



# **CIBUS CAPITAL LLP: CIBUS ALLOCATION POLICIES AND PROCEDURES**

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## 1. Introduction

- 1.1. This Summary applies to the allocation of investments and proposed investments of:
  - (a) funds managed by Cibus Investments Limited (including but not limited to Cibus Fund LP, Cibus Clara Fund LP and Cibus Enterprise Fund LP) (the '**CIL Funds**');
  - (b) funds managed by Cibus Investments II Limited (including Cibus Fund II LP and Cibus Enterprise Fund II LP) (the '**CIL II Funds**'); and
  - (c) any managed accounts, co-investment vehicles and direct investments of all such funds,  
  
(together the '**Cibus funds**' and each such fund, a '**Cibus fund**') as advised by Cibus Capital LLP ('**Cibus**').
- 1.2. This Summary also applies to the allocation of investments and proposed investments (alongside investments by the Cibus funds) by co-investors who fall outside the definition of 'Cibus funds' (the '**Co-investors**').
- 1.3. Cibus is engaged to provide investment advice to the Cibus funds.
- 1.4. Cibus shall, to the extent practicable, ensure that the Cibus funds' clients are treated fairly and equitably in all aspects of their activity. Cibus provides investment advice to Cibus Investments Limited, the general partner to the CIL Funds and to Cibus Investments II Limited, the general partner to the CIL II Funds. Such investment advice includes allocation recommendations to various portfolios of assets.
- 1.5. The following policies set out how Cibus will recommend the allocation of investment assets between the different pools of capital that it advises and the basis on which it will offer co-investment opportunities to Co-investors.
- 1.6. The Cibus funds' allocation policies and procedures are designed to ensure that all investors in the Cibus funds get a fair allocation, such allocations are in accordance with the Cibus funds' Offering Documents and are based on disclosed policies.
- 1.7. Cibus has established an internal allocation committee (the '**Cibus Allocation Committee**'), which oversees adherence to these policies.
- 1.8. Allocations will be allocated by determination of the Cibus Allocation Committee having regard to all of the relevant circumstances surrounding the investment opportunity.
- 1.9. The quorum for any meeting of the Cibus Allocation Committee will include any two (2) of the following: Jeremy Alun-Jones, Annie Rainsford, Rob Appleby or Alastair Cooper.
- 1.10. Decisions of the Allocation Committee will be based on unanimous consensus of those present. Complex or uncertain allocation decisions, or any disputes or disagreements in the Cibus Allocation Committee may be referred to a suitable individual independent of Cibus, such as a non-executive director of Cibus

Investments Limited or Cibus Investments II Limited, the relevant Cibus fund's Limited Partner Advisory Committee ('LPAC') or the Cibus funds' respective administrator.

## 2. Allocation Committee Procedures

- 2.1. The Cibus Allocation Committee meets periodically and receives reports from the Cibus Investment Advisory Committee (the 'Cibus IAC') on investment recommendations that are going to be made to the Cibus funds' relevant General Partner, with all decisions and meetings clearly documented. Such records of allocation shall be retained for at least six years from the date of the transaction.
- 2.2. The Cibus Allocation Committee may consult with the investment analyst responsible for each transaction/investment to ascertain the characteristics of each investment recommendation and their appropriateness for each of the pools of capital comprising the Cibus funds.
- 2.3. The Cibus Allocation Committee will keep in mind that these various pools of capital may have differing risk appetites, durations and/or risk limits, defined in their governing documentation.

## 3. Allocation Policies, Practices and Considerations

- 3.1. *In-Fund Allocation Policies:* The Cibus funds may offer certain investors opt-outs from certain investments on the grounds of activity, geography, politics or religious belief. In such cases where there has been an opt-out by an investor, the following investments will be allocated on a "remaining commitment" basis. This policy is designed to ensure that investors who have paid a fee on Committed Capital, end up with a minimum uninvested Capital Commitment.
- 3.2. *Between-Fund Allocation Policies:* Where an investment is appropriate to be allocated between a number of pools of capital, the Cibus Allocation Committee will recommend allocations based on such basis that it reasonably determines in good faith to result in a fair and equitable allocation of the investment opportunity to the pools of capital in question, based on a number of factors and will follow the following steps:
  - (a) **Cash availability:** the Cibus Allocation Committee will consider which Cibus funds have an appropriate amount of cash available as undrawn commitments for the investment;
  - (b) **Applicability:** with respect to each Cibus fund that has sufficient cash, the Cibus Allocation Committee will consider all the relevant factors for the investment, including but not limited to:
    - (i) the remaining terms of the relevant funds or other pools of capital as compared to the expected duration of the proposed investment;
    - (ii) the level of control by the Cibus funds in the proposed investment, in particular in the event that any lack of control could affect the ability of the Cibus funds to determine the holding period of the proposed investment;

- (iii) the investment strategy of each fund or pool of capital;
  - (iv) the investment limitations and restrictions of each pool including single position risk limits and geographical and sector allocations;
  - (v) diversification of risk between pools of capital including diversification of equity and debt across each fund or pool of capital;
  - (vi) the level of equity investment required at the time of investment and in future funding requirements;
  - (vii) where relevant, the business plan and strategy of the portfolio company;
  - (viii) the sourcing of the transaction and the nature and extent of involvement in the transaction of the investment professionals that relate to the relevant Cibus fund and to each of the other relevant funds or pools of capital;
  - (ix) the sum of the Capital Committed at closing of the relevant Cibus fund relative to the amount of capital available to be called from the other relevant pools of capital; and
  - (x) all of the relevant circumstances surrounding the particular investment.
- (c) **Adjustment:** If all pools of capital have equal weighting on all relevant factors considered, the Cibus Allocations Committee will allocate investments between pools of capital equally. However, the factors considered, as listed above, will usually result in the Cibus Allocations Committee using its discretion to adjust this position proportionately to the relevant factors.

For Between-Fund Allocation, the “remaining commitment” basis (as described above in paragraph 3.1) may not be used for allocation recommendations following an *allocation* in which a particular fund has not received any allocation.

The allocation of such investment opportunity shall be notified to the LP Advisory Committee of the relevant Cibus fund at its next meeting following completion of the relevant transaction where the allocation is complex or uncertain.

3.3. *Co-investment Allocations:* After consideration of the Between-Fund Allocation Policies:

- (a) if the Allocations Committee determines that the Cibus funds would benefit from the involvement of a specific Co-investor which has relevant jurisdiction, sector or industry expertise, part or all of an investment opportunity will initially be offered to that Co-investor on the terms (including price) set out in paragraph 3.3(b)(i) below; and
- (b) subject to paragraph 3.3(a), if the Allocations Committee determines that the Cibus funds will not be in a position to meet the level of equity investment required for a proposed portfolio company, taking into account relevant factors including single position risk limits, applicable portfolio construction

considerations and available commitments, the remaining investment opportunity will be offered to Co-investors on the following basis:

- (i) on the same terms and at the same price at which the Cibus funds would have acquired interests in the opportunity, i.e. the price paid by Co-investors has to be the amount that the Cibus funds would have paid at that time for the same interests taking into account:
  - (A) the original cost;
  - (B) the time elapsed since the first investment in the portfolio group. Subject to a higher value being attributed due to other considerations in this paragraph 3.3(b)(i), it is expected that until the later of (i) 12 months from the initial investment in a portfolio group and (ii) until the end of the fundraising period of the relevant Cibus fund, a rate of 8% p.a. will be applied to the initial value, reflecting the Subsequent Investor charge for later coming investors in the Cibus funds;
  - (C) the most recently determined quarterly valuation of the portfolio company (as determined by the Cibus Valuations Committee);
  - (D) the Expected IRR from the transaction as a whole (as advised by the Cibus Investment Advisory Committee);
  - (E) the amount that the potential Co-investors are willing to pay based on the portfolio company's outlook; and
  - (F) whether the Allocations Committee deems a third-party valuation is necessary, for instance (i) if any conflicts of interest apply such as a high rate of carried interest on the co-investment or (ii) if there are any complexities or moot points in the valuation. Third-party valuations may not be deemed necessary where for instance the transaction is not for a material value in any respect or emergency funding is required and so time will not allow a third-party valuation;
- (ii) in any event, only to Co-investors who have asked to be considered for co-investments alongside the relevant Cibus fund;
- (iii) for Cibus Fund II LP, only those investors with commitments equal to or in excess of USD 25m will have first right of refusal on any co-investments with Cibus Fund II;
- (iv) otherwise, the size of a co-investment offered alongside a particular Cibus fund will be calculated *pro rata* to the relevant Co-investor's commitments to that Cibus fund (excluding commitments of investors who do not wish to be considered for co-investments in general or this particular co-investment and those that fall below the *de minimis* referred to below);
- (v) paragraph 3.3(iv) is subject to a *de minimis* commitment by the relevant Co-investor to the relevant Cibus fund, directly or indirectly, of USD 2m other than for Co-investment alongside Cibus Enterprise Fund II LP by a direct

investor in Cibus Enterprise Fund II LP for which the *de minimis* will be USD 1m;

- (vi) offers will be sent by email to all Co-investors who meet the same criteria on the same business day;
- (vii) offers will be open for acceptance for 7 business days and will then lapse;
- (viii) to the extent that any Co-investor has not taken up its offer, further offers may be made to:
  - (A) persons or entities categorised in paragraph 3.3(b)(ii) above who are not entitled to the first right of refusal under paragraph (v);
  - (B) persons or entities that are not investors in the Cibus funds, any resulting co-investment being with a 1.5% arrangement fee, at a priority profit share amount of 1% and 10% carried interest over a zero hurdle; and/or
  - (C) those Co-investors who have taken up the offer; and
- (ix) to the extent that investment opportunities are still available, further offers may be made to persons or entities that are not investors in the Cibus funds and any resulting co-investment being at a fee equal to or less than a 1.5% arrangement fee, a priority profit share amount of 1% and 10% carried interest over a zero hurdle.

- 3.4. *Risk Management:* Risk management in a closed ended, fixed duration private equity fund takes on a rather different aspect to risk management in open ended, liquid, alternative fund strategies where rebalancing is (i) permitted and (ii) possible. Post close rebalancing is not possible in private equity funds and consequently, Cibus' risk management policies are applied to the initial investment allocations.
- 3.5. *Exit provisions:* Where a number of pools of capital have an allocated to the same investment, Cibus will aim to ensure that all investors shall dispose of their pro-rata share of the investment (i) at substantially the same time, and (ii) on substantially the same terms and conditions. Co-investors may be given the option to hold or roll their investment at the time the relevant Cibus fund sells or exits.
- 3.6. *Expense allocation:* Allocation of deal-related expenses (whether or not consummated), will be made consistent with procedures determined by the Cibus Allocation Committee. Allocation of non-deal related fund expenses will be made based on the basis of the size of each specific investment or portfolio of investments benefiting from the relevant services.

**Jeremy Alun-Jones, Member, Cibus Capital LLP, August 2023**