

THE BEER & PARTNERS EIS SCHEME

An EIS Scheme investing in unquoted growth capital opportunities in the United Kingdom

12th January 2011

Strictly private and confidential

Important notice

This information memorandum (the “**Memorandum**”) is issued on 12th January 2011 for the purposes of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”) by PILinvests (the “**Manager**”), which is authorised and regulated by the Financial Services Authority (“**FSA**”) and whose registered office is at 64 North Row, London, W1K 7DA. It is issued solely for the purpose of seeking subscriptions from potential investors for investment in the discretionary portfolio investment management opportunity known as The Beer & Partners EIS Scheme (the “**Scheme**”). Investors should note that the Scheme is not a collective investment scheme because it falls within the exemptions set out in the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001.

This Memorandum is provided to you on a confidential basis. You may not copy, reproduce or further distribute this Memorandum or any of its content to any other person at any time, nor discuss with any other person the proposal in this Memorandum without the prior written consent of the Manager otherwise than for the purpose of evaluating this investment opportunity.

Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of any investment in the Scheme including the risk involved. Prospective investors should not treat the contents of this Memorandum as advice relating to legal, taxation or other matters and are advised to consult their own professional advisers concerning a subscription in the Scheme.

No person is or has been authorised in connection with the Scheme to give any information or to make any representation not contained in this Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Manager.

All financial projections included in the Memorandum are based on subjective estimates and assumptions and about circumstances and events that have not yet taken place. Such estimates and assumptions involve significant elements of subjective judgement and analysis, which may or may not be correct. Accordingly, no representations are made by the Manager as to the accuracy of such information and there can be no assurance that the projected results would be achieved.

Statements and projections made in this Memorandum are based on the interpretation of law and practice in force in the UK as at the date hereof and are subject to changes in those laws and practice. The distribution of this Memorandum may be restricted or inappropriate in certain jurisdictions. It is the responsibility of any person in possession of this document and any persons wishing to make a subscription to the Scheme pursuant to this Memorandum to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. This Memorandum does not constitute an offer or solicitation by or to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified so to do or to anyone to whom it is unlawful to make such an offer or solicitation.

Investment in the Scheme is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in the Scheme is suitable for them in light of their circumstances and financial resources. Your attention is drawn to the section herein headed ‘Risk Factors’.

Prospective investors should note that most of the protections under FSMA do not apply to investments in the Scheme and that compensation under the Financial Services Compensation Scheme may not be available.

The Manager has taken reasonable care to ensure that all facts stated in this Memorandum are true and accurate in all material respects at the date stated on this Memorandum and that there are no other material facts, or opinions, which have been omitted, which would make any part of this Memorandum misleading. However, where information has been obtained from third party sources, the Manager cannot accept responsibility for the completeness or accuracy of that information and potential investors must form their own opinion as to the reliance they place on that information. You will need and be expected to make your own independent assessment of the Scheme and to rely on your own judgement (or that of your independent financial adviser) in respect of any investment you may make in the Scheme and the legal, regulatory, tax and investment consequences and risks of doing so.

The Scheme will invest in unquoted securities. Such investments can be more risky than investments in quoted securities or shares and market-makers may not be prepared to deal in them. Unquoted securities may be subject to transfer restrictions and may be difficult to sell. It may be difficult to obtain information as to how much an investment is worth or how risky it is at any given time. Investing in private companies may expose you to a significant risk of losing all the money invested. Before investing, you are strongly recommended to consult an authorised person specialising in advising on investments of the kind described in this Memorandum. You should not invest in the Scheme unless you have taken appropriate independent advice. None of the Manager, its directors and employees accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with an investment in the Scheme. However, this disclaimer does not affect any liability which the Manager may have in relation to the Scheme under the FSMA, regulations made under the FSMA or the FSA rules.

Any application to invest in the Scheme may only be made and will only be accepted subject to the terms and conditions of this Memorandum (which includes the Investment Management Agreement contained in Appendix 1 to this Memorandum).

This document has been approved by PILinvests as a financial promotion. PILinvests is authorised and regulated by the Financial Services Authority.

CONTENTS

1. SCHEME OVERVIEW
DIRECTORY
 2. MARKET OPPORTUNITY
 - 2.1 APPROACH TO THE MARKET
 - 2.2 INVESTORS IN THE MARKET
 - 2.3 COMPETITION
 - 2.4 PROSPECTS FOR GROWTH AND EXIT
 3. INVESTMENT STRATEGY AND EXECUTION
 - 3.1 INVESTMENT STRATEGY
 - 3.2 TYPICAL FUNDING REQUIREMENTS
 - 3.3 MANAGEMENT TEAMS TO BE SUPPORTED
 - 3.4 INVESTMENT EXECUTION
 4. MANAGER
 - 4.1 THE PROCESS FOR APPROVAL
 5. INVESTMENT ADVISOR
 - 5.1 THE TEAM
 6. INVESTMENTS MADE BY THE SCHEME
 7. TAX ADVANTAGES
 8. RISK FACTORS
 9. ADDITIONAL INFORMATION RELATING TO THE SCHEME
 - 9.1 VALUATIONS
 - 9.2 TERMINATION OF THE SCHEME
 - 9.3 SCHEME FEES AND CHARGES
 10. HOW TO INVEST
- APPENDICES
- APPENDIX 1 - FORM OF INVESTMENT MANAGEMENT AGREEMENT
- APPENDIX 2 - PILINVESTS' BEST EXECUTION POLICY
- APPENDIX 3 - APPLICATION FORM AND SUITABILITY QUESTIONNAIRE

1. SCHEME OVERVIEW

1.1 Introduction

The Beer & Partners EIS Scheme (the “**Scheme**”) was launched in 2008, and investors have, to date, subscribed £775,000 to the Scheme. The Scheme is now over 85% invested, with eight investments made in six companies. Investee companies are typically engaged either in advanced technology, or healthcare, activities. All of the businesses in which investments were made continue to trade. Following this initial progress, the Scheme is now being more widely offered to high net worth and sophisticated investors with a minimum subscription of £25,000.

1.2 Investment Objectives

The Scheme offers the opportunity to investors to take a portfolio approach to early-stage investment in UK companies, the majority of which may qualify for tax reliefs available through the Enterprise Investment Scheme (“**EIS**”) and to benefit from the experience of Simon Hunt in unquoted investments. The Scheme will primarily provide development capital for companies that are at an intermediate stage of their development. Although not an absolute requirement, the following principles underly the investment strategy of the Scheme –

- The targeted market is large, frequently global, in scale
- The development of the product is largely complete, and ongoing development costs will be relatively small
- A simple, low cost strategy to take the product to market is envisaged
- Revenue has either commenced, or is likely to do so reasonably soon
- Typically, the investment advisory team will have had ongoing business contacts with the management team for a significant period prior to investment
- Potential for return on investment of 5 - 8 times within 3 - 7 years

Start-ups will be considered for inclusion in the Scheme if they are in significant compliance with these principles, which are general principles only and, in pursuit of investments seen as offering opportunities for meaningful gains, the Manager will apply them with flexibility. The investment objective of the Scheme is to seek to achieve capital growth over a three to seven year period through investment in development and early-stage companies that qualify for the tax reliefs available through the EIS.

1.3 Tax Advantages

Tax advantages which may be available, currently include the following: income tax relief at 20% on amounts up to £500,000 invested in EIS Qualifying Companies; capital gains tax (“**CGT**”) exemption in respect of capital gains made on investments through the Scheme, provided the monies stay invested in those companies for at least three years; loss relief (against either income subject to income tax or capital gains subject to CGT) on investments; capital gains arising on other assets may be deferred if an amount equal to the gain is invested in EIS Qualifying Companies, provided such gains arise in the period beginning 36 months before or 12 months after the investment in the EIS Qualifying Companies and an inheritance tax exemption (under the business property relief rules) after investments have been held for two years. Investors are strongly recommended to consult their advisors for current tax advice.

1.4 **Management and Advisory Team**

PILinvests (the “**Manager**”) will act as manager to the Scheme, assisted by Bridge-dc BVI Limited (the “**Investment Advisor**”). The Investment Advisor’s team comprises Simon Hunt and Mandy Hutchison, each of whom is a specialist with relevant experience and expertise in early-stage investment (see pages 12 - 13). The Manager will have responsibility for buying and selling the investments of the Scheme and making all investment decisions in relation to the Scheme’s capital. The Investment Advisor will advise and assist the Manager in matters such as sourcing investments and advising whether a potential investee company warrants further investigation, due diligence and post investment monitoring, and advising whether an investment should be sold (see pages 7 - 10). The Investment Advisory team’s industry contacts may also provide advice to assist the Manager in determining the Scheme’s exit strategy (see page 10).

Opportunities may arise for investors with relevant skills and experience to provide support to the Manager in conducting due diligence on investee companies or to act as non-executive directors of such companies.

1.5 **Subscriptions**

Each investor will participate in investments made by the Scheme during the period beginning on the date on which he/she subscribes to the Scheme until his/her subscription is fully invested. The minimum subscription per investor is £25,000 (plus multiples of £5,000 thereafter). (See page 21 for further information).

1.6 **Scheme Structure**

By subscribing to the Scheme, each investor appoints the Manager to invest his/her subscription amount on a discretionary basis into EIS Qualifying Companies, or other companies, selected by the Manager. The number of shares in each EIS Qualifying Company allocated to a particular investor shall be calculated by reference to the proportion which the investor’s subscription bears to the total subscriptions by all investors in the Scheme, adjusted where necessary to achieve for each subscriber a diversified portfolio and to qualify for EIS benefits where available.

All investments will be registered in the name of the Custodian, who will act as the custodian of all share certificates until termination of the Scheme, however each investor will be beneficially entitled to the shares allocated to him/her.

Investment returns, whether dividends or interest or capital proceeds upon realisation or flotation of an investee company, will be paid to investors as soon as reasonably practicable after receipt by the Manager.

The Scheme is not a legal entity and does not constitute a collective investment scheme for the purposes of section 235 of FSMA.

1.7 **Charges and Fees**

Charges to investors will include:

- an annual administration fee initially equal to 3% of the subscription amount during the first year and 1.5% for each year thereafter;
- a performance fee equal to 20% of the net profit achieved by each investment made by the Scheme after repayment of the gross subscription amount and after a hurdle of 8% per annum; and
- an initial charge of up to 4.5% of the subscription amount which will be payable by investors introduced by IFAs or other placement agents.

For further information regarding applicable fees and charges please see section 9.3 - Scheme Fees and Charges on page 18.

1.8 **Reports and Valuations**

The Manager will procure the preparation of an investment report to be sent to investors every six months. In addition, investors will be kept informed of any significant events concerning investee companies, such as a significant change in valuation, a proposed flotation or sale.

1.9 **Termination**

The Manager expects to hold investments typically for three to seven years. Any investments not realised after seven years will be transferred into the names of the investors and the Manager's role in relation to the investment will cease. Please note that no partial withdrawals from the Scheme are permitted.

However, an investor can terminate his/her Investor's Agreement and try to sell his/her investments in accordance with the terms of those investments if the investor wishes to do so. There will, however, be a loss of EIS Relief if an investment is sold within the initial three year period. An investor's ability to sell his/her shares in an investee company will depend on the transfer and pre-emption provisions applicable to that company.

Investors should be aware that Investments will include non-readily realisable investments. The risk factors for such investments are explained in section 8 – Risk Factors on pages 15 - 17 and investors should note that one of the risks is that early exit may be difficult or indeed not practicable.

Further information is set out in the discretionary Investment Management Agreement at the back of this Information Memorandum, and must be read carefully, as it sets out the details of an investor's contract with the Manager.

Directory

Manager: PILinvests
5th Floor
64 North Row
London W1K 7DA

Telephone: 0207 659 5350
www.pilinvests.com

Authorised and regulated by the Financial Services Authority

Investment Advisor: Bridge-dc BVI Limited
Codan Trust Company (B.V.I) Limited
Romasco Place
Wickhams Cay 1
PO Box 3140
Road Town
Tortola
British Virgin Islands VG1110

Custodian: PIL Nominees Ltd
5th Floor
64 North Row
London W1K 7DA

Banker: Butterfield Private Bank
99 Gresham Street
London
EC2V 7NG

Address for Applications: PILinvests
5th Floor
64 North Row
London W1K 7DA

Telephone: 0207 659 5350

2. MARKET OPPORTUNITY

2.1 Approach to the Market

A large number of projects are seeking early-stage and development funding at any one time, although few represent a genuinely innovative project with real market potential, managed by a team with sufficient expertise and experience to offer a real chance of success. The Manager draws on the extensive experience of the Investment Advisor to identify a strong deal flow of high quality projects, and to undertake a due diligence process that enables an informed investment decision to be made by the Manager.

The Manager acquires, through the Investment Advisor, deal-flow and investment opportunities from projects that have been fully or largely thought-through to demonstrate the existence of significant market demand, which carry evidence of this (for example, via a pilot scheme, customer acceptance, or documented research), which may have initial revenue and/or profits, and which have a management team that has at least some of the components of experience and expertise that will be needed to carry the project through to successful fruition.

The Manager will engage the assistance of the Investment Advisor in sourcing investment opportunities and evaluating them for further consideration.

Although it is not possible to categorise definitively the types of opportunity that are worthwhile considering for investment, the following are examples of the types of projects that the Investment Advisor will seek to identify:

- Identification by a senior executive of a market opportunity that is not being exploited by his employer, who leaves and creates a team to exploit the opportunity.
- University-based research projects that have identified a product or process that addresses a major, often global, market need. Typically, these projects have already been transferred into operating vehicles from the public sector, and are being authenticated and supported by one or more former senior executives from within the particular sector concerned, as part of the management team.
- A project founded by an individual who is a senior executive within a particular sector, and has also developed advanced skills of a different, but complementary, type (eg a surgeon who has advanced IT knowledge and experience). The project exploits both skill sets.
- There may be a team of serial identifiers/exploiters who have a record of identifying and funding early stage opportunities, usually in specific sectors eg advanced technology, healthcare.

The market for development stage funding that will be addressed by the Investment Advisor typically comprises a follow on round after one or several funding rounds provided by the management team, and/or its “family and friends”, and include business angel (“**Angel**”) investors. There is significant variation in the timescales within which a project may be developed. Sometimes a project will have been developed in response to a recently evolving market demand. In other cases, the evolution phase may be much longer, and the current product or service may have evolved out of earlier versions. The time frame for project development prior to investment is rarely shorter than two years, and may be 10 years or longer.

2.2 Investors in the market

Large sums of liquid capital are currently being invested in the private equity sector, both by institutional and private investors. Early and development-stage investors are of two main categories: private individuals, or Angels, and institutions. The number of investments by Angels often far exceeds those by institutions.

Many Angel investors invest quite small amounts, perhaps £10,000 - £15,000 in each venture, with typically 3 -10 investors in each project. Investments by Angels of more than £100,000 per venture are quite rare. A process for raising funding of up to £500,000 for an early-stage project from Angel investors can be long-drawn-out and abortive, and raising larger amounts may well be impracticable.

Institutional investors include funds backed by government bodies, privately and institutionally-backed funds and venture capital trusts. The majority of these funds have teams of professional managers in place, in some cases providing specific expertise in the chosen sector(s). Due diligence appropriate to the nature and type of activity (e.g. development project, ongoing business) is normally carried out, and a legally drafted shareholder agreement signed at completion. A number of these funds will invest alongside Angel investors.

2.3 Competition

The market for the provision of funds for early, development stage and start up businesses is highly unstructured, and comprises both private and institutional funding. A project seeking up to £500,000 of funds from Angels will typically “tap in” to various Angel or regional networks, or seek to instruct one of the corporate finance firms specialising in this area. A good quality project would typically become fully funded over a 3 - 6 month period. There would typically be no difficulty for an Angel who favoured the project to become an investor. However, projects of exceptional quality in a development stage may attract competing funds, and in such cases the potential investor may need to demonstrate focus and urgency to achieve the investment.

For larger amounts of early stage funding, up to £1 million and beyond, the Angel market will typically involve timescales and management effort that render this route difficult. When the transaction size is over £2 million the primary funding route is likely to be institutional, although the institutions are frequently happy to co-fund with Angels (and also on occasion, with other institutions). As described above, the number of institutions in this market, and availability of funds, remains limited, and it would be relatively unusual for a competitive situation to arise. This has a beneficial effect on bidding costs, and abortive transactions are much more likely to arise from market or trading developments, or due diligence “surprises”, than from competition. In addition, the weak competitive climate can be regarded as providing a beneficial impact on deal pricing.

In recent years, a more professional approach has been adopted by some players in the market. The number of organised Angel networks has grown. Institutional investment in the sector now includes hedge fund investors. A handful of wealthy investors have created their own investing organisations, sometimes with in house advisers to establish quasi investing institutions. The public sector cost cutting programme in 2010 has reduced the scale of regional funding available, and may lead to the curtailment of the activities of some Government sponsored Regional funds.

2.4 Prospects for growth and exit

If an investment is sold within three years of its acquisition, the entitlement to EIS relief in respect of that investment will be lost. The Manager intends to hold all investments for at least three years. Typically, a 3 to 7 year exit timeframe should be anticipated for the

holding of the Scheme's investments prior to disposal. Disposal opportunities are expected to include sales to third parties or trade sales, management buy-outs, purchases by other shareholders and buy-backs by the investee companies themselves, flotations on AIM, sales of an investee company's assets and liquidations.

Monies received by the Custodian, as the registered shareholder, upon the realisation of an investment will be distributed to investors within 28 days of receipt by the Custodian subject to retention by the Manager of an amount to meet any applicable administration fees, performance fees and/or custodial costs that are or will be payable.

3. INVESTMENT STRATEGY AND EXECUTION

3.1 Investment strategy

The Investment Advisor anticipates sourcing sufficient suitable investment opportunities to enable the Manager to complete 3 - 4 deals a year on behalf of the Scheme, with an average deal size of £50,000 - £200,000 depending upon the number of suitable deals which have been sourced by the Investment Advisor and the amount of equity available in the Scheme. These deal sizes may be modified in the light of sums subscribed to the Scheme in future. The Investment Advisor will aim to source deals that would attract co-investment by Angels or by other institutional shareholders, particularly where additional skills or experience (or cost sharing) are thereby added.

Target sectors and transaction type

The principal sectors to be targeted will be those for which EIS tax relief is available, and will also be in line with the experience of Simon Hunt who will source potential investments for the Scheme. Emphasis will therefore be placed on the IT, healthcare, advanced technology, leisure, internet and business services sectors. Generally, EIS relief is available for qualifying investments in trading companies. Most types of trades qualify for EIS relief, but certain trades are excluded. However, the Manager has a discretion to invest up to 15% of the aggregate subscription proceeds of the Scheme in UK-based non-Qualifying Companies (measured at the time of investment). Each sector that offers growth and exit opportunities that meet the objectives of the Scheme will be addressed, however, the Manager intends to use the majority of the Scheme's capital to make investments which would normally enable investors to obtain EIS tax relief on the full amount invested (assuming the investors have not utilised their available EIS relief elsewhere). Development and early stage opportunities will form the bulk of the portfolio and the Scheme will also invest in MBOs where appropriate. The Manager anticipates, however, that generally no investment will exceed 20% of the aggregate amount of the Scheme's gross subscriptions. Investments will typically be in equity or equity related securities. In order to qualify for EIS relief in relation to an investee company, the Manager must invest at least £500 in each company on behalf of each investor.

The returns that are targeted for the Scheme are 5 - 8 times the amount invested, given delivery by the management team of the investee company of a strong operational performance within a market that retains the attractive features that were identified at the time of investment. With the diversified portfolio that is envisaged, actual future returns will vary dependant on a wide variety of factors. The Scheme is targeting overall returns to exit that represent an IRR of at least 20%, **however there is no guarantee that this target will be met.**

3.2 Typical funding requirements

Although subject to variation in specific cases, the following are the main types of funding requirement expected to be addressed:

- Development stage funding designed to get the project to break even, typically over a one year – 18 month time frame.
- Early-stage funding designed to achieve specified milestones, such as conclusion of clinical trials, or product launch, with follow-on funding to be provided by Angel investors, on their achievement.
- Seed funding expected to enable achievement of specified milestones, which will enable a subsequent institutional fund-raising of a larger amount, but at a stage when the investee company may have achieved a significantly higher valuation.
- Management buy-outs.

3.3 **Management teams to be supported**

The investment strategy will be to support only management teams (typically comprising two to four people) that contain substantially the whole range of skills and experience that are required to complete at least the first stages of the project successfully. Normally, this would involve completion of the activities and results required by the business plan over at least the first 18 months of the project. This allows for the possibility that a start-up that has achieved significant revenues in the first one-to-two years via the initial, usually highly entrepreneurial, team would then require an experienced professional manager to take the business through to exit.

The Investment Advisor has found, in practice, that its experience in a wide range of business sectors and in commercial management, marketing, provision of financial controls, and exit management, has enabled it to offer support to investee management teams over a wide area of business needs. The Manager's strategy is that the Investment Advisor's expertise will be available in support of the capabilities of the incumbent management team, but neither the Manager nor the Investment Advisor intends to take on a front line management role in investee companies, even in a part-time capacity.

The Investment Advisor will, at the request of the Manager, continue to monitor the performance of investee companies by the incumbent management teams, and will advise the Manager accordingly. Investors with relevant skills and experience may be offered an opportunity to sit as non-executive directors of investee companies.

3.4 **Investment execution**

Deal Flow

The Investment Advisor has an established network of contacts and intermediaries that have, since the Scheme commenced, provided high quality deal flow. The six companies that have been invested in by the Scheme were sourced as follows -

- Two companies were identified from among many dozens of companies promoted by Beer & Partners Limited
- Three companies which were brought from academia to commercialisation by the investment and management teams of a company that sources high technology companies and provides them with management and funding, and with whom the Investment Advisor has an established relationship
- Simon Hunt was approached by a specialist team of health tech professionals with a track record of successful commercialisation, with whom he has co-invested previously, to advise on funding a recent investee company

From several hundreds of investment opportunities presented, the Investment Advisor made further investigation and enquiries into 20 - 30 companies, from which the investments made were found. The Manager and the Investment Advisor expect the same or better deal conversion rate to apply to the Scheme in future.

Deal assessment and execution

A rigorous deal assessment and execution process is followed. An initial outline of the deal is usually provided by the deal promoters, typically in a 2-3 page "teaser", occasionally in a verbal discussion with the Investment Advisor. Sometimes deal opportunities are identified at formal presentations by investment networks which co-ordinate presentations of early-stage projects by the management teams to potential investors. An initial discussion of headline issues will follow, normally between the Investment Advisor and either the intermediary or the management team, to identify whether the deal is worth progressing. If a positive conclusion is reached, the next step is receipt and perusal of a business plan. This may be followed by a meeting between the Investment Advisor and the management team where interest continues. The conclusion as to whether the deal will be recommended to the Manager will be conveyed to the management team. The process is focussed and efficient, thus minimising time spent by the Investment Adviser in identifying promising deals. It also reduces the time spent by intermediaries and management teams.

The due diligence process will follow. This may be carried out solely by the Investment Adviser, or reliance may be placed on reports/reviews by co-funders, including institutional funders. It will include review of development prototypes or outline specifications, market surveys, and consultation with independent advisers. In most cases, formal independent advice is sought from one of a panel of advisers that has been engaged by the Investment advisor for the purposes of due diligence, or by other appropriately qualified individuals. References on management or from customers will be taken as appropriate. There may be a financial due diligence review of the bases and calculations used in the business plan, although these are sometimes of limited use in start-ups. There will normally be a formal shareholder agreement prepared by a lawyer, together with appropriate legal due diligence e.g. intellectual property review. Finally, there will follow a decision by the Manager, based on a paper prepared by the Investment Advisor summarising the features of the deal and containing a recommendation to proceed. Based on this recommendation, the Manager will make a decision either to proceed to make the investment on behalf of the Scheme investors or to reject the opportunity.

Deal monitoring

The Manager may, where appropriate, appoint a non-executive director to the board of an investee companies in the Scheme's portfolio. This may be an individual chosen for his/her sector knowledge, who may have a background of supporting institutional funders in a non executive capacity.

The Manager will leave day to day running of the business to the investee company's management team, but, with the assistance of the Investment Advisor, will exercise shareholder rights, which will usually include involvement in major strategic decisions, major product or market developments, significant capital expenditure, or management changes. It will exert influence to ensure that a major focus of the team is the timing and nature of the exit.

The Investment Advisor considers that a sensitively managed, but decisive, relationship with the investee company's management team is core to its investment activities. This requires continuous communication of current trends and major issues, and early communication of views where action requires to be taken. Maintenance of strong

relationships with investee management may ease the passage of difficult decisions that are required.

Exit planning and execution

A regular review process and monitoring of the exit strategy and opportunities will be required from all management teams. The key exit factors will be market trends and the growth profile of the business. In order to avoid distraction of management during the exit process, support may be sought from an external and appropriately qualified source.

Administration

The Manager will have responsibility for arranging the secure retention of investors' funds by the Scheme's Banker, ensuring investors receive EIS certificates, procuring the preparation of and issuing 6 monthly reports to investors on the progress of their investments, and issuing investment information regarding important events that may affect their investments such as a sale or a flotation.

4. MANAGER

PILinvests

PILinvests provides market leading expertise turning investment ideas into investor value by designing tailor-made fund solutions and offering access to capital. PILinvests are alternative asset fund specialists formed in 1996 and a leading company in the UK in establishing and operating unregulated collective investment schemes with £3 billion of funds under management. PILinvests is the trading name of Partnership Incorporations Limited which is a limited liability company incorporated under the laws of England & Wales, authorised and regulated by the FSA (registration number 180410) with registered number 03011126. PILinvests will act as the Manager of the Scheme.

The form of investment management agreement attached as Appendix 1 contains the terms on which each investor in the Scheme will appoint PILinvests to manage its investments, including provisions relating to exculpation and indemnities.

4.1 The Process for Approval

Investment proposals must fall within the criteria set out below in order to qualify for investment by the Scheme:

- Investment in an EIS Qualifying Company subject to the Manager's discretion to invest up to the 15% of the aggregate subscription proceeds in non-Qualifying Companies (measured at the time of investment).
- Deal size between £50,000 and £1,000,000.
- No investment will normally exceed 20% of the Scheme's subscribed capital at the time of investment.
- An investment of £500 on behalf of each investor to qualify for EIS relief.
- Investee companies must offer growth and exit opportunities.
- The investment involves funding for one of the following:
 - Development stage funding designed to get the project to break even, typically over a one year – 18 month time frame.

- Early-stage funding designed to achieve specified milestones, such as conclusion of clinical trials, or product launch, with follow-on funding to be provided by Angel investors, on their achievement.
- Seed funding expected to enable achievement of specified milestones, which will enable a subsequent institutional fund-raising of a larger amount, but at a stage when the investee company may have achieved a significantly higher valuation.
- Management buy-outs.

5. INVESTMENT ADVISOR

Bridge-dc BVI Ltd is a company incorporated in the British Virgin Islands. The directors are Simon Hunt, and Brigitte Hunt. Simon Hunt has extensive experience in sourcing and successfully managing early-stage UK investments, as set out on page 12 below. Since the Scheme was launched in 2008, Simon Hunt and Mandy Hutchison have acted for the Investment Advisor, with the assistance of industry experts from the Scheme's advisory panel. The Investment Advisor has entered into an investment advisory agreement ("Investment Advisory Agreement") with the Manager pursuant to which it will provide advice regarding sourcing potential investments for the Scheme and carry out due diligence activities in relation to potential investments at the request of the Manager. The Manager will be responsible for payment of the Investment Advisor's fee out of the fees payable out of the Scheme to the Manager. The investment Advisory Agreement may be terminated immediately by either party in the event of the insolvency of the other party or in the event of fraud, wilful misconduct or negligence on the part of the other party. The Manager may also immediately terminate the appointments of the Investment Advisor if all of the investment management agreements with investors in the Scheme are terminated. The Advisor may terminate the agreement immediately in the event that the Manager ceases to be authorised by the FSA. The Investment Advisor and its associates (including any consultant to the Investment Advisor) are entitled to be indemnified out of the Scheme in respect of all liabilities and expenses properly incurred by the Investment Advisor and any associate in the proper execution of its duties pursuant to the Investment Advisory Agreement except in the case of fraud, wilful misconduct or negligence on the part of the Investment Advisor or its associates or any liability or expense imposed by law on the Investment Advisor or any associate.

None of the Investment Advisor, Simon Hunt or Mandy Hutchison are authorised by the FSA or subject to regulation in the BVI.

The Investment Advisor's management team has invested £465,000 in the Scheme to date.

5.1 The Team

Simon Hunt

Simon Hunt's background and experience may be divided into a career prior to, and subsequent to, the creation of his own portfolio of early-stage investments (the "**Portfolio**") which began in 1999. Simon has invested approximately £4.4 million to date, in some 49 businesses, mainly early-stage, in the healthcare, internet, advanced technology, leisure and services sectors. Realisations of £7.5m* have been achieved and investments in 20 businesses costing £2.3m, are retained, including 6 businesses that have been invested in under the Scheme.

*Realisations were

	£m
Midland Medical Technologies	3.5
Grosvenor Healthcare	3.2
All New Video	0.3
Amtech Power Software	0.3
NDR	0.2
Delta Fluid Power	0
Total	7.5

Investment over a period of several years has led Simon to develop and enhance his investing principles, which are now as follows (reflecting the investment strategy of the Scheme) –

- The targeted market is large, frequently global, in scale
- The development of the product is largely complete, and ongoing development costs will be relatively small
- A simple, low cost strategy to take the product to market is envisaged
- Revenue has either commenced, or is likely to do so reasonably soon
- Typically, the investing team will have had ongoing business contacts with the management team for a significant period prior to investment
- Potential for return on investment of 5 - 8 times within 3 - 7 years

Prior to creating the Portfolio, Simon's 20-year career at KPMG was spent in the Birmingham office, and involved a leadership role in the development of its private business practice. He worked particularly with entrepreneurs and start-up businesses, and contributed to expanding the office from 100 to 400 staff in this period. Subsequently, Simon spent a total of 11 years in group finance director or group joint managing director roles in the IT sector, including businesses in semi conductor development, telecoms and leisure industry software, computer services, fund management systems and IT recruitment and consultancy. Simon was part of the respective senior teams that turned round ACT Group plc and enabled Anite Group plc to achieve annual profits of £28m from an inherited loss-making position. Simon has led, or been part of, teams achieving in excess of £250 million sales proceeds.

He was also an investor and/or chairman/non-executive director in nine management buy-outs ("MBO"s) and a number of privately-funded businesses. Out of 11 private businesses in which Simon Hunt was investor/director, one continues to successfully trade, and nine have concluded successful exits.

In the early 2000s, Simon Hunt perceived that there was an opportunity to invest in early-stage businesses. This type of investment carries higher risks than publicly quoted securities, or other asset classes such as property. However, Simon felt that his background in identifying and completing transactions, and experience in a wide range of sectors; in particular, IT and healthcare, would enable him to differentiate a comparatively small number of promising opportunities lying within a wide pool of business start ups that seek funding. He therefore set about developing the Portfolio. The strategy he adopted is to rigorously identify the features and potential of the market opportunity that is addressed, the suitability of the product or service to exploit the market, and the strength and durability of the management team.

The sectors targeted for the Portfolio were mainly those in which Simon Hunt has personal business experience (eg IT, healthcare, leisure, Internet, business services). In certain instances, Simon felt able to back a management team that appears to have the strength to exploit another sector where Simon believes there is growth potential.

Mandy Hutchison

Mandy Hutchison acts as an independent consultant to Bridge-dc BVI Limited and has worked with Simon Hunt as a member of the investment advisory team to the Scheme since 2008. Her role includes sourcing potential investments, negotiating the deal terms, conducting due diligence and monitoring and maintaining relationships with investee companies.

Mandy has a background in banking and finance having been a member of the banking staff of The Bank of England between 1973 and 1979, Credit Analyst at Concorde Leasing from 1979 to 1980, an officer of the First National Bank of Chicago between 1980 and 1985 and Resident Vice President at Citibank NA in Reading between 1985 and 1987.

She was involved in several small businesses before joining Beer and Partners in 2004 as an Associate, where she acted for companies raising funding in a number of sectors including commercial property, recruitment, insurance, telecoms, and engineering. She no longer acts for companies raising funding and is now wholly engaged in investment activities.

She has interests in several of the companies for whom she previously acted and she remains involved on a part-time basis in two farming/property businesses. She has invested £25,000 in the Scheme to date.

6 Investments made by the Scheme

On behalf of existing subscribers, the Scheme has made eight investments totalling £600,000 in six companies, as follows:

Cipher Surgical - £100,000 invested

Cipher has patented the Laporojet, which is a device that cleans the screen of a laparoscope, a camera used to provide visibility to surgeons carrying out laparoscopy operations (“keyhole surgery”). Millions of laparoscopy operations are carried out world wide each year. The company expects to receive CE marking in late 2011 and to commence marketing the product thereafter.

MMIC Solutions - £100,000 (£50,000 + £50,000) invested

MMIC has licenced high frequency, millimeter wave chip technology from Qinetiq. The Qinetiq patented technology offers a “packaging” solution that enables very high frequency chips to achieve highly optimised performance. MMIC anticipates large markets for these solutions to support cellular phone networks, and as components in imaging devices for security environments eg airports. Significant orders for MMIC’s mobile network devices have been received.

MtM - £50,000 invested

MtM has developed a patented lateral flow cartridge that facilitates accurate control of fluid flow to enable testing by a micro array. A patented LED based testing system is used to read the micro arrays. The devices are used to detect the presence of serum immunoglobulin in a number of allergens, offering optimised tests for a wide array of allergies. They can also be used as a diagnostic for a number of other conditions, including asthma. The company anticipates receiving CE marking early in 2011, following which revenues are expected to commence.

Phasor Solutions - £100,000 invested

Phasor is developing flat panel antennae that are built up from multiple panels of ASICs (silicon chips), each of which contains a large number of individual antenna elements. The ASICs are based on a new high frequency process technology using Silicon Germanium, allowing for significant reductions in chip size and cost of the system. The flat panel antennae are targeted at large markets in train and military communications sectors.

Following earlier development delays, units of the Receive chip have been received for testing, from the fabricator..The Transmit chips will then be submitted to the fabricator for production. Phasor is currently raising additional funds at a valuation 50% below the earlier subscription price.

Spark Energy - £100,000 invested

Spark is a licensed utility that sells electricity and gas to customers in tenanted properties. It has achieved significant growth in its business and has engaged some of the largest UK letting agents as sales partners. Difficulty has been experienced in billing energy customers due to the complexities of the UK energy data information systems, although significant improvement to Spark’s data production has been achieved in 2010.

Urosens - £150,000 (£100,000 + £50,000) invested

Urosens has been granted exclusive worldwide licences by Cancer Research UK to develop and market bladder and prostate cancer diagnostic tests, based on its urinary test for the Mcm5 protein. A report by the British Journal of Cancer stated "urinary Mcm5 detection seems to be a simple, accurate and non invasive method for identifying patients with prostate cancer". Clinical trials will be conducted by Urosens in order to obtain a CE marking for both the bladder and prostate cancer diagnostics, which is expected to be obtained in Summer 2011. Funding is currently being raised by Urosens to meet the trial costs, at a valuation 25% higher than the price the Scheme invested at in March 2009.

7 TAX ADVANTAGES

Investors in unquoted companies via the Scheme may receive tax advantages from the purchase of shares in EIS Qualifying Companies. Investors should obtain advice from their own professional advisers as to their tax position in respect of their own portfolio. Please note that the tax advantages are only available on the actual amounts invested in investee companies. Investors should therefore, for example deduct initial charges, the deduction for the first five years' administration fee and set up costs before calculating values of the different tax advantages. The Scheme has not been approved by the Board of HM Revenue and Customs.

8 RISK FACTORS

Investments in the Scheme will involve a high degree of risk. In particular:

- (a) Investments in unlisted companies can be difficult or impossible to realise, as there is no available public market for them. In particular, investments in development stage companies inherently involve a high degree of risk. Investors may not receive back all or any of the amounts they invest.
- (b) Subscription in the Scheme should be considered a medium to long-term investment. Any withdrawals from the Scheme within three years of investments into EIS Qualifying Companies will result in loss of EIS relief. The Manager expects to sell the Scheme's investments after they have been held for a period normally from three to seven years. It is unlikely that an investor will be able to sell his/her investments prior to the termination of the Scheme. There is no specified termination date for the Scheme and investors will not receive back their investment proceeds until each portfolio company in which their subscription proceeds have been invested has been disposed of or liquidated.
- (c) Before the Scheme makes an investment, the Manager (or its delegate) conducts due diligence on the investment to the extent that the Manager, in its discretion, determines to be reasonable and appropriate based on the facts and circumstances applicable to the investment. When conducting due diligence the Manager and its delegates must rely on resources available to them, including information provided by the investee company and, in some cases, third party investigations. The due diligence process may at times be subjective with respect to newly-formed entities or other entities for which only limited information is available. Accordingly, there can be no assurance that the due diligence process carried out with respect to any investment will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment. There can be no assurance that such an investigation will result in an investment being successful.

- (d) Any representations and warranties or indemnities provided by the sellers in connection with investments may be limited or unavailable. As a result, the due diligence on an investment conducted by the Manager or its delegate may be the only comfort it receives before committing to an investment and there can be no assurance that, once an investment has been made, no liabilities or other unforeseen matters of an adverse nature, which were not revealed by the due diligence carried out in respect of such investment, will exist or arise. If any such liability or unforeseen matter were to arise with respect to such investment, it could have an adverse effect on the investment and the Scheme as a whole.
- (e) Valuations and appraisals of investments may be carried out from time to time. However, an appraisal or a valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the Manager.
- (f) In connection with a disposal of an investment, investors may be required to make representations and give warranties about the business and financial affairs of the investment similar to those made in connection with the sale of a business. Investors may be required to indemnify the purchasers of such investment to the extent that any claims arise in connection with the disposal of the investment. Such arrangements may result in contingent liabilities on the part of the investors.
- (g) The success of the Scheme will depend partly on the ability of the Investment Advisor to locate appropriate investments, together with the ability of the Manager to select and realise such investments.
- (h) The Investment Advisory team will rely heavily on the experience of Simon Hunt. If Mr Hunt should become incapacitated or otherwise be unable to provide services to the Scheme, the Investment Advisor's ability to source deals for the Scheme will be limited.
- (i) Investee companies may be small and dependent on the skills of a small group of key executives (the loss of which may be particularly detrimental to those companies).
- (j) Products developed by investee companies may not be commercially successful.
- (k) Investee companies may borrow funds from third parties. This exposes the Scheme to additional risk and means that investors could rank as creditors behind lenders in an insolvency situation.
- (l) Directors or employees of the Manager who are responsible for the investment decisions relating to the Scheme, and the advisory team of the Investment Advisor may change from time to time. There can be no assurance that any individuals who are employed by or associated with those entities will continue to be employed or to supply such services throughout the life of the Scheme.
- (m) Where the Scheme holds a minority position in its portfolio companies, it may not always be in a position to protect its interests effectively.
- (n) The value of any investment can go down as well as up.

- (o) Investors should also bear in mind that references to past performance are not necessarily a guide to future performance.
- (p) Since investors may subscribe to the Scheme on different closing dates, an individual investor's returns may vary from those achieved by other investors who invested on different closing dates and whose portfolios contain shares in different investee companies.
- (q) Under the terms of the Investment Management Agreement, the Manager has the right to terminate such agreement upon three months' written notice. In the event that the Manager exercises its right of termination and fails to appoint a successor manager, the Investment Management Agreement will terminate and each investor's investments will be transferred into the name of the investor.

Additional tax risks

Prospective investors who wish to receive the benefit of any of the Tax Advantages are encouraged to seek advice from their financial advisors with regard to their personal circumstances, and they should understand and accept the following:

- (r) Tax statutes and rules and their interpretation and application, and the legal and regulatory regime relating to an investment in the Scheme, especially in relation to EIS relief, may change during the life of the Scheme.
- (s) Any loss of status of an EIS Qualifying Company or change in the Investor's personal circumstances, may lead to the loss of the Tax Advantages. No guarantee can be given that any or all investments will qualify, or continue to qualify, for the Tax Advantages;
- (t) The Manager shall not be liable for any loss incurred by an Investor in relation to value received by any person from any investee company at any time within Period C (as defined in section 159 of the Income Tax Act 2007) or as a result of a change in circumstances of an investee company at any time within the "**relevant period**";
- (u) The Manager retains complete discretion to realise an EIS investment at any time (including within the three year period from the date of the investment) that it considers appropriate at its sole discretion. In such case, some or all of the Tax Advantages relating to that particular investment will be lost. In exercising its discretion to make such a disposal, the Manager is not obliged to take into account the tax position of investors (individually or generally);

9 ADDITIONAL INFORMATION RELATING TO THE SCHEME

9.1 Valuations

The valuation of investments made by the Scheme will be considered on a half-yearly basis. Unless there is compelling evidence to the contrary, valuations will be at historic cost.

All investments in the Scheme will be valued having regard to best practice as set out under the International Private Equity and Venture Capital Valuation Guidelines, produced by the British Venture Capital Association together with its European counterparts. The overriding principle of the valuations are to show a fair valuation of the investment to the investors based on what would be a fair transaction between informed parties. Prudence

is a central concept of the valuation guidelines. All investee company investments are valued by the Investment Advisor on a half-yearly basis.

9.2 Termination of the Scheme

The Manager anticipates that the average holding period for investments will be three to seven years. If any investment has not been realised after seven years, the shares will be transferred into the names of the investors and the Manager's role in relation to such investment will cease. The Scheme will continue until each investee company has been disposed of or liquidated. The Manager will not transfer shares in any investee company to an investor unless the investor wishes to withdraw from the Scheme and the transfer is permitted by the constitutional documents of the relevant investee company and any necessary consents have been obtained.

9.3 Scheme Fees and Charges

Initial Charge: For investors introduced to the Scheme by an IFA or other placement agent an initial charge of 4.5% will be deducted from each investor's subscription amount and paid to the relevant introducer. All or part of this charge be waived by agreement between an individual investor and the relevant introducer.

Administration Fee: Each investor will pay to the Manager an annual administration fee equal to 3% of his/her subscription amount during the first year and 1.5% for each year thereafter until that investor's participation in the Scheme terminates. A cash deduction will be made from each investor's subscription amount at the time of subscription equal to the first five years' administration fee. Thereafter the administration fee will be deducted from dividends and other investment returns payable to each investor. Included within this administration fee there will be a fixed annual management fee which will be payable on a pro-rata basis by each investor. This fee will be payable to the Manager. If the net asset value of the Scheme increases to £20 million, however, the management fee will increase to 0.2% per annum of the net asset value of the Scheme as at each Valuation Day. The net asset value of the Scheme shall equal its gross assets less its gross liabilities as determined by the Investment Advisor as at 31 December and 30 June in each year.

Performance Fee: A performance fee equal to 20% of the net profit achieved by each investor's portfolio will be payable to the Manager after repayment to the investor of an amount equal to his/her subscription amount and after a hurdle of 8% per annum calculated by reference to gross subscription amount.

The Investment Advisor will be paid a fee out of the amounts paid by the Scheme to the Manager.

Set-up Costs: An amount equal to 3% of each investor's subscription amount will be deducted from each investor's subscription and utilised by the Manager in respect of set-up costs. The maximum amount of set-up costs which may be so utilised is £125,000, which includes an initial fee of £25,000 which is payable to the Manager. If the aggregate amount deducted by the end of the two year subscription period is greater than the actual set-up costs of the Scheme, the difference will be returned to investors on a pro-rata basis.

Custodian and Administration Charges: The Custodian's charges will be a fixed annual amount (pro-rated as appropriate for the first and last years) which will be payable on a pro-rata basis by each investor and are included within the Administration Fee..

All fees will be subject to Value Added Tax.

10 HOW TO INVEST

The arrangements described in this Memorandum relate to the offering by the Manager of a discretionary management service. That service will be provided pursuant to the terms of the discretionary Investment Management Agreement set out in Appendix 1. Each investor will participate in investments made by the Scheme after he/she subscribes to the Scheme until his/her subscription is fully invested. The minimum subscription per investor is £25,000 (plus multiples of £5,000 thereafter). There is no maximum subscription amount. No joint applications can be made, but spouses can apply separately. The maximum size of the Scheme will be £10million. In order to apply, please complete the following steps:

- (a) Complete, sign and date the attached Application Form and Suitability Questionnaire. Only one application may be made per investor. No joint applications may be made, but husbands and wives may apply separately.

Please attach your cheque for your subscription amount to your Application Form. The minimum subscription amount is £25,000 and additional amounts may be subscribed in increments of £5,000. Cheques must be from a recognised UK bank or building society account and should be payable in accordance with the Application Form.

- (b) Please make sure that you have enclosed all necessary anti-money laundering documentation (see the Application Form).

Send your application form to PILinvests, 5th Floor, 64 North Row, London W1K 7DA. The subscription monies will be held by the Banker. The monies will be held in an interest-bearing account pending investment. The bank account will also hold all monies payable in fees and the Banker will release payment on the request of the Manager.

APPENDIX 1

Form of Investment Management Agreement

These are the terms and conditions on which PILinvests (the "**Manager**"), will manage your investment portfolio as part of an Enterprise Investment Scheme known as the The Beer & Partners EIS Scheme (the "**Scheme**"). The Manager is authorised and regulated by FSA, the Manager proposes to treat you as a retail client in accordance with COBS 3.3.1R.

1. DEFINITIONS

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

"**Administration Fee**" has the meaning set out in the Memorandum;

"**Application Form**" means the application form attached to the Memorandum;

"**Banker**" means Butterfield Private Bank 99 Gresham Street London EC2V 7NG ;

"**COBS**" means the Conduct of Business Sourcebook of the FSA Rules;

"**Client Limit Order**" means a specific instruction from the Client to the Manager to buy or sell a financial instrument at a specified price limit or better and for a specified size;

"**Custodian**" means PIL Nominees Limited;

"**Execution Policy**" means the order execution policy that the Manager is required to establish under COBS as amended and notified to you from time to time;

"**FSA**" means the Financial Services Authority whose address is at 25, The North Colonnade, Canary Wharf, London E14 5HS (and the "**FSA Rules**" shall be understood to refer to all relevant rules and regulations made by the FSA from time to time which affect the Manager's performance of this Agreement);

"**Memorandum**" means the information memorandum issued by the Manager in relation to the Scheme;

"**MTF**" means a multilateral trading facility set up in accordance with the Markets in Financial Instruments Directive (2004/39/EC);

"**Net Subscription**" means your Subscription minus the first five years' Administration Fee, your share of the Set-up Costs payable pursuant to clauses 8.1 and 8.4 and any initial charge payable pursuant to clause 8.5;

"**Qualifying Company**" means a company which is a qualifying company for the purposes of the Enterprise Investment Scheme;

"**Regulated Market**" shall have the meaning given in the FSA Rules;

"**Set-up Costs**" has the meaning set out in the Memorandum;

"**Start Date**" means:

(a) 31 December 2009; or

(b) such earlier date, being the date upon which you first invest in the Scheme;

"Subscription" means the total gross amount subscribed by you in relation to the Scheme in accordance with the terms of the Memorandum;

"your Portfolio" means the aggregate of:

- (a) all investments which the Manager makes under the terms of this Agreement in your name; and
- (b) all cash subscribed by you (after deduction of expenses and charges) for investment in the Scheme which remains to be invested at any given time; and

"Tax Advantages" means the various tax benefits that may be available for eligible persons arising from subscriptions for shares in Qualifying Companies which are investments in your Portfolio.

- 1.2 Where this Agreement uses and defines a term that is also used in the Memorandum, the definition in this Agreement prevails.
- 1.3 Words and expressions defined in the FSA Rules which are not otherwise defined in the Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.4 Any reference to a statute, statutory instrument, rules or regulations are taken to refer to such statute, statutory instrument, rules and regulations amended, re-enacted or replaced from time to time and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.

2. **AGREEMENT**

- 2.1 This Agreement comes into force on the Start Date (or, if later, the date on which the Manager completes any relevant procedures for the verification of your identity etc, in accordance with prevailing anti-money laundering regulations).
- 2.2 By completing, signing and dating the Application Form, you:
 - (a) appoint the Manager as manager of your Portfolio;
 - (b) appoint the Custodian to act as custodian of investments in your Portfolio;
 - (c) agree to the terms of this Agreement.
- 2.3 The Manager is entitled in its discretion to reject (in part or in full) your application to invest.

3. **SUBSCRIPTIONS**

There is no maximum amount that you may subscribe to be managed in accordance with this Agreement. The minimum amount that may be subscribed to the Scheme is £25,000. Subscriptions above the minimum should be in £5,000 increments. Until invested, your Subscription will be held in an interest bearing client bank account with the Banker in the name of the Scheme.

4. **INVESTMENT MANAGEMENT**

- 4.1 The Manager will manage your Portfolio on the terms set out in this Agreement.

- 4.2 The Manager expects (and will use reasonable endeavours) to invest your Net Subscription within 12 to 18 months following the date on which it is received.
- 4.3 Subject to this Agreement and the Memorandum, the Manager will exercise all discretionary powers in relation to the selection of, or the exercising of rights relating to, investments for the account of your Portfolio (including the execution of contracts on your behalf). The Manager shall not, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on your behalf or as your agent.
- 4.4 In performing its functions, the Manager shall have regard to and shall comply with, the investment objective and the investment restrictions applicable to the Scheme as set out in the Memorandum. However, you accept that:
- (a) no guarantee can be given that a Qualifying Company will retain such status throughout the life of the Scheme; and
 - (b) the Manager has the discretion to realise a security issued by a Qualifying Company in circumstances that may affect or remove the Tax Advantages attached to such Investment where the Manager believes that to do so is in the overall best interests of all investors in the Scheme.
- 4.5 In the event of a realisation of an investment in your Portfolio the cash proceeds of the realised investment will be paid to you as soon as reasonably practicable.
- 5. COMPLIANCE WITH FSA RULES AND OTHER APPLICABLE PROVISIONS**
- 5.1 In effecting transactions for your Portfolio, the Manager will act in accordance with the obligations regarding best execution under the FSA Rules and the Execution Policy, a copy of which is attached at Appendix 2. You confirm that you have read and understood the Execution Policy and agree to its terms. In particular, you agree that the Manager may trade outside a Regulated Market or MTF.
- 5.2 Specific instructions received by the Manager from you in relation to the execution of orders may prevent the Manager from following the Execution Policy in relation to such orders in respect of the elements of execution covered by the instructions.
- 5.3 You hereby instruct the Manager not to make public Client Limit Orders in respect of shares admitted to trading on a Regulated Market which are not immediately executed under prevailing market conditions.
- 5.4 Subject to Clause 5.1, the Manager may deal on such markets or exchanges and with such counterparties as the Manager considers fit. When placing orders with other entities for execution that result from a decision by the Manager to deal in financial instruments on your behalf, the Manager will act in your best interests.
- 5.5 Transactions on a market or exchange will be effected in accordance with the rules of that market or exchange, as well as those of the clearing house through which they are cleared. If there is any conflict between the provisions of this Agreement and any such provisions, the latter shall prevail.
- 5.6 Subject to the FSA Rules, without prior reference to you, transactions for your Portfolio may be aggregated with those of the Manager's other customers, and of the Manager's employees and associates and their employees if it is unlikely that the aggregation will work overall to the disadvantage of any of the Manager's customers (including you). The Manager will allocate aggregated transactions on a fair and reasonable basis in accordance with the Execution Policy. You acknowledge that the Manager has hereby disclosed to you that the effect of aggregation may work to your disadvantage in relation to a particular order.

- 5.7 In general, the number of shares in a Qualifying Company allocated to you will be calculated with reference to the proportion of your Net Subscription pro rata to the aggregate of net subscriptions of other subscribers to the Scheme. Minor variations in the allocation made on behalf of your Portfolio may occur in order to enable investors to hold whole shares or other securities. However:
- (a) the above mentioned pro rata allocation will not apply if it would result in your being required to invest an amount of less than £500 in a given Qualifying Company (in which case the Manager has the right not to invest in such Qualifying Company for your Portfolio's account or to increase your allocation so that the minimum of £500 is reached); or that no amount less than £500 remains after an investment has been made; or
 - (b) if you are an accountant, lawyer or other professional person subject to professional rules preventing you from making an investment in a particular Qualifying Company, then the number of shares so allocated to you shall not be taken up for the Scheme and the cash value of such shares shall be returned to you, such that the number of shares so allocated to other investors in the Scheme shall not be increased.
- 5.8 If you receive an allocation of shares in accordance with clause 5.7(a), then you acknowledge and agree that you may subsequently receive none, or a lower number of shares in a subsequent investment made by the Manager on behalf of the Scheme.
- 5.9 The Manager will act in good faith and with due diligence in its choice and use of counterparties but shall otherwise have no responsibility for the performance by any counterparty in respect of that counterparty's obligations.
- 5.10 Proceeds of a sale of an investment are only payable to your Portfolio and investments are only receivable by your Portfolio when settlement with the market or relevant counterparty is effected in full.
- 5.11 Where settlement with a relevant counterparty in respect of a transaction is not effected in full, you will, as against all other investors in the Scheme whose transactions were effected for settlement with the relevant counterparty:
- (a) if purchasing investments, be entitled to your pro rata share of investments actually delivered by the relevant counterparty and thereafter to a cash sum from the Scheme's client settlement bank account held with the Banker equal to the whole or relevant part of the sum debited to the account in respect of the relevant investments; and
 - (b) if selling investments, be entitled to your pro rata share of cash actually paid by such relevant counterparty and thereafter to investments held by the Custodian in the nominal value of the bargain made for the Investor.

6. CUSTODY

- 6.1 By virtue of this Agreement, the Custodian accepts direct responsibility to you for the safekeeping of investments comprised in your Portfolio from time to time, and for the settlement of transactions, collection of income and the effecting of other administrative actions in relation to your Portfolio. The Manager has assessed the Custodian in accordance with the FSA Rules to ensure that it is an appropriate person to carry out its functions under this Agreement and will reassess the Custodian's appointment periodically.
- 6.2 All investments in your Portfolio will be registered in the name of the Custodian. They will therefore be beneficially owned by you at all times, although the Custodian will have the

legal title thereto and will hold any title documents (or other documents evidencing title to the investments).

- 6.3 Neither the Manager nor the Custodian may lend your Portfolio's investments or title documentation to a third party or borrow against the security of such investments or documents.
- 6.4 The Custodian will hold any title documents or documents evidencing title to the Investments. Individual customer entitlements will not be identifiable by separate certificates or other physical documents of title or external electronic records. In the event of an irreconcilable shortfall in the event of a default of the Custodian, customers may share in that shortfall pro-rata. On occasion, investments may be used to settle another person's transaction, which will not affect the Custodian's record of your entitlements.
- 6.5 The Manager or the Custodian may realise an investment in your Portfolio in order to discharge any obligation that you may have under the Agreement, for example the payment of fees, costs and expenses.
- 6.6 You irrevocably empower and authorise the Manager to direct the Custodian to exercise any conversion, subscription, voting or other rights (such as may arise in takeover situations, other offers and capital reorganisations) relating to investments in your Portfolio, subject always to the Manager's conflicts of interest policy (as described in clause 11.2). You acknowledge and agree that the Custodian is not obliged to seek or to accept any instruction or direction directly from you to exercise any rights in respect of any investment in your Portfolio.
- 6.7 Cash received from you or on your behalf will be deposited with the Banker. Interest will be payable on credit balances in your Portfolio. This interest is paid gross.
- 6.8 The Manager is responsible for complying with all requirements under the Takeover Code to notify the FSA and the Takeover Panel of dealings in relevant shares during a takeover or merger.

7. REPORTS AND INFORMATION

- 7.1 You will receive half yearly statements produced at the instruction of the Manager in respect of your portfolio for the periods ending on or around 31 December and 30 June.
- 7.2 Details of interest income and dividends which are received in respect of investments in your Portfolio will be provided in respect of each tax year ending 5 April.
- 7.3 You will receive EIS 3 certificates in respect of your investments in Qualifying Companies at such times as the relevant certificates are received.

8. FEES, EXPENSES AND OTHER PAYMENTS

- 8.1 An annual Administration Fee equal to 3% of your Subscription for the first year of your investment in the Scheme and 1.5% of your Subscription for each year thereafter will be payable to the Manager. The first five years' fees will be deducted upon subscription in the Scheme.
- 8.2 Any monitoring fees, director's fees or other fees received by the Manager from investee companies in which your Portfolio is invested will be set off against, and will reduce, the Administration Fee, on an "as received" basis.
- 8.3 Subject to the return to you of the full value of your Subscription plus a hurdle of 8% per annum, a performance fee of 20% of the return of your Portfolio in excess of your Subscription will be payable to the Manager and may be debited by the Manager from your Portfolio.

- 8.4 An amount equal to 3% of your Subscription will be deducted upon subscription in respect of your share of the Set-up Costs of the Scheme. Such sum will be payable to the Manager. If the aggregate amount deducted by the end of the two-year subscription period is greater than the actual Set-up Costs paid (subject to a maximum of £125,000), the Manager will return the difference to investors in the Scheme on a pro-rata basis.
- 8.5 The Manager may also deduct from your Portfolio an initial charge of 4.5% of your Subscription which is payable to any introducer who has acted in relation to your investment in the Scheme.
- 8.6 All fees, costs and expenses are exclusive of any applicable VAT or any other taxation, which shall also be deducted from your Portfolio.
- 8.7 All fees and expenses shall be payable out of cash held in the Scheme. The Manager may retain such cash from your Portfolio in an amount thought appropriate to meet fees and expenses. On termination, pursuant to clause 13, your liabilities, including fees and expenses shall be allocated to your Portfolio. Any general liabilities of the Scheme shall be allocated across all Portfolios on a pro rata basis and, if there is insufficient cash, investments may be retained and/or realised in order to meet such outstanding liabilities.
- 8.8 The Manager will provide you with details of any arrangement which involves the payment or acceptance by the Manager of any fee, commission or non-monetary benefit which is paid or provided to or by a third party or person acting on behalf of a third party and which is permitted by the FSA Rules. This requirement does not apply to the payment of fees which enable or are necessary for the provision of designated investment business or ancillary services (such as settlement costs and regulatory levies) which by their nature cannot give rise to conflicts with the Manager's duties to you.

YOUR OBLIGATIONS

- 8.9 By signing the Application Form you have made representations which we will rely upon. If you are an eligible person, these will relate to seeking tax relief, qualification for Tax Advantages, provision of relevant tax information and an undertaking to keep the Manager informed if you are or become connected with the affairs of a Qualifying Company in which the Scheme proposes to invest. You must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in this information provided in the Application Form.
- 8.10 In addition, you must provide the Manager with any information which the Manager may reasonably request for the purposes of managing the Scheme. You acknowledge that a failure to provide such information requested may adversely affect the ability of the Manager to provide services under this Agreement and the quality of the services that the Manager may provide. Any information about you given to the Manager is and will remain complete, accurate and not misleading in any material respect and you will notify the Manager immediately if there is any material change in any information provided to the Manager.

9. DELEGATION AND ASSIGNMENT

The Manager may, where reasonable, respectively engage agents, including associates, to perform any of its functions under this Agreement. The Manager will act in good faith and with due diligence in the selection, use and monitoring of its agents and will be responsible for the acts and omissions of such agents as though they were the acts and omissions of the Manager. If the Manager intends to delegate its portfolio management functions under this Agreement to a third party, the Manager will provide you with details of this delegation in advance of such delegation taking effect.

10. CONFLICTS OF INTEREST AND DISCLOSURE

- 10.1 The Manager may provide investment management or other services to any person and shall not in any circumstances be required to account to you for any profits earned in connection therewith. So far as is practicable, however, the Manager will use all reasonable endeavours to ensure fair treatment as between you and other customers. In handling conflicts of interest, the Manager will act in compliance with the FSA Rules.
- 10.2 The Manager is required by the FSA Rules to establish, implement and maintain a conflicts of interest policy.
- 10.3 Subject to the overriding principles of suitability and best execution in accordance with the FSA Rules, the Manager may effect transactions in which the Manager or an associate of the Manager may have, directly or indirectly, a material interest or in relation to which the Manager may have a relationship of any description with another party, which involves or may involve a potential conflict with the Manager's duty to you. The Manager will ensure that such transactions are made in accordance with the Manager's conflicts of interest policy and that they are effected on terms which are not materially less favourable to you than if the potential conflict or potential conflict had not existed.
- 10.4 Neither the Manager, nor any associate, shall be liable to account to you except where expressly provided for in this Agreement for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions.
- 10.5 The Manager's conflicts of interest policy sets out the types of actual or potential conflicts of interest which affect the Manager. Where the Manager is not able to manage these conflicts in such a way as to prevent a risk of damage to your interests arising, the Manager will disclose the general nature and/or source of the conflict to you.

11. LIABILITY

- 11.1 The Manager will at all times act in good faith and with reasonable care and due diligence.
- 11.2 The Manager shall not be liable for any loss to you arising from any investment decision or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the Manager's negligence, wilful default or fraud or that of the Manager's employees.
- 11.3 Neither the Manager nor the Custodian shall be liable for any defaults of any counterparty agent, the Banker or other person or entity which holds money, investments or documents of title for the Scheme, other than where such party is an associate.
- 11.4 In the event of any failure, interruption or delay in the performance of the Manager's obligations resulting from acts, events or circumstances not reasonably within the Manager's control, the Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by you. Such acts, events or circumstances shall include: war, riot, civil commotion or acts of terrorism; severe weather conditions; third party industrial action; acts of governmental or regulatory authorities; and breakdown in third party computer or communications systems.
- 11.5 The Scheme will make investments primarily in unquoted securities. Unquoted securities carry a higher degree of risk than securities quoted on a stock exchange or regulated market. There is a restricted market for such securities and it can be difficult to obtain reliable valuations therefor. By signing the Application Form and entering into this Agreement:

- (a) you confirm your understanding that there is no promise as to the performance of any of the investments in your Portfolio; and
- (b) you confirm that you have read and understood the risk warnings set out in the Memorandum at pages 15 - 17.

12. TERMINATION

12.1 Your investment in the Scheme will terminate on the date on which the last remaining investment in your Portfolio is realised or, if such investment has not been realised within a period of seven years, on the seventh anniversary of the acquisition of such investment. On termination, the final investment in your Portfolio will either be:

- (a) realised (with the net cash proceeds after fees and expenses transferred to you); or
- (b) transferred into your name or as you may otherwise direct, or a combination of the two, but in each case taking account of the Manager's entitlement in clause 8.3 to its performance fee.

12.2 Subject to the provisions of clause 14, you may terminate this Agreement on not less than three months' written notice to the Manager.

12.3 Termination:

- (a) may adversely affect your entitlement (if any) to Tax Advantages; and
- (b) shall not require the Manager to procure any purchaser for the investments in your Portfolio, nor to purchase them for its own account. The Manager will use its reasonable endeavours to transfer investments in your Portfolio into your name but any such transfer will depend upon the terms of the investee companies in relation to transfers of their securities.

12.4 If the Manager:

- (a) ceases to be appropriately authorised by the FSA or becomes insolvent; or
- (b) gives you not less than three months' written notice of its intention to terminate its role as manager under this Agreement,

the Manager shall endeavour to make arrangements to transfer the cash and investments in your Portfolio to another manager on the basis that the latter shall assume the Manager's role under this Agreement. If, however, in any such circumstances, the Manager is unable to appoint a successor, this Agreement shall thereupon terminate and, subject to clause 14, investments in your Portfolio shall be transferred into your name or as you may otherwise direct.

13. CONSEQUENCES OF TERMINATION

13.1 On termination of this Agreement, the Manager will use reasonable endeavours to expeditiously complete all transactions in progress at termination.

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

13.3 On termination, the Manager may retain cash and/or realise such investments in your Portfolio as may be required to settle transactions already initiated and to pay your

outstanding liabilities, including fees and expenses payable to the Manager and the Custodian under clause 8.

14. CONFIDENTIAL INFORMATION

14.1 The Manager will at all times keep confidential all information acquired in consequence of its roles and duties as manager of the investments comprised within your Portfolio, except for:

- (a) information in the public domain; or
- (b) which the Manager may be entitled or bound to disclose under compulsion of law; or
- (c) required by regulatory agencies; or
- (d) given by the Manager to its professional advisers where reasonably necessary for the performance of their professional services; or
- (e) which you authorise the Manager to disclose, and shall use all reasonable endeavours to prevent any breach of this clause.

14.2 The Manager shall not be obliged to make use of any information which comes to the notice of any of its employees, officers or agents or of any associate, but properly does not come to the actual notice of the personnel whom the Manager designates to actually provide services under this Agreement.

15. COMPLAINTS AND COMPENSATION

15.1 The Manager has established procedures in accordance with the FSA Rules for consideration of complaints. Details of these procedures are available from it on request. Should you have a complaint, you should contact the Manager at the address given below in Clause 17.2. If the Manager cannot resolve the complaint to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service.

15.2 The Manager participates in the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000, which provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are currently limited to a maximum of £50,000.

16. COMMUNICATIONS

16.1 Notices of instructions to the Manager should be in writing and signed by you.

16.2 Any notice or other communication given by you to the Manager in connection with this Agreement must be in writing and addressed to the appropriate individual at:

PILinvests
5th Floor
64 North Row
London
W1K 7DA

16.3 The Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by you under the Application Form or subsequently notified by you from time to time and, unless the Manager receives

written notice to the contrary, whether or not the authority of such person shall have been terminated.

16.4 All communications which the Manager makes with you under this Agreement shall be in English.

16.5 The Manager may communicate an unsolicited real time financial promotion (for example, a telephone call promoting investments) to you.

17. GENERAL

17.1 The Manager shall devote such time and attention as may be required to enable the Manager to manage the Scheme properly and efficiently, and in compliance with the FSA Rules.

17.2 The Manager may amend these terms by giving you written notice with immediate effect if such amendment is necessary in order to comply with Inland Revenue requirements in order to maintain the Tax Advantages or in order to comply with the FSA Rules or other legal requirement.

17.3 All data which you provide to the Manager is held by the Manager subject to the Data Protection Act 1998. You agree that the Manager may pass personal data:

- (a) to other parties insofar as is necessary in order to provide services as set in this Agreement;
- (b) to the FSA and any other relevant regulatory authority; and
- (c) in accordance with all other applicable legal requirements.

17.4 The Manager may assign this Agreement to any appropriately regulated firm, and will give you notice if it does so. You may not assign this Agreement as it is personal to you.

17.5 This Agreement, together with the Application Form, comprises the entire agreement between the Manager and you relating to the management of your Portfolio.

17.6 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

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

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

18. CONFIRMATIONS AND REPRESENTATIONS

18.1 By signing and returning the Application Form, you confirm each of the following:

- (a) you are applying on your own behalf;
- (b) you will notify the Manager if:
 - (i) you become aware that any part of your Subscription is to be invested in any qualifying EIS Company with which you are connected (within the meaning given in sections 291 to 291 B of the Income and Corporation Taxes Act 1988); and

- (ii) within three years from the date of issue of shares by any qualifying EIS Company which are allotted to your Portfolio, you become connected or receive value from such a company.
- (c) you have read and understood the Memorandum;
- (d) you have, where appropriate, sought independent advice on the implications of investing in the Scheme;
- (e) you require the Custodian to accept instruction from the Manager, in relation to the holding or disposal of the shares in your Portfolio, or the exercise of rights attaching to them and you agree not to give instructions to the Custodian regarding your Portfolio directly, nor to deal in the shares of your Portfolio;
- (f) you acknowledge that from time to time the Custodian or the Manager will receive notice of extraordinary general meetings, voting rights, details of rights issues, conversions, takeovers, open offers and other matters relating to the shares in your Portfolio and agree that the Manager shall act as it sees fit on your behalf in respect of such matters; and
- (g) you acknowledge that the Manager will also collect any dividends and other entitlements arising on your shares and as the beneficial owner of the shares you will be liable for all personal taxation in respect of your Portfolio; however, you agree and understand that tax may be deducted from payments due to you if it is due to be deducted under any applicable law and practice.

Appendix 2

PILinvests' Best Execution Policy – EIS Funds

This policy applies to EIS funds where PILinvests is the investment manager.

PILinvests takes all reasonable steps to obtain the best possible result for our clients taking into account the characteristics of:

- the client, including their categorisation;
- the client order;
- the financial instruments;
- the execution venues to which the order can be directed.

In obtaining the best result for our clients, we will take account of the total consideration paid by our client, including any costs or fees incurred by them in relation to the transaction.

The Client

We will examine all orders received from clients in light of their client categorisation and we will not assume that retail or per se professional clients necessarily have the same level of expertise as professional clients.

The Client Order

We do not envisage that in the course of acting as investment manager for an EIS fund, we will receive orders from clients. Instead, the clients will sign investment management agreements which allow us to execute transactions generally without specific orders being given. In the event that a client gives specific instructions regarding an order, PILinvests is entitled to rely on those instructions even though it may not result in the firm obtaining the best outcome for the client.

The Financial Instruments

Because of the nature of an EIS fund, and the limited types of instrument in which it can invest, we expect to be acquiring newly issued shares from unquoted, unlisted companies.

The Execution Venues

Again, because of the nature of the fund and the financial instruments involved, there are no established venues for the acquisition of newly issued shares in unquoted companies and all such acquisitions will be made outside regulated markets. It is likely that disposals will also be made outside regulated markets.

Price & Costs

It is therefore the case that the key factors in determining the result we obtain for our clients will be price and costs.

Before executing any transaction, we will obtain a due diligence report or investment advice which contains a recommendation on the price of the shares we are acquiring.

This report or advice will be governed by the terms of an advisory agreement between the issuer and PILinvests as investment manager.

We will endeavour to minimise so far as possible the transaction costs borne by our clients and, in any case, will ensure that these are fixed or readily calculable and our that clients are informed of the basis on which they are to be determined before transactions take place.

Use of this Policy

This policy will be provided to retail investors, and their agreement to it will be obtained, prior to any transactions being executed on behalf of that client.

This policy will be reviewed on an annual basis and as necessary in the event of changes to the situations it covers.

Appendix 3

Please ensure that you include the PILinvests Limited Suitability Questionnaire with your application.
Application Form and Suitability Questionnaire

Application Form

to be completed by individuals

Title:

Forenames:

Surname:

Date of Birth:

Address:

Postcode:

Daytime phone:

Tax District:

Tax Ref No:

National Insurance No:

I wish to invest £

(minimum £25,000) in The Beer & Partners EIS Scheme (the "Scheme") on the terms set out in the Investment Management Agreement attached to this Application Form and which are incorporated herein by reference. In relation to my investment in the Scheme I hereby appoint PILinvest (the "Manager") on the terms set out in that Agreement.

I confirm that:

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

I attach my cheque for the amount shown above and enclose two forms of identification (see note 5 below). I undertake to notify the Manager immediately if any of the above mentioned changes or if there are other relevant circumstances of which the Manager should be aware in relation to managing investments made through the Scheme on my behalf.

CHEQUES SHOULD BE MADE PAYABLE TO: Beer and Partners EIS Scheme AND NAME OF INVESTOR.

Signed by:

Signature of applicant)

Date:

Notes

1. This Application Form plus the completed Suitability Questionnaire attached must be returned to PILinvests, 5th Floor, 64 North Row, London W1K 7DA
2. The Manager reserves the right to reject an Application Form if it has reasonable cause to do so, for example, if relevant information is not included.
3. If the Manager accepts an Application form, the Investor will have entered into an Investment Management Agreement in the form set out in Appendix 2 to the Information Memorandum and as attached, which will govern his/her investment in the Scheme.
4. Due to anti-money laundering regulations you will need to provide two different forms of identification, one to prove your identity (passport or driving licence) and one to confirm where you live (utility bill or bank statement less than three months old). Copies must be Certified.
5. If you are a lawyer or an accountant or other professional person who is subject to professional rules preventing you from making investments in particular EIS Qualifying Companies, please advise the Manager so that the terms of Clause 5.4(b) of the Investment Management Agreement can be applied correctly.

Name of Financial Adviser, if applicable:

Clubfinance Ltd

Stamp of Financial Intermediary Firm, or Full Address:

 **Clubfinance**
PO Box 1036
Hemel Hempstead
Hertfordshire
HP1 2WU
FSA No: 400139

Initial commission (up to 4.5%)

<p>Please rebate 3.375% (75%) of our total initial commission of 4.5% to reduce the initial charges on this investment.</p> <p>Please pay 1.125% initial commission to Clubfinance Ltd.</p>

Application Form

to be completed by trustees

Name and date of settlement/trust: _____

Name and address of each trustee: _____

Designation: _____ Designation: _____

Full name: _____ Full name: _____

Address: _____ Address: _____

Postcode: _____ Postcode: _____

Designation: _____ Designation: _____

Full name: _____ Full name: _____

Address: _____ Address: _____

Postcode: _____ Postcode: _____

Person to contact: _____

Daytime telephone: _____

We wish to invest £ _____

(minimum £25,000) in The Beer & Partners EIS Scheme (the "Scheme") on the terms set out in the Investment Management Agreement attached to this Application Form which are incorporated herein by reference. In relation to our investment in the Scheme we hereby appoint PILinvests (the "Manager") on the terms set out in that Agreement.

We confirm that:

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

We attach a cheque for the amount shown above, and enclose two forms of identification (see note 5 below). We undertake to notify the Manager immediately if any of the above mentioned changes or there are other relevant circumstances of which the Manager should be aware in relation to managing investments made through the Scheme on our behalf.

CHEQUES SHOULD BE MADE PAYABLE TO: Beer and Partners EIS Scheme and NAME OF INVESTOR

Signed by: _____ Date: _____
(signature of trustee)

Signed by: _____ Date: _____
(signature of trustee)

Signed by: _____ Date: _____
(signature of trustee)

Notes

1. This Application Form plus the completed Suitability Questionnaire attached must be returned to PILinvests, 5th Floor, 64 North Row, London W1K 7DA
2. The Manager reserves the right to reject an Application Form if it has reasonable cause to do so, for example, if relevant information is not included.
3. If the Manager accepts an Application form, the Investor will have entered into an Investment Management Agreement in the form set out in Appendix 2 to the Information Memorandum and as attached which will govern his/her investment in the Scheme.
4. Due to anti-money laundering regulations you will need to provide two different forms of identification for each trustee, one to prove the trustee's identity (passport or driving licence) and one to confirm the trustee's address (utility bill or bank statement less than three months old). Copies must be Certified.
5. If any of you are a lawyer or an accountant or other professional person who is subject to professional rules preventing you from making investments in particular EIS Qualifying Companies, please advise the Manager so that the terms of Clause 5.4(b) of the Investment Management Agreement can be applied correctly.

Name of Financial Adviser, if applicable:

Clubfinance Ltd

Stamp of Financial Intermediary Firm, or Full Address:

 **Clubfinance**
PO Box 1036
Hemel Hempstead
Hertfordshire
HP1 2WU
FSA No: 400139

Initial commission (up to 4.5%)

Please rebate 3.375% (75%) of our total initial commission of 4.5% to reduce the initial charges on this investment.

Please pay 1.125% initial commission to Clubfinance Ltd.

PILinvests Limited
Suitability Questionnaire

19. INTRODUCTION

19.1 In order for us to accept your application, we will need to assess that the product is suitable. We have categorised you as a retail client in relation to your investment in the Beer & Partners EIS Scheme in accordance with the Investment Management Agreement which accompanies this questionnaire. Therefore in order to assess the suitability of this investment for you we need to consider:

- (a) your knowledge and experience of investing in the type of investments in which PILinvests will invest on your behalf;
- (b) your financial situation so that we can assess whether you are able financially to bear the risk of the investment; and
- (c) your investment objectives so that we can assess whether the Beer & Partners EIS Scheme meets these objectives.

All these above sections are points that need to be reviewed by PILinvests the regulated and authorised Manager of the scheme to satisfy FSA rules and allow your inclusion into the scheme.

19.2 In addition, we want to satisfy ourselves that you understand the Scheme and the risks associated with it. We would therefore appreciate it if you could answer the following questions. If you do not answer these additional questions we will not be able to determine whether the investment is suitable for you which may result in your application being returned. You must ensure that any information which you give us about your circumstances must be accurate and not misleading in any material respect and you must notify PILinvests immediately if there is any material change in the information which you have provided to PILinvests.

20. KNOWLEDGE AND EXPERIENCE

20.1 **Have you in the previous 12 months signed a statement certifying to the effect that you fall into one of the following categories of investor?**

A certified high net worth individual Yes No

A certified sophisticated investor Yes No

A self-certified sophisticated investor Yes No

20.2 **During the last 5 years in which of the following investments have you invested?**

Shares listed on a recognised stock exchange Yes No

Shares not listed on a recognised stock exchange Yes No

Shares in start-up companies or venture capital opportunities Yes No

Shares under management in an EIS managed portfolio Yes No

Unit Trust/Investment Funds Yes No

Stock and Shares component of an Individual Saving Plan(ISA)/Personal Equity Plan (PEP) Yes No

A product where the return is dependant upon an underlying index Yes No

A product where the return is dependant upon another financial instrument Yes No

20.3 **Are you employed in the financial services industry?** Yes No

If yes, in what capacity and for how long?

.....
.....
.....

20.4 **Do you understand the following?**

This Scheme is an EIS Scheme. Yes No

The investor’s agreement can be terminated by you at anytime but you are responsible for trying to sell the investments and to find a buyer Yes No

No partial withdrawals are permitted from the Scheme. Yes No

A typical investment period for holding of the schemes investments is 3 – 7 years. Yes No

If you sell the investment within the first 3 years then the entitlement to EIS relief would be lost. Yes No

Any comment in relation to tax advantages set out in section (6) is only a generic summary. You should obtain any tax advice from your own professional advisers in respect of your own personal situation. Yes No

Any tax advantage is only on the actual amounts invested with the Investee companies (not including Fund Costs). Yes No

The Scheme itself is not approved by the Board of HM Revenue and Customs (“approval” by HMRC is only relevant to the tax treatment of the investments i.e. calculating income tax relief and the EIS certificate supplied. This in no way bears on the commercial viability of the investments). Yes No

Any company in which the Scheme invests will not be listed on a recognised stock exchange (as defined for the purposes of EIS relief). Yes No

The risks attaching to investment into the Scheme as set out in Section 7 of the Information Memorandum which also includes any tax risk. Yes No

The charges attaching to investment into the Scheme as set out in Section 8.3 of the Information Memorandum Yes No

21. **FINANCIAL SITUATION**

(a) What is your current annual income?

<£50,000

>£50,000, < £100,000

>£100,000+

(b) What is your net worth?

<£500,000

>£500,000, <£1,000,000

>£1,000,000

(c) Of your net worth, what percentage is held in liquid assets?

<5%

>5%, <15%

>15%

22. **INVESTMENT OBJECTIVES**

(a) What period are you willing to remain invested?

• Less than 5 years

• Greater than 5 years

(b) Do you understand that the nature of this investment is something of a higher risk?

• Yes

• No

(c) How do you view the purpose of this investment?

• Income provision or

• Capital growth

Please sign below:

I declare that I have truthfully answered this questionnaire and read the Beer & Partners EIS Scheme Information Memorandum.

Sign:

Print	Name:
.....	
Date:	
.....	

