEE</b>	2% of Committed Capital will be charged annually by the Manager in years one to five to manage the fund, provide reporting, and for actual and reasonable third party costs (e.g. legal, insurances). The fee will be reduced to 2% of Invested Capital from year six.
<b>PERFORMANCE FEE</b>	<p>The Fund will provide a performance fee to incentivise and financially reward the Manager. The Management performance fee will be calculated as follows:</p> <ul style="list-style-type: none"> <li>• Investors will receive all of the Fund's distributions until such time as they have received an amount equal to their capital contribution plus an IRR of 10% per annum, following which;</li> <li>• Further distributions from the Fund will be split 80/20 between Investors and the Manager.</li> </ul> <p>The Manager may utilise this fee for any purpose, including for remuneration of EA staff.</p>
<b>TRANSACTION COSTS</b>	Investee companies (not investors) will be charged a fee by EA (historically averaging 4% of funds invested) to cover deal facilitation services such as due diligence, term sheet and valuation negotiation, legal documentation etc.
<b>FOLLOW ON SET ASIDE</b>	Up to 30% of the Fund's Committed Capital may be reserved to provide for further follow on rounds of investment in the Fund's existing portfolio companies.
<b>TERM AND LIFE OF FUND</b>	The Fund will be open for investment on 1st February 2019 and close on 30 June 2019 or such earlier or later date as the Manager may determine (the "Close"). The Manager will be required to review the liquidity of Fund investments within 10 years of the Close.
<b>COMMENCEMENT OF INVESTING</b>	Once the Fund reaches \$2m, the Investment Committee is able to commence investing funds, even if this is prior to the Close.
<b>DISTRIBUTIONS AND SET-OFF</b>	The proceeds from investment including dividends, other distributions or liquidations will be distributed to investors from the Fund.
<b>WITHDRAWALS</b>	No withdrawals of Committed Capital by investors will be possible. However, the Manager may facilitate the creation of a secondary market for the units by offering a matching service for potential buyers and sellers of units.
<b>INVESTMENT COMMITTEE</b>	Appointed by the Board of Directors of the Manager. It is anticipated that the Investment Committee will meet bi-monthly or more frequently as required.
<b>ELIGIBLE INVESTMENTS</b>	The Fund may invest in any company that has been approved for investment by the Investment Committee, subject to the constraints of the Fund. As a matter of policy, the Fund will invest alongside EA members. However, subject to conditions, the Fund may invest alone. The Fund may invest in EA, EA Fund 1 and EA Fund 2 portfolio companies.
<b>INVESTMENT STRATEGY</b>	The Fund will look to build a diversified portfolio of early stage company investments.

<b>INVESTMENT DECISIONS</b>	The Fund (and the Investment Committee) does not generally intend to undertake due diligence. It will in general rely on EA to drive investment terms and due diligence processes. The Investment Committee is therefore largely focused on portfolio construction, and generally has a passive investment role with respect to individual transactions. Majority decision of the Investment Committee (supported as appropriate by the EA Executive Director and EA member sector specialists) will prevail. The Board must ratify all Investment Committee investment decisions.
<b>INVESTMENT TERMS</b>	The Fund will invest primarily in equity instruments (including partnership interests in limited partnerships) on terms in keeping with best practice early stage investing.
<b>TARGET PORTFOLIO SIZE</b>	The Fund is targeting a diversified portfolio of indicatively 20+ companies over the investment period and to invest up to 5% of the Committed Capital in any initial round and 5% in any follow on round. These targets are subject to the size and investment constraints of the Fund. No more than 20% of the Committed Capital of the Fund may be invested in any one company (including follow on investment).
<b>GOVERNANCE</b>	The Board of Directors of the General Partner, EA GP Limited.
<b>TAXES</b>	The Fund will be responsible for paying all taxes, duties and other fees or charges levied by any governmental agency against the Fund in connection with its activities.
<b>REPORTING</b>	At a minimum, the following will be provided to all Limited Partners: <ul style="list-style-type: none"> <li>• Electronic bi-annual reports summarizing the activities of the Fund during the previous six months as well as providing unaudited financial information and a summary of the status of each investment.</li> <li>• Audited Annual accounts.</li> </ul>
<b>PRE-EMPTIVE RIGHTS FOR FUND INVESTORS</b>	If the Fund does not exercise its pre-emptive rights in a follow on investment, the Fund Limited Partners (investors) may be eligible to individually take up shares the Fund would have been entitled to. This decision will be made by the Board and is subject to the investment terms of each deal.
<b>BORROWING</b>	The Fund will not borrow, other than in respect of borrowings with a maturity date not in excess of 90 days, for the purpose of financing an investment commitment, provided that in no case shall such borrowings exceed unpaid calls approved by the Board. This means the Fund can borrow for up to 90 days provided it is matched by calls on unpaid capital not yet received, and a call of capital to match the borrowings has been initiated.
<b>VALUATION</b>	Calculated annually to record the 'fair value' of the Fund's portfolio companies for its annual accounts. The Fund will follow the "International Private Equity and Venture Capital Valuations Guidelines" published by the European Private Equity and Venture Capital Association. The Fund valuation guidelines are available upon request.

