



The City Pub EIS Fund

Information
Memorandum
with Application
Form - Tranche 2

17 March 2016

IMPORTANT NOTICE

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENT OF THIS INFORMATION MEMORANDUM (THE "MEMORANDUM") AND/OR ANY ACTION THAT YOU SHOULD TAKE, YOU ARE STRONGLY RECOMMENDED TO SEEK ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") WHO SPECIALISES IN ADVISING ON OPPORTUNITIES OF THIS TYPE. AN INVESTMENT IN THE CITY PUB EIS FUND (THE "FUND") WILL NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS MEMORANDUM.

This Memorandum constitutes a financial promotion pursuant to Section 21 of FSMA and is approved by Thompson Taraz Managers Limited (the "**Fund Manager**"), which is authorised and regulated by the Financial Conduct Authority ("**FCA**") with firm permission reference number 226978, on the basis that it is only for communication by Intermediaries authorised and regulated by the FCA to clients (including, but not limited to, retail clients) in accordance with the FCA Rules.

If you are not a person to whom the above category applies, this Information Memorandum is not intended for you and you should place no reliance upon it for any purposes. Distribution of this Information Memorandum other than in accordance with the relevant exemptions mentioned above is not authorised by the Fund Manager and may contravene FSMA.

The City Pub EIS Fund

17 March 2016

Memorandum with Application Form – Tranche 2

Any references to tax laws or levels in this Information Memorandum are subject to change and an Investor's own personal circumstances. Past performance, in particular the performance of The Capital Pub Company PLC, The City Pub Company (East) PLC, The City Pub Company (West) PLC, The Galaxy (City) Pub Company Limited, The Pioneer (City) Pub Company Limited, The Sovereign (City) Pub Company Limited, The Liberty (City) Pub Company Limited, The Phoenix (City) Pub Company Limited and/or The Summit (City) Pub Company Limited is not a reliable indicator of future performance and may not be repeated. The value of Shares can go down as well as up and you may not get back the full amount invested. You should consider an investment through this Fund as a medium to long term investment. Investments made by the Fund will be illiquid.

This Memorandum constitutes an offer to engage in investment activity and does not constitute an offer to sell or a solicitation of an offer to purchase securities and in particular does not constitute an offering in any state, country or other jurisdiction where, or to any person or entity to whom, an offer or sale would be prohibited.

This Memorandum contains information relating to an investment through the Fund. An investment may only be made on the basis of this Memorandum and the Investor Agreement in Part 13 of the Memorandum. All reasonable care has been taken by the Investment Consultant and the Directors of the New EIS Companies to ensure that the facts stated in this Memorandum are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in this Memorandum misleading. All statements of opinion or belief contained in this Memorandum and all views expressed and statements made regarding future events represent an assessment and interpretation of information available as at the date of this Memorandum. No representation is made or assurance given that such statements or views are correct or that the objectives of the Fund will be achieved. Prospective Investors must determine for themselves what

reliance (if any) they should place on such statements, views or forecasts, and no responsibility is accepted by the Fund Manager in respect thereof.

Nothing in this Memorandum constitutes investment, tax, legal or other advice by the Fund Manager and your attention is drawn to the section headed "Risk Factors" on pages 4 to 7 of this Memorandum.

RAM Capital Partners LLP, which is authorised and regulated by the FCA (with firm permission reference number 470347), is acting as Promoter in connection with the Fund and is not acting for anyone else and will not be responsible to anyone other than the Fund Manager for providing the protections offered to customers of RAM Capital Partners LLP or for providing advice in respect of the contents of this document or the Fund. No liability is accepted by RAM Capital Partners LLP for the accuracy of any information or opinions contained in or for the omission of any material information from this document.

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PART 1 - RISK FACTORS

Prior to making a decision to invest through the Fund, prospective Investors should carefully consider all of the information set out in this Memorandum and should consider whether an investment in The Liberty (City) Pub Company Limited and/or The Phoenix (City) Pub Company Limited and/or The Summit (City) Pub Company Limited (the "**New EIS Companies**") and a subscription through the Fund constitutes a suitable investment in light of their personal circumstances, their tax position and the financial resources available to them. Investors' capital is at risk.

An investment in the New EIS Companies involves a high degree of risk and may not be suitable for all Investors. Potential Investors should therefore seek advice from a stockbroker, accountant or any other person authorised by FSMA before making any decision to invest. Potential Investors are also recommended to consult a professional adviser regarding their personal tax position and the consequences of an EIS investment.

This section contains the material risk factors associated with an investment in the New EIS Companies through the Fund. If any of the following events or circumstances arise, the business, financial condition and/or results of operations of the New EIS Companies invested in through the Fund could be materially and adversely affected, as could the availability of tax reliefs to Applicants. In such a case, an Investor may lose all or part of their investment and/or an Investor may lose all or part of their tax relief. Additional risks and uncertainties not presently known, or presently deemed immaterial, may also have an adverse effect on the businesses of the New EIS Companies and the risks below do not necessarily comprise all the risks associated with an investment in the New EIS Companies.

Risk relating to the investment in the New EIS Companies

The value of investments in the New EIS Companies and any income derived from them may go down as well as up. Investors may, therefore, realise less than their original investment. Past performance is no guide to future performance and there is no guarantee that the Fund's objectives will be achieved.

Risks relating to debt

To maximise returns for Investors, it is intended that the New EIS Companies will utilise bank debt to part-finance their operations. This will be done on a conservative basis and it is anticipated that average gearing per New EIS Company will be 25% to 30% of paid-up share capital and share premium (with the gearing of each New EIS Company limited to a maximum of 50% of its paid-up share capital and share premium).

The level of debt will significantly increase risk. The potential debt of each New EIS Company is likely to be secured against any property held by that New EIS Company, the value of which may fluctuate. It is also possible that the debt will be subject to fluctuating interest rates.

Risks relating to the businesses of the New EIS Companies

Dependence on key executives and personnel

The future success of each New EIS Company will be substantially dependent on the continuing services and performance of the Investment Consultant, the New EIS Companies' Directors and the pub management teams and the ability of the New EIS Companies to attract and retain highly skilled and qualified pub managers. It cannot be guaranteed that Clive Watson will remain the Investment

Consultant to the Fund. It cannot be guaranteed that the New EIS Companies' Directors nor members of the pub management teams will remain with the New EIS Companies, although the New EIS Companies' Directors believe the New EIS Companies' culture and remuneration packages will be attractive. The loss of the services of Clive Watson, any of the New EIS Companies' Directors, pub managers and other key employees could damage the businesses of the New EIS Companies.

Finance Act 2015

Following reforms set out in the Finance (No. 2) Act 2015 (the "**Act**"), investing under the EIS in companies which acquire existing trades using funds raised from EIS investors is no longer permissible. Prior to any investment into the New EIS Companies through the Fund, the New EIS Companies will obtain advance assurance from HM Revenue & Customs that they are EIS qualifying investments. As is the case with any investment under the EIS, there is no guarantee that EIS tax reliefs may be claimed, obtained or retained in any event.

Where the European Commission believes that Risk Finance State Aid has been provided which is not in accordance with the EU Risk Finance Guidelines, they may require the UK Government to recover that Risk Finance State Aid. There is currently no mechanism in place for this, but recovery may be from the New EIS Companies or the Investors.

Growth strategy and risks relating to potential future acquisitions and disposal

The growth of the New EIS Companies will be largely dependent on their ability to identify and execute acquisitions of assets qualifying under the revised EIS criteria, namely unlicensed premises or pubs which have previously been closed, and successfully convert these sites into free-of-tie, managed pubs in cities and major provincial towns primarily in southern England. If the New EIS Companies are unable to find suitable acquisition targets at acceptable prices, this will have a material and adverse effect on the New EIS Companies' future success and the returns the Investors receive from the Fund. The price of such sites may be affected by interest rates, inward investment into the UK, the demand for pubs and other factors outside of the New EIS Companies' control.

Market

It is possible that economic factors may decrease the disposable income that customers have available to spend on drinking and eating out and other leisure activities or may adversely affect customers' confidence and willingness to spend. This could affect the performance of any sites acquired by the New EIS Companies.

The New EIS Companies are likely to face competition from other sources of alcohol and entities operating in their business sector, which may have greater resources than the New EIS Companies, such as supermarkets and off-licences. As a result, the New EIS Companies could be adversely affected by increased competitive pressures.

Alcohol

The Government is likely to continue to consider initiatives to deal with so-called "binge drinking". Whilst the Investment Consultant does not consider that these initiatives will be directly relevant to the New EIS Companies' pub portfolios given their planned locations and customer profile, any focus on the potentially harmful effects of alcohol may reduce sales of alcoholic beverages.

Licences, permits and approvals

The pub industry in the UK is highly regulated at both national and local levels and pub operators require licences, permits and approvals. Delays and failures to obtain the required licences or permits could adversely affect the operations of the New EIS Companies. These laws and regulations impose a significant administrative burden on each pub and additional or more stringent requirements could be imposed in the future. Each of the New EIS Companies' sites will be required to obtain a license to permit, amongst other things, the sale of liquor. Should any of the New EIS Companies' site licences be refused, withdrawn or amended, the profitability of any such site or pub could be adversely impacted. The New EIS Companies will have processes in place to ensure all necessary licences are obtained on a timely basis, and to monitor compliance with all relevant laws and regulations.

Acquisition of unlicensed premises

When considering the purchase of unlicensed premises or other sites it may not be possible to ascertain whether licensing permission will be granted at the time of purchase and there may, therefore, be a risk that a licence may be refused and the purchase aborted. Furthermore, there will be no established trade at the premises to build from, nor will there necessarily be any proven historical trade at such premises and each such premises will require a full refurbishment. However, the New EIS Companies' common Directors have an established track record of obtaining licences in such circumstances, most recently in October 2015 for The Fire Station site in Cheltenham purchased by one of the Existing EIS Companies (as defined on page 34). Further, in his capacity as Chairman of The City Pub Company (East) PLC and The City Pub Company (West) PLC ("**The City Pub Companies East and West**"), the Investment Consultant has had several recent experiences of identifying unlicensed premises which having been acquired by The City Pub Companies East and West have generated turnover in excess of £1 million per year (these premises are not related to the Fund and are not owned by either the Existing EIS Companies and the New EIS Companies).

Risks relating to Taxation

This Memorandum has been prepared in accordance with an interpretation of current legislation, rules and practice. It is always possible that legislation, rules and practice may change. Any such changes and, in particular any changes to the bases of taxation, tax relief, rates of tax or an Investor's tax position, may affect the availability of tax reliefs and deferrals and may also affect the net returns received by Investors from the New EIS Companies.

There can be no certainty that HMRC will agree that an Investor's or the New EIS Companies' tax position is as described in this Memorandum, although there is no reason to expect that they will not do so. Changes in the financial and tax position of either an Investor or any of the New EIS Companies may also affect his or her or its respective returns.

The taxation benefits described are dependent upon an Investor's particular circumstances, and so may not be available to all Investors. All reasonable steps have been taken, based on the information available, to ensure that the taxation benefits described will be available to all Investors (where applicable). However, eligibility for such reliefs cannot be guaranteed, and it is the responsibility of prospective Investors to obtain their own independent taxation advice to confirm that they are eligible, and will continue to be eligible, to benefit from the relevant reliefs.

There are certain circumstances in which an Investor may not qualify for the taxation benefits under the EIS. These will include situations in which such an Investor is connected with any or all of the New EIS Companies at any time in his or her Three Year Period (as defined on page 35) by virtue of the

fact that he or she and his or her Associates acquire between them more than 30% of the Ordinary Shares in an EIS Company.

It is envisaged that Investors should not be connected with any of the New EIS Companies but this cannot be guaranteed. No Investor (together with his or her Associates) will be permitted to own more than 30% of the share capital of an EIS Company (unless they indicate that they do not wish to claim the income tax relief and the CGT exemption); however, no responsibility can be taken for Investors becoming connected to each other by virtue of connections that have not been disclosed in an Application. If an Investor is in doubt about what it means to be connected, he or she should seek independent advice from their stockbroker, solicitor, accountant or any other person authorised by FSMA before making any decision to invest.

If any EIS Company does not satisfy the criteria for maintaining an EIS Trade, then this could prejudice the EIS-qualifying status of the relevant EIS Company and, therefore, the tax benefits available to Investors under the EIS.

Depending on individual circumstances, income tax relief is available for the tax year during which Ordinary Shares are issued to a subscribing Investor and through EIS 'carryback' to the previous tax year (see the EIS 'carryback' provisions described in Part 11).

Risks relating to realisation of an Investment

Opportunities for Investors to dispose of their investment in the New EIS Companies are likely to be constrained and there will be no external market for such investments. It may be difficult to obtain accurate information about the value of any shareholding in a New EIS Company. Furthermore, if an Investor disposes of his or her shareholding in a New EIS Company within the Three Year Period applicable to that shareholding, such Investor may be subject to claw-back by HMRC of any income tax relief originally claimed and crystallisation of any deferred capital gains.

Investors should not, therefore, consider investing if they could require access to their funds within approximately five years from the close of the Fundraising. Investments made through the Fund will be in unquoted companies that are considered to be higher risk than securities listed on the London Stock Exchange.

PART 2 – TARGET TIMETABLE AND DETAILS OF TRANCHE 2 OF THE FUND

Target initial Investment date, unless fully subscribed earlier or extended at the discretion of the Fund Manager	30 June 2016
Final closing date for Applications and receipt of cleared funds, unless fully subscribed earlier or extended at the discretion of the Fund Manager	5.00 pm on 30 March 2017*
Minimum individual Subscription Amount (subject to the discretion of the Fund Manager)	£25,000
Minimum Tranche 2 size, unless increased or decreased at the discretion of the Fund Manager	£3,000,000
Maximum Tranche 2 size, unless increased or decreased at the discretion of the Fund Manager (a maximum of £5 million per New EIS Company can be allotted per calendar year)	£15,000,000
Target exit proceeds	From late 2020

The dates above are targets only and may be subject to change

*or 5.00pm on 16 March 2017 in respect of Investors that do not indicate on their Application Form that they wish to waive their 14 day cancellation period

Early Bird Discount

Investors will receive comparatively more shares pursuant to Applications received and accepted by the Fund Manager on or before 31 May 2016, because they will subscribe for their shares in the New EIS Companies at a price per share of £0.98. Applications received and accepted after this date shall be subscribed at £1.00 per share.

Tax Reliefs under the Enterprise Investment Scheme

Information about tax reliefs under the EIS is set out in Part 11 of this Memorandum.

Claiming Income Tax Relief

Once successful Applicants have received their EIS3 forms, they should enter the amount invested on their tax return for the year they are entitled to claim the income tax relief. If Investors have already submitted their tax return, then the claim section of the EIS3 form should be completed and sent to their tax office.

Please note that successful Applicants will receive one EIS3 form per New EIS Company (i.e. Investors do not receive one form for their entire investment through the Fund), and these are likely to arrive separately.

Claiming capital gains tax deferral relief

The claim section of the EIS3 Form should be completed and sent to the Investor's tax office.

Fund Manager's Contact Details

47 Park Lane
Mayfair
London
W1K 1PR

Telephone: +44 (20) 7907 8777
Email: london@thompsonaraz.co.uk
Web: www.thompsonaraz.co.uk

Please note: Applications will only be accepted if the details of the Investor's FCA authorised Intermediary are completed on the Application Form in Appendix 1 to this Memorandum.

PART 3 – PARTIES AND PROFESSIONAL ADVISERS

Fund Manager

Thompson Taraz Managers Limited
47 Park Lane
London
W1K 1PR

Promoter

RAM Capital Partners LLP
4 Staple Inn
London
WC1V 7QH

Investment Consultant

Clive Watson
Bar & Kitchen Limited
West Hall Farm
Church Lane
Pirbright
Surrey
GU24 0JJ

Solicitors to the New EIS Companies

DWF LLP
20 Fenchurch Street
London
EC3M 3AG

New EIS Companies

The Liberty (City) Pub Company Limited,
The Phoenix (City) Pub Company Limited, and
The Summit (City) Pub Company Limited
Essel House
2nd Floor
29 Foley Street
London
W1W 7TH

Tax Advisers to the New EIS Companies

Philip Hare & Associates LLP
4-6 Staple Inn
London
WC1V 7QH

Depositary

Thompson Taraz Depositary Limited
47 Park Lane
London
W1K 1PR

PART 4 – LETTER FROM CLIVE WATSON

Clive Watson
Investment Consultant to the Fund Manager

17 March 2016

Dear Potential Investor

I am pleased to introduce the second tranche of fundraising of The City Pub EIS Fund for the tax year 2016/17.

The Fund was formed just over a year ago and during that time there has been a very positive uptake of subscriptions from Investors, with just under £14.3 million raised under Tranche 1. These funds have been invested into three companies, The Galaxy (City) Pub Company Limited, The Pioneer (City) Pub Company Limited and The Sovereign (City) Pub Company Limited (together, the "**Existing EIS Companies**") and at the time of writing the Existing EIS Companies have between them acquired seven sites, of which five are freehold. Five of the sites are trading, whilst the sixth site is currently, and the seventh site will shortly be, undergoing refurbishment.

Due to recent legislative changes mentioned below, the Fund will now target investments in new companies which, subject to obtaining advance assurance from HM Revenue & Customs under the Enterprise Investment Scheme (the "**EIS**"), will seek to acquire, convert, license and operate new pubs intended to give Investors exposure to investments in predominantly freehold sites located in affluent cities or larger towns across southern England.

The new strategy for this Tranche 2 of the Fund is driven by the Finance (No. 2) Act 2015 (the "**Act**") which received Royal Assent in November 2015. The Act introduced significant changes to the EIS qualifying requirements and it is no longer possible for the Existing EIS Companies to utilise funds raised from EIS investors since 18 November 2015 to purchase businesses or certain assets that are in use in a trade. The Fund Manager and I believe it is, therefore, better to pursue opportunities through new companies that had not previously traded and, thus, three companies have been incorporated: The Liberty (City) Pub Company Limited (**Liberty**), The Phoenix (City) Pub Company Limited (**Phoenix**), and The Summit (City) Pub Company Limited (**Summit**) (together, the "**New EIS Companies**").

In practical terms, the New EIS Companies will not be able to use new monies raised to acquire trading pubs. However, the New EIS Companies are permitted to buy former pubs that have been closed for a period prior to purchase and/or unlicensed sites used for a different trade prior to purchase, for conversion into new pubs.

The geographical areas in which the New EIS Companies are expected to operate are as follows: Liberty from Central and South-East London to the South-East Coast; Phoenix in North London and the surrounding Home Counties; and Summit from Central and South-West London to the South-West of England. The typical offering is expected, again, to be that of premium drinks and food aimed at the local market, and using local suppliers. However, where appropriate, the sites may introduce elements to cater for customers' broadening tastes, such as 'pop up' bars, specialist premium coffees and a wider range of dishes incorporating more vegetarian and street food.

The New EIS Companies' common Directors have strong experience of converting former pubs and unlicensed premises into cash generative pubs. Within the past twelve months, of the assets purchased by The City Pub Company (East) PLC, The City Pub Company (West) PLC ("**The City Pub**

Companies East and West") and the Existing EIS Companies, the Directors believe that nearly half would be eligible under the new EIS criteria. Three of such pubs acquired by The City Pub Companies East and West have each subsequently generated turnover in excess of £1 million per year. As such, we are confident that the New EIS Companies can continue to build attractive and diversified pub portfolios in accordance with the revised EIS requirements.

The Fund is currently seeking for this Tranche 2 to raise up to £15 million of investment during the 2016/17 tax year. The strategy of the Fund will be to invest up to £5 million into two or, at the discretion of the Fund Manager, all three of the New EIS Companies, which, going forward, will seek to acquire, convert, licence and operate sites intended to achieve high returns on capital. It will be the intention of each New EIS Company to build up a portfolio of high quality pubs, which can provide sustainable income over the medium to long term and create an exit strategy for Investors, which will be considered from late 2020. In my experience, this timescale will allow the New EIS Companies to build up a portfolio of quality, managed pubs, and prepare themselves for a trade sale or, if market conditions are suitable, a flotation.

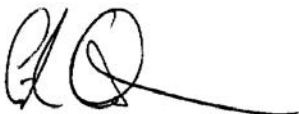
I am continuing to provide my expertise to the Fund as the Investment Consultant to the Fund Manager. It is intended that the board of each New EIS Company will be led by David Bruce as Chairman. David and I co-founded The Capital Pub Company PLC in December 2000, which achieved for its original EIS shareholders a total return of £2.43 per £1 invested (excluding tax relief). This represented for those original EIS investors a threefold return on their net of tax investment, equivalent to a net IRR of approximately 12%. Additionally, it is intended that the New EIS Companies will employ Peter McDonald as Chief Operating Officer and, my brother, James Watson as Finance Director, each of whom have over fifteen years' experience in the licensed trade, the majority of which has been in the EIS pub sector.

The minimum investment in the Fund is £25,000 in respect of applications for allotments in the tax year 2016/17 received on or before 5.00pm on 30 March 2017. An investment made in the tax year 2016/17 may be used against the previous year's income tax liability or in the current tax year, subject to the Investor's individual circumstances.

Please note that for valid applications received and accepted on or before 31 May 2016, Investors will subscribe for their shares in the New EIS Companies at a discounted price of £0.98 per share, and thereafter the price will be £1.00 per share.

With best wishes,

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Clive Watson', with a long horizontal flourish extending to the right.

Clive Watson
Investment Consultant to the Fund Manager

PART 5 – KEY TAX RELIEFS

The EIS tax reliefs provided by the UK government include:

Income tax relief

30% income tax relief on the amount subscribed to EIS Companies is available on an aggregate maximum investment of £1,000,000 in the tax year ending 5 April 2017, provided the investments are held for the Three Year Period. In addition, subscriptions may be carried back to the tax year ended 5 April 2016 for investments made in the tax year ended 5 April 2017, subject to a maximum claim of £1,000,000 per tax year. Income tax relief is limited to the Investor's income tax liability in the relevant tax year.

Tax-free capital gains

Tax-free capital gains on EIS investments held through the Fund.

Inheritance tax relief

The value of investments held through the Fund for two years or more at the date of death should qualify for IHT relief provided the relevant EIS Companies continue to undertake an EIS Trade. Under current legislation, proceeds received on exit from a company undertaking an EIS Trade can be re-invested into New EIS Companies to maintain the IHT-free status.

CGT deferral relief

The opportunity to defer unlimited capital gains realised up to three years before, or up to one year after, the date of the investment into EIS Companies.

Loss relief

A loss (after taking account of any income tax relief initially obtained) on the sale of any EIS Investment in the portfolio, irrespective of the overall performance of the portfolio, can be offset by individuals against income (at the individual's marginal tax rate) or capital gains.

CGT deferral relief and inheritance tax relief are not limited in size, other than by personal circumstances.

This key tax reliefs section provides only a very brief summary of the EIS tax reliefs. Further details are set out in Part 11 of this Memorandum. The value of the tax reliefs will depend on personal circumstances which may change. Tax legislation is also subject to change. In addition, the availability of tax reliefs depends on the New EIS Companies obtaining and maintaining their qualifying status. Please refer to the HM Revenue & Customs website for further guidance on the tax reliefs available on EIS investments or consult your financial adviser.

PART 6 – THE STRATEGY

Background

In December 2011, David Bruce and Clive Watson co-founded The City Pub Company (East) PLC and The City Pub Company (West) PLC ("**The City Pub Companies East and West**"), successfully raising some £27.8 million of EIS funds between the two companies during the following three years. These businesses comprise 24 pubs at the date of this document and turnover was in aggregate £15.26 million for the year ended 28 December 2014. Having completed their fundraising under the EIS, The City Pub Companies East and West have now built up two good portfolios of pubs which their Directors believe will provide an attractive return for Investors.

The City Pub EIS Fund was established in November 2014 in the belief that great opportunities exist in the market for further pubs. In Clive Watson's opinion, by building a portfolio of quality sites across the three Existing EIS Companies (Galaxy, Pioneer and Sovereign), Tranche 1 of the Fund has taken good advantage of this potential. So far, the Existing EIS Companies have acquired, in aggregate, seven sites, all of which are believed to be of great quality and promise. First, the freehold of The Garrison in Bermondsey was purchased in June 2015 and has traded at a high level averaging over £40,000 gross sales per week. Other sites trading comprise Vertu in Birmingham, The Aleksander near Richmond, The Case is Altered near Pinner, Middlesex and Walker's of Whitehall, Westminster, which have all had encouraging starts. The sixth site, The Lord Cardigan in Bow, is currently, and the seventh site, The Fire Station in Cheltenham, will shortly be, undergoing refurbishment. It is also anticipated, that an eighth site will be exchanged in Warwick in the near future. Thereafter, the Existing EIS Companies will have the collective capacity to make two or three more selective purchases.

It is anticipated that the Fund's New EIS Companies (Liberty, Phoenix and Summit) will also build a quality portfolio by creating new units from a combination of closed pubs, conversions and new builds. The New EIS Companies will seek to emulate the growth of the Existing EIS Companies and The City Pub Companies East and West, albeit through a new strategy, benefiting from the Directors' industry knowledge to enhance their purchasing power.

The key individuals behind the Fund have a successful history of founding and growing EIS pub companies. In December 2000, David Bruce and Clive Watson co-founded The Capital Pub Company PLC. Having raised £15.4 million under the EIS, David and Clive developed the company through a flotation on AIM into a successful company which owned a portfolio of 35 primarily freehold pubs across Greater London.

In July 2011, The Capital Pub Company PLC was sold to Greene King PLC for an enterprise value of £93 million providing the original EIS investors with a return of £2.43 (inclusive of dividends paid) per £1 invested before any tax reliefs. This represented for those original EIS investors a threefold return on their net of tax investment, equivalent to a net IRR of approximately 12%.

The Fund

Clive Watson continues to share his expertise through his appointment as Investment Consultant to the Fund Manager (the "**Investment Consultant**"). The strategy in respect of Tranche 2 of the Fund is to invest in two or, at the discretion of the Fund Manager, all three of the New EIS Companies, which depending on the level of subscriptions received through the Fund will each receive investment of up to £5 million in the tax year 2016/17, under the EIS, to acquire sites identified by Clive Watson, with the intention of building up a portfolio of high quality pubs which can provide a sustainable income

over the medium to long term. It is the Fund Manager's intention to consider an exit strategy for Investors from late 2020.

Clive Watson believes that this four to five year timescale will enable each of the New EIS Companies to build up a portfolio of quality managed pubs that will be attractive, in particular, to a trade buyer. Alternatively, if market conditions are suitable, then the Fund Manager and each New EIS Company may consider a flotation.

As with The City Pub Companies East and West and the Existing EIS Companies, the business plans of the New EIS Companies are expected to focus on operating predominantly unthemed pubs which appeal to their local markets. For each of the New EIS Companies, the pubs are expected to be typically non-branded and cater specifically for the needs of their local communities.

It will be the objective of the board of each New EIS Company to develop and operate a high quality, managed pub estate which is free-of-tie to any brewer. Clive Watson believes he has identified an excellent opportunity to acquire sites and develop further non-branded pubs that cater to their own local market.

Boards of the New EIS Companies

The common Directors of each New EIS Company are David Bruce (Chairman), Peter McDonald (Chief Operating Officer) and James Watson (Finance Director). Details of the experience of David, Peter and James are set out on pages 21 to 23.

Clive Watson has advised the Fund Manager that New EIS Companies are expected to expand faster if each New EIS Company recruits its own operational management team, reporting to Peter McDonald. By giving them their own focused management, it is anticipated that these dedicated management teams will significantly strengthen the New EIS Companies.

The Concept

On average, at least 80% of the New EIS Companies' aggregate development programme is expected to be in freehold premises, with the balance being in long leasehold premises, free-of-tie. All pubs opened by the New EIS Companies are expected to be appropriately fitted out.

The anticipated overall focus of the new pubs will be to target a wide ranging consumer group. Once developed, these sites are expected to offer beer festivals, supported by micro-breweries in some cases with an emphasis on providing a good range of ales which are not available in most other pubs in their local market. Staff are expected to be recruited who have experience in operating high volume pubs that identify with their local communities. The majority of each New EIS Company's sales will be from liquor with a reasonable proportion from food sales.

The offering would vary slightly to suit each local market, but the core would include several relatively innovative ideas, namely: an initial 'pop up' style-offering where different types of drinks, alternative food offerings and ambient surroundings would be implemented with a strong nod to the local market. An emphasis is expected to be placed on serving the currently under-provided vegetarian and vegan market. Another key feature would be to introduce street food and flavours, many of which would not previously have been prominent in the area. Clive Watson believes there is still an astonishing lack of variety in most town and country pubs, where drinkers and diners do not get a distinctive enough choice, and that the same is true for coffee drinkers and teetotallers. Sites are,

therefore expected to offer a varied selection of home-made cordials and soft drinks, complimented by both premium and eclectic coffee and hot beverage choices etc.

Each New EIS Company is expected to offer an interesting and varied choice of traditional draught beers together with an imaginative selection of wines and soft drinks, so as to appeal to a wide range of customers. Draught beers are anticipated to be sourced from local brewers and local wine merchants are expected to also be used to help develop the local appeal of the developed site and to help support local businesses.

The creation of a warm and friendly ambience is of paramount importance. Whether refurbishing a former pub or converting other buildings, such as former fire and railway stations, any existing features and natural décor which can be used to enhance the appearance and retain character will be preserved as far as possible. Refurbishments will be intended to blend in with the existing character of the building and are not expected to be overly designer-led. An additional advantage of refurbishing in this manner is that, in Clive Watson's opinion, the development costs tend to be lower and the more traditional style of décor is usually longer lasting.

Operational Management

At the operational level, each of the newly created pubs owned by the New EIS Companies are expected to be individually operated by a management team led by Peter McDonald.

Peter McDonald has been involved in the pub sector for fifteen years. In 2001 Peter joined The Capital Pub Company PLC as a site manager and went on to operate and develop several very successful sites. In 2006 he became an operations manager and oversaw a number of successful redevelopments. After its sale to Greene King in 2011, Peter stayed with the rebranded Metropolitan division of The Capital Pub Company PLC for three more years, becoming senior operations manager responsible for a number of sites and refurbishments. Peter is currently Chief Operating Officer of the Fund's three Existing EIS Companies.

Operational support teams for each New EIS Company will be recruited by Peter on the basis that they have experience in operating pubs of the type the relevant New EIS Company wishes to establish. Also, it is important that the teams have geographical knowledge of their respective target areas, with a good understanding of local characteristics of that area.

Members of the teams are expected to have operational experience in their target areas and have a track record in their field. They will have day-to-day autonomy on what promotions they run in the pub such as wine-tasting, whisky-tasting, bespoke quiz nights etc. Pub managers are expected to be incentivised by receiving a share of the pub's net profit, subject to satisfactory wage levels and stock results. In Peter's experience, not only does this help to motivate good staff but also helps to retain them as well. In order to help nurture a corporate culture, a policy of promoting staff from within each New EIS Company will be followed wherever possible.

Each New EIS Company is expected to be supported by a head office and will develop its own operations team.

Acquisition and Expansion

The New EIS Companies are expected to predominately acquire one-off premises located in affluent cities or large towns across southern England. Clive Watson will advise the Fund Manager as to which locations he believes lack good quality independent free houses and should provide good

opportunities for the New EIS Companies to grow and develop their portfolios over the next few years.

It is intended that, on average, at least 80% of each New EIS Company's acquisitions will be in freehold sites, with the balance being in long leasehold sites. This is expected to ensure that the retailing activity is complemented by the relative security of property assets and will, in Clive Watson's opinion, make the New EIS Companies attractive to potential purchasers in the event of a trade sale. The acquisition programme will focus on building up a quality portfolio of free-of-tie public houses intended to generate a high return on capital while the businesses grow and develop.

In Clive Watson's opinion, there continue to be good opportunities to pursue the strategy and expand an estate of pubs for the three New EIS Companies. There are always transactions occurring in the property and pub sectors. It is Clive Watson's opinion that these transactions will provide opportunities for the EIS Companies to acquire new sites. Clive Watson has vast experience in acquiring sites and enjoys good contacts in the licensed trade that that he anticipates will help him identify sites compliant with the relevant EIS criteria for the New EIS Companies to acquire, utilising bank debt and funds raised. Clive Watson is confident deal flow will remain buoyant for qualifying opportunities under the new EIS restrictions, as demonstrated by the £4.6 million of investment made by the Existing EIS Companies in the last 12 months which the Directors understand would qualify under the new EIS rules.

Retail Strategy

Clive Watson has advised the Fund Manager that there are too many pubs that do not identify with their local market and that many consumers would prefer to go to well-refurbished, quality pubs that are operated on an individual basis. It is, therefore, intended that the New EIS Companies will build up a portfolio of individual pubs that enjoy local characteristics and appeal to the local market. Where necessary and with all new sites intended to comply with the new EIS criteria, premises will be refurbished to realise their operational potential, but this will be done in a manner sympathetic to the particular features of the building. Local promotions and marketing is expected to be undertaken to stimulate trade.

A wide and varied selection of beers, wines and spirits is expected to be available to the consumer to ensure each pub generates an air of individuality. It is intended that certain pubs will have, where possible, an open plan kitchen running a daily fresh food menu which, Clive Watson believes, will help to create a relaxed drinking and dining atmosphere suitable for families. In order to help achieve good operating margins at pub level, it is also intended that the pubs will, in contrast, offer traditional pub food, requiring fewer catering staff, to support a typically liquor-led offer.

It is Clive Watson's view that staff training is an essential part of improving the retail performance of a public house and this is expected to be achieved through the provision of appropriate training courses by the New EIS Companies. Managers of the pubs are expected to be incentivised by receiving a share of the pub's net profit subject to satisfactory wage levels and stock results. The promotion of staff from within the New EIS Companies will be encouraged as the portfolios grow and develop.

Financial Strategy, Bank Borrowings and Controls

To maximise returns for Investors, it is intended that the New EIS Companies will utilise bank debt to part-finance their operations. This will be done on a conservative basis and it is anticipated that average gearing per New EIS Company will be 25% to 30% of their paid-up share capital and share

premium with the gearing of each New EIS Company limited to a maximum of 50% of its paid-up share capital and share premium. The board of each New EIS Company has extensive knowledge of what they regard as the necessary financial controls required to ensure that high operating profits are achieved.

The Fund Manager, Clive Watson and the board of each New EIS Company expected to receive periodic management accounts. The Fund Manager will authorise all acquisitions and any capital expenditure on any one item, or a series of related items, in excess of £25,000 by the New EIS Companies, having obtained advice from Clive Watson. The board of each New EIS Company has extensive experience in operating growing pub companies and will ensure that the proper financial controls are in place to deal with their respective growth strategies.

Management Incentives and Alignment of Interests

Clive Watson believes that the management teams will be able to combine their retailing skills and entrepreneurial ability to build a highly profitable portfolio of quality pubs which eventually may be capable of being sold to larger operators. The management teams' remuneration packages are expected to be designed to ensure that there is a strong incentive to develop the concept and help make the New EIS Companies a success.

Clive Watson believes that it is important to avoid high fixed costs at the early stage of the New EIS Companies' growth. Therefore, the Directors of each New EIS Company are expected to agree to lower salaries, with a profit related bonus entitling each of them to a share of an annual bonus pool which will not exceed, in aggregate, 15% of the relevant New EIS Company's EBITDA. This is expected to ensure that the Directors of each of the New EIS Companies will be rewarded if their respective New EIS Company generates significant profits.

Each New EIS Company is expected to introduce an incentive share option scheme for the benefit of its executive directors and employees. No more than 5% of each New EIS Company's issued share capital will be put under option pursuant to any such scheme.

Exit Strategy

It is the Fund Manager's intention to consider an exit strategy for Investors from late 2020, however the actual exit timing may differ. In the Investment Consultant's experience, this four to five year planned timescale will allow each of the New EIS Companies to build up portfolios of quality managed pubs and prepare themselves for a trade sale or, if market conditions are suitable, a flotation. Clive Watson and David Bruce have experience of floating and operating companies on AIM and disposing of such companies to trade buyers.

Operation of the Fund

The Fund is currently seeking to raise up to a further £15 million of investment, under the EIS, to be allotted during the 2016/17 tax year equally across two or, at the discretion of the Fund Manager, all three of the New EIS Companies.

It is anticipated that the Fund will raise up to a further £15 million in the tax year 2017/18, under a third tranche, meaning a maximum of £30 million possibly being raised for the New EIS Companies across two tax years.

Further details of the operation of the Fund are contained in Part 9 of this document.

Further information about the Fund Manager, Clive Watson and the New EIS Company Directors are set out in Part 7 of this document.

The Role of RAM Capital

RAM Capital is the promoter and marketing adviser to the Fund. RAM Capital has a strong record in promoting and marketing EIS (and VCT) products having raised approximately £805 million over the last eight years. RAM Capital is a member of the EIS Association and is authorised and regulated by the Financial Conduct Authority.

Requests for further copies of this Memorandum can be made by contacting RAM Capital by telephone on 020 3006 7530 or by sending an e-mail to taxsolutions@ramcapital.co.uk. No investment or tax advice can be given by RAM Capital.

PART 7 – KEY INDIVIDUALS

The Fund Manager

The Fund Manager of the Fund is Thompson Taraz Managers Limited ("**Thompson Taraz**"), an independent firm providing fund management and administration services based in London.

Established as a chartered accountancy practice in 1993, Thompson Taraz has grown to become one of the UK's largest independent providers of fund management and associated administration services to the collective investment scheme sector. Thompson Taraz has been instructed to administer investments totalling over £2 billion. Currently working with over 70 limited partnerships or similar undertakings and 300 independent financial advisers, Thompson Taraz looks after over 7,000 individual investors.

The Fund Manager provides investment management services to the Fund, having first been provided with written strategic advice from its Investment Consultant, Clive Watson.

Simon Webber

Simon is responsible for the strategic direction and management of Thompson Taraz. Specialising in fund management operations, he has recently been developing and implementing strategic and operational change for firms regulated under AIFMD.

He has particular expertise in strategic compliance and risk matters and sits on the Institutional Committee of the Association of Professional Compliance Consultants. Simon has also twice acted as a 'Skilled Person' appointed to prepare reports for the UK financial services regulator and has been a Director or Board Adviser to a number of high-profile, multi-national fund management and fund services businesses.

Amir Zaidi

Amir is responsible for fund management and has a wealth of experience in fund structuring and set-up, financial modelling, and investment analysis. He is a Chartered Financial Analyst and a Chartered Accountant.

Having initially trained in Deloitte's M&A Corporate Finance Team where he worked on several high profile Private Equity transactions, Amir has held a number of board positions overseeing the administration of over £2 billion across 60 funds including holding a General Partner directorship and Investment Committee position on a €450 million AXA fund.

The Investment Consultant to the Fund Manager

Clive Watson

Clive qualified as a Chartered Accountant with Price Waterhouse in London in 1986, then joined the investment bank Manufacturers Hanover Limited where he spent three years.

In December 2000, Clive co-founded with David Bruce The Capital Pub Company PLC. He was financial director until June 2007, managing director until June 2008, and thereafter chief executive. In June 2007, The Capital Pub Company PLC was listed on AIM. Clive helped to develop The Capital Pub Company PLC from a start-up to 35 pubs all trading in the Greater London area. In 2010, The Capital Pub Company PLC was awarded "Best Managed Pub Company of the Year" (20 to 99 pubs) at The

Publican Awards. In July 2011, Clive negotiated the sale of The Capital Pub Company PLC to Greene King PLC for an enterprise value of £93 million, providing the original EIS investors with a return of £2.43 (inclusive of dividends paid) per £1 invested before any tax breaks. This represented for those original EIS investors a threefold return on their net of tax investment, equivalent to a net IRR of approximately 12%.

Clive is the Chairman of The City Pub Companies East and West. As Chairman, Clive is responsible for site acquisitions and deals with the legal and financial aspects of the transactions. He is also responsible for the overall strategies of The City Pub Companies East and West, as well as overseeing fundraising and investor relations.

Board of each EIS Company

The common Directors of each New EIS Company are David Bruce (Chairman), Peter McDonald (Chief Operating Officer) and James Watson (Finance Director).

Clive Watson has advised the Fund Manager that EIS Companies are expected to expand faster if each New EIS Company recruits its own operational management team, reporting to Peter McDonald. By giving them their own focused management, it is anticipated that these dedicated management teams will significantly strengthen the New EIS Companies.

David Bruce, Chairman

It is intended that David Bruce will be appointed as the Chairman of the New EIS Companies. David's fifty-year entrepreneurial career in the international brewing and licensed trade started in 1966 when he joined Courage, Barclay & Simonds in Reading, Berkshire, as a brewery management trainee. Having learnt to brew, he became the Brewer and Sales Manager at Theakston's Brewery in Yorkshire before co-founding not only Bruce's Brewery and the Firkin Pubs but also the Small Independent Brewers Association (SIBA).

Following the sale of Bruce's Brewery and The Firkin Pubs for £6.6 million by the age of forty, David became a co-founder and investor in start-up breweries in Paris, Brooklyn, Denver and Seattle before returning to the UK to develop his pub interests.

In 1993, David became the largest private shareholder in Grosvenor Inns PLC and, as Development and Marketing Director, was responsible for rolling out The Slug & Lettuce chain of branded bars. David was a co-founder and Chief Executive in December 2000 of The Capital Pub Company PLC, which raised £15.4 million under EIS, was floated on AIM in 2007 and sold in July 2011 to Greene King PLC for an enterprise value of £93 million, providing the original EIS investors a threefold return on their net of tax investment.

In November 2006, David became a founding investor in the EIS-funded Country Food & Dining group of companies, of which he is Chairman. To date, this group of companies has raised over £8 million which has been invested in seven farm shops providing not only primarily locally-sourced produce but also cafés and a vineyard.

In December 2011, David co-founded and became Chairman of The City Pub Company (East) PLC and The City Pub Company (West) PLC which raised between them £27.8 million under the EIS and currently own 24 free houses, including four microbreweries, between Bristol and Norwich via London and Brighton.

In 1994, David received the highest award from The Publican for "Outstanding Services to the Industry". In 1996, Grosvenor Inns PLC was voted "The UK's Best Independent Operator" by The Publican. In 2010, The Capital Pub Company PLC was voted "Best Managed Pub Company of the Year" at The Publican Awards.

In addition to his appointments as the Non-Executive Chairman of the Existing EIS Companies, David is currently the Senior Independent Director of both The City Pub Company (East) PLC and The City Pub Company (West) PLC, having stepped down from the role of Chairman of both companies in September 2014. David has also been Chairman of The West Berkshire Brewery PLC since March 2013.

Peter McDonald

It is intended that Peter McDonald will be appointed as the Chief Operating Officer of the New EIS Companies. Peter has been involved in the pub sector for 15 years. In 2001, he joined The Capital Pub Company PLC as a site manager and went on to develop and operate several very successful sites. In 2006, Peter became an operations manager and oversaw a number of successful redevelopments. After its sale to Greene King in 2011, Peter stayed with the rebranded Metropolitan division of The Capital Pub Company PLC, where he became senior operations manager responsible for a number of sites and refurbishments. Peter is also the Chief Operating Officer of the Existing EIS Companies.

James Watson

It is intended that James Watson, Clive's brother, will be appointed as the Finance Director of the New EIS Companies. James has been involved in the pub sector for 18 years. In 2003, he joined The Capital Pub Company PLC, becoming head of finance and was heavily involved in building the head office team, its AIM flotation in 2007 and its sale to Greene King in 2011, after which he stayed on for a further six months to conclude the subsequent handover and integration. James joined the boards of The City Pub Company (East) PLC and The City Pub Company (West) PLC in 2012 as part-time Finance Director responsible for taxation. James is also the Finance Director of the Existing EIS Companies.

James Dudgeon

James Dudgeon was appointed as the Company Secretary of the Existing EIS Companies in May 2015 and it is intended that he will be appointed as the Company Secretary of the New EIS Companies. James is a Non-Executive Director of Galaxy, of the Existing EIS Companies, and was previously company secretary of The Capital Pub Company PLC and is also currently company secretary of The City Pub Company (West) PLC and The City Pub Company (East) PLC. He has an accounting background and is currently finance director of several private companies.

PART 8 – CONFLICTS POLICY

Conflicts Policy

The Fund Manager and Investment Consultant have recognised potential conflicts arising from the operation and management of the Fund. As disclosed in detail in Part 7 of this Memorandum, Clive Watson, David Bruce and James Watson are Directors of The City Pub Companies East and West. It is possible, therefore, that the interests of Clive Watson, David Bruce and James Watson and the duties that they owe to The City Pub Companies East and West will potentially conflict. The following policies are maintained to resolve these conflicts:

- The City Pub Companies East and West have first refusal on all pubs prior to them being recommended to the Fund Manager by the Investment Consultant.
- The New EIS Companies will not dispose of interests in pubs to The City Pub Companies East and West or the Existing EIS Companies.

Clive Watson has advised the Fund Manager that there are sufficient opportunities to ensure that the New EIS Companies will be offered attractive opportunities. Furthermore, The City Pub Companies East and West have confirmed that, as at the date of this document, the equity they have previously raised through the Enterprise Investment Scheme has been deployed in full and that both companies would not qualify for further fundraising under the Enterprise Investment Scheme.

Any conflict has been further diluted by the recent rule changes to the EIS which mean that certain opportunities will only be available to The City Pub Companies East and West and not to the New EIS Companies. The City Pub Companies East and West will be able to continue to buy existing trades using their existing money, whereas the New EIS Companies invested in through this Fund will not be able to.

PART 9 – STRUCTURE AND OPERATION OF THE FUND

Structure of the Fund

The Fund is a discretionary managed portfolio of EIS Companies and, therefore, investment through the Fund will be at the discretion of the Fund Manager, with Investors' shares held by a nominee company. The Fund is not an unregulated collective investment scheme.

In the event that the Fund Manager, as an FCA-authorized entity, fails to meet its liabilities, the Investors may have recourse to the Financial Services Compensation Scheme.

This Fund is governed by the Investor Agreement, pursuant to which the Fund Manager intends to invest Investors' Subscription Amounts in two or, at its discretion, three of the New EIS Companies. It will be the Fund Manager's discretion as to which New EIS Companies to invest in and it is intended that the Investor's Subscription Amounts will be broadly divided equally across the New EIS Companies.

Shares subscribed by Investors through the Fund will again be aggregated and held by a nominee company. Although investment decisions, such as the acquisition and disposal of shares, and the exercise of rights (subject to limitations) in respect of shares will be entirely at the discretion of the Fund Manager, the Investors will at all times remain the beneficial owners of the relevant shares.

An Investor may not require the Fund Manager to dispose of his or her shares until the Fund has disposed of its overall position in connection with the relevant New EIS Companies in which an Investor holds shares. Although the Fund Manager may take into consideration an Investor's request to make a disposal, this will be subject to the Fund Manager's discretion and the Investor may lose any EIS tax reliefs and incur tax liabilities as a result of the crystallisation of any deferred gain on any disposal permitted by the Fund Manager.

The Fund Manager reserves the right to return a surplus of cash if it concludes that it cannot be properly invested.

Investment fund status

The Fund has not been approved by HMRC under Section 251 of ITA 2007 and therefore Investors may only claim EIS income tax relief in the tax year in which each underlying investment is made, or the previous tax year if carried back, rather than in the tax year in which an approved fund closes.

Once a New EIS Company has been trading four months and clearance has been obtained from HMRC, EIS3 forms will be distributed to Investors by the Fund Manager, each setting out that Investor's entitlement to any EIS tax relief. The EIS3 forms will show the Investor's entitlement to any EIS tax relief.

Alternative Investment Fund Managers Directive

AIFMD was implemented in the UK between July 2013 and July 2014. AIFMD and its subsidiary regulations were created by the EU Parliament, the EU Commission and the European Securities and Markets Authority as a reaction to various aspects of the financial crisis.

AIFMD aims to offer several protections to investors in Alternative Investment Funds ("**AIFs**"), as defined in AIFMD):

Firstly, it introduces direct European regulation of the fund management industry for the first time, greatly increasing the number and detail of reports that Alternative Investment Fund Managers ("**AIFMs**") must make to regulators.

Secondly, it requires that each AIF appoint a regulated depository ("**Depository**") to monitor its cash, safeguard its assets and oversee its fund manager.

Thirdly, it requires that AIFMs implement a range of new policies, procedures and practices, including separating out their portfolio management and risk management functions.

Finally, it introduces much higher standards in relation to pre-investment and ongoing disclosures to investors in AIFs, including the need for the AIF's financial statements to be audited, irrespective of the AIF's size.

As required under the FCA Rules, the Fund Manager will treat the Fund as its client for regulatory purposes. The Fund is an AIF for the purposes of the AIFMD. The Fund Manager is the AIFM and recently became a full-scope UK AIFM. As a Full Scope AIFM, the Fund Manager is required to appoint a Depository (which will be Thompson Taraz Depository Limited, an affiliate of the Fund Manager), the cost for which will be met out of the Annual Management Fee. Funds investing in unquoted equities, such as the Fund, enjoy a lighter-touch regime in relation to Depositories and, as such, the Depository's safeguarding role will be limited to establishing the ownership of the AIF's assets and cash monitoring and oversight of the Fund Manager.

Investment amounts

The minimum Subscription Amount for an individual Investor in the Fund is £25,000. There is no maximum investment that may be made by an individual Investor, however, the maximum amount on which an Investor can obtain EIS tax reliefs is limited to £1,000,000 for any tax year, including any carryback claim. Each spouse has his or her own limit and they are not aggregated. This limit applies for all EIS investments made within a given tax year. This limit does not apply to capital gains tax deferral or IHT relief.

The minimum aggregate Subscription Amount required from Investors for this Tranche 2 of the Fund to proceed is £3,000,000, unless increased at the discretion of the Fund Manager. The maximum aggregate Subscription Amount for this Tranche 2 of the Fund is £15,000,000. Both the minimum Subscription Amount and maximum aggregate Subscription Amount may be altered at the discretion of the Fund Manager, subject to the availability of attractive investment opportunities.

Exit considerations

In order to retain the EIS tax reliefs, Investors must hold Shares for at least the Three Year Period and it is intended that Investors will subscribe for Shares in the New EIS Companies up to late 2017 in this Tranche 2 of the Fund. Although the actual timing may differ, the target life of the Fund is therefore up to late 2020 and no Investor should invest if they might need access to their capital before late 2020.

In the event of a request to exit early, the Fund Manager will cooperate with an Investor wishing to sell their Shares but Investors should be aware that there is no market for such shares and they are not readily realisable. Even in the event that a buyer can be found by the Investor, the Investor may

have to accept a significant discount on their Shares in order to realise their investment early. Note that Shares must be held for a minimum of three years to retain the initial income tax relief.

It is the Fund Manager's intention to consider opportunities for Investors to exit the Fund from late 2020. It is anticipated this could be through a sale or flotation of each of the New EIS Companies, or alternatively through share buybacks funded by selling pubs and/or raising new equity or debt. Investors should note that none of these options may be available.

Operation of the Fund

Withdrawals

Partial withdrawals from the Fund are not permitted. However, by giving the Fund Manager three months' notice, an Investor may terminate their Investor Agreement and make an early withdrawal from the Fund by transferring their shareholdings in the New EIS Companies into their own name.

In the event Shares are sold to a third party before the end of the Three Year Period, Investors will have to repay the initial income tax relief (if it has been claimed). Any deferred gains will be crystallised on a disposal of Shares, resulting in a further tax liability.

The Fund Manager will have a lien on all assets being withdrawn by an Investor and shall be entitled to dispose of some or all of the assets and apply the proceeds in discharging an Investor's liability to the Fund Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to the Investor.

Client account

A designated client account of the Fund Manager will hold all Investors' Subscription Amounts prior to investment and all proceeds from realisation of the investments before being distributed to the Investors. No interest will be payable to Investors on this account.

All documents of title will be held by the Nominee and will be registered in the name of the Nominee.

Allocations

The Fund Manager will maintain accounts, which will be open to inspection by each Investor, showing the amount contributed by that Investor and the amounts invested and yet to be invested on that Investor's behalf.

The number of Shares in each New EIS Company allocated to a particular Investor shall, where possible, be calculated by reference to the proportion which the Investor's Subscription Amount bears to the total Subscription Amounts of all Investors in Tranche 2 of the Fund at the time the relevant Investment is made. However, this may not always be possible where investments are made from funds received from early Investors. It is intended that monies received from each Investor will be invested on a pro-rata basis to his or her Subscription through the Fund, as investment opportunities arise. Variations to this standard procedure will occur to avoid issuing fractions of Shares, or if an Investor is subject to professional rules preventing him or her from making an investment in a particular New EIS Company.

Timing of investment

The Fund Manager intends to invest Subscription Amounts received pursuant to this Tranche 2 of the Fund in the 2016/17 tax year. There is, however, no guarantee that this will be achieved.

Should an Investor die before his or her Subscription Amount is fully invested, all uninvested sums subscribed by him or her will be repaid by the Fund Manager upon receipt of notice from the Investor's personal representatives.

Investment in selected companies

The Fund Manager has selected suitable New EIS Companies recommended by the Investment Consultant, with appropriate terms and conditions negotiated and it will subscribe for new ordinary shares in these New EIS Companies on behalf of Investors.

Share certificates will be issued in the name of the Nominee for each Investor. Any dividends received by the Fund Manager or the Nominee from the New EIS Companies will be forwarded directly to Investors, subject to a retention to cover any accrued but unpaid fees or expenses. The Fund Manager does not, however, anticipate any dividends being paid by the New EIS Companies.

Investment monitoring agreement

As a precondition of investment, each New EIS Company has entered into an investment monitoring agreement regulating, to the extent possible, the conduct of its business. It is intended that this agreement will remain in place until the investment is realised. The agreement gives the Fund Manager the right to appoint to the board of each New EIS Company whichever personnel it deems suitable, and the right to receive regular management accounts and other information to the Fund Manager to enable it to monitor the New EIS Company.

It is expected, but it cannot be guaranteed, that the New EIS Companies will comply with the EIS rules and are appraised of the consequences should the relief be withdrawn. Tax relief may be withdrawn in certain circumstances and the Fund Manager does not accept any liability for any loss or damage suffered by any Investor or other person in consequence of such relief being withdrawn or reduced. In this regard, Investors are strongly advised to read the risk factors set out in this document.

Documentation and communication

Each Investor will receive from the Fund Manager a report detailing each new investment made on their behalf as and when investments are made.

The Fund Manager will also send each Investor half-yearly reports containing details of all investments made by the Fund, together with a commentary on the progress of each of those investments.

Subject to and following the receipt of HMRC clearance for each New EIS Company, Investors will be provided with an EIS3 form, in the form required by HMRC, which may be used to claim tax reliefs, subject to each Investor's personal circumstances.

The Custodian and Nominee

By completing the Application Form appended to this Memorandum prospective Investors will, *inter alia*, be deemed to have irrevocably agreed to the Fund Manager being appointed as Custodian to exercise the powers, and to carry out duties, on behalf of the Investors in accordance with the provisions of the Investor Agreement.

EIS Companies

In order to qualify under EIS, at the time of issue of the shares by an EIS Company, that company must comply with the following criteria in order to qualify under the EIS:

- not be listed on a recognised stock exchange;
- no arrangements must be in place to become listed;
- it must not be a subsidiary of, or controlled by, another company;
- no arrangements must be in place for the EIS Company to become a subsidiary or controlled by another company;
- not use EIS money to acquire shares, a trade or certain intangible assets in use in a trade;
- its trade must be less than seven years old at the time of the first EIS (or other Risk Finance State Aid) investment; and
- it must have a permanent establishment in the UK and either exist to carry on an EIS Trade or else be the parent company of a trading group.

EIS Companies are limited as to size: the maximum number of full-time employees in an EIS Company at the time of fundraising is restricted to a maximum of 249 and there is a limit of £15,000,000 on an EIS Company's gross assets immediately before the investment, and £16,000,000 immediately afterwards.

The qualifying business activity for which the money is raised by the share subscription must be a trade carried on by an EIS Company or certain of its subsidiaries and the trade must be conducted on a commercial basis and with a view to the realisation of profit.

The maximum fundraising per EIS Company is restricted to £5,000,000 per year and £12,000,000 in total, and the monies raised by the share issue must be utilised for the qualifying trade within two years of the share issue.

PART 10 – CHARGES AND FEES

The Fund Manager and Investment Consultant

All fees payable to the Fund Manager and the Investment Consultant are disclosed below and the amount of each charge is specified where possible. Other than as set out below, the Fund Manager and the Investment Consultant will not charge any additional administrative, service, dealing or exit fees to the Fund or to the New EIS Companies in which it will invest. Fees payable by the New EIS Companies, and not by Investors directly, will, in effect, reduce the returns generated by the New EIS Companies for Investors. Any unpaid fees due to the Fund Manager will be recouped from any proceeds of the sale of investments.

Initial Charge

The Initial Charge payable to the Fund Manager will be 2.75% (exclusive of VAT, if applicable) of the amounts invested in each New EIS Company through the Fund.

From the Initial Charge the Fund Manager will withhold an amount equal to £75 per Investor and pay the remainder to the Investment Consultant who has incurred the costs of establishing the Fund, including promoter's fees, legal and tax advisory fees related to the preparation and issue of the memorandum in relation to Tranche 1 of the Fund.

The Initial Charge will be paid by the New EIS Companies and should not affect the level of tax reliefs.

Annual Management Fee

The Annual Management Fee payable to the Fund Manager will initially be 1.5% (exclusive of VAT, if applicable) per annum of the amounts invested in each New EIS Company through the Fund.

From the Annual Management Fee, the Fund Manager will withhold:

- (a) 0.25% per annum of total Investor Subscription Amounts (subject to a minimum of £20,000 (plus VAT if any);
- (b) £149 per EIS1 form and £15 per EIS3 form completed in relation to the Fund; and
- (c) amounts necessary in order to meet any bona fide third party costs or expenses incurred by the Fund Manager in relation to the proper management of the Fund,

and pay the remainder to the Investment Consultant. To align the interests of the Fund Manager and the Investment Consultant with Investors, from 31 May 2021 the Annual Management Fee will become 0.75% rather than 1.5% per annum.

The Annual Management Fee will be paid by the New EIS Companies and should not affect the level of tax reliefs.

Performance Incentive Fee

The Performance Incentive Fee payable to the Investment Consultant will be equal to 0.5% (exclusive of VAT, if applicable) per annum (for a maximum of five years) of the amounts subscribed in each New EIS Company by Investors through the Fund.

To align the interest of the Investment Consultant with Investors, the Performance Incentive Fee will be applied to Investors that receive, net of the Performance Incentive Fee, returns equal to or greater than £1.30 per £1.00 subscribed through this Tranche 2 of the Fund.

The Performance Incentive Fee will be deducted by the Fund Manager from such Investors' returns and should not affect the level of tax reliefs.

Intermediaries

Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients in respect of the Fund. Instead of commission being paid, a fee will usually be agreed between the Intermediary and the Investor for advice and related services (the "Intermediary Charge").

The Intermediary Charge is to be agreed directly between the Investor and the Intermediary and can either be paid directly by the Investor to the Intermediary or facilitated by the Fund Manager out of the Investor's Application Monies.

If the payment of the Intermediary Charge is to be facilitated by the Fund Manager:

- the Intermediary Charge may consist of an initial amount and/or on-going amounts payable on the first three anniversaries of the date of the relevant Investment;
- the Investor is required to specify the total amount (inclusive of VAT, if applicable) and the split between the initial amount and any on-going amounts of the Intermediary Charge on the Application Form appended to this Memorandum; and
- the Intermediary Charge will be deducted from the Application Monies and the amount net of the Intermediary Charge will be invested in the New EIS Companies and be subject to income tax relief of 30%. Therefore, by way of an example, if £100,000 of Application Monies were received with a £2,000 Intermediary Charge to be facilitated by the Fund Manager, a Subscription Amount £98,000 would be invested into the New EIS Companies and any available income tax relief would be £29,400 (30% of £98,000).

PART 11 – TAXATION

Note: the tax reliefs available depend on the individual circumstances of each Investor and may be subject to change in the future. The following information is based on current UK law and practice and is subject to changes therein. The information and examples in this section are generic in character and do not represent advice to any Investor on his or her personal tax circumstances. Investors should seek their own tax advice before investing.

The Enterprise Investment Scheme ("EIS") is a government scheme that provides a range of tax reliefs for investors who subscribe for ordinary shares in Qualifying Companies. There are five current tax reliefs potentially available to Investors in Qualifying Companies, which are summarised below:

1. EIS Income Tax Relief

Individuals can obtain income tax relief on the amount subscribed for shares in Qualifying Companies provided they are not connected with the issuing company, and must not have any existing shares in the Qualifying Company for which they did not claim EIS income tax relief. This is subject to the limit of £1,000,000 across all EIS investments in a tax year. Husbands and wives, and civil partners, can each subscribe up to £1,000,000, but will not qualify for EIS income tax relief if together they hold more than 30% of the issued share capital of either Company. The rate of relief is 30%. The relief is given against the individual's income tax liability for the tax year in which the shares are issued unless the individual makes a carryback claim to the previous tax year, in which case the claim must be within the applicable annual investment limit for that previous tax year (which was £1,000,000 for the 2014/15 tax year), and the relief is given at the rate applicable for that earlier year. The relief cannot exceed an amount which reduces the Investor's income tax liability to nil. To retain the EIS income tax relief, a Qualifying Investment must be held for the Three Year Period (i.e. no less than three years from the date of issue, or until three years from commencement of trade, if later).

Example:

Initial investment	£100,000
Less income tax relief @ 30%	(£30,000)
Net cost of investment	£70,000

2. CGT freedom for Shares for which Income Tax Relief obtained

Any capital gains realised on a disposal of shares in the Qualifying Companies after the Three Year Period, and on which EIS income tax relief has been given and not withdrawn, will be capital gains tax-free. The opportunity for a CGT free gain can be an extremely valuable benefit from subscribing for shares in a successful Qualifying Company.

Initial investment	£100,000
Less income tax relief @ 30%	(£30,000)
Net cash outlay for investment	£70,000
Realised value of investment after 3 years	£160,000
Total gain	£90,000
<i>Tax free profit being gain of £60,000 and income tax relief of £30,000</i>	

3. Inheritance Tax Relief – IHT Relief

Shares in Qualifying Companies will generally qualify for business property relief for Inheritance Tax (IHT) purposes at rates of up to 100% after two years of holding such investment, so that any liability for IHT is reduced or eliminated in respect of such shares. For a simple example of the impact of IHT relief:

Initial investment	£100,000
Less income tax relief @ 30%	(£30,000)
Net cash outlay for investment	£70,000
Hypothetical value of investment	£160,000
Gain on investment	£90,000
IHT relief at 40%	£64,000

4. CGT Deferral Relief under the EIS

- To the extent to which UK resident Investors (including certain trustees) subscribe for qualifying shares, they can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of another asset or a previously deferred gain may have been brought into charge.
- Deferral relief is unlimited, in other words, this relief is not limited to investments of £1,000,000 per annum and can also be claimed by Investors (individuals or trustees) whose interest in the company exceeds 30%.
- The shares must be issued within one year before and three years after the date of the disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises. The gain is deferred until there is a chargeable event, such as a disposal of the shares or an earlier breach of the EIS rules.

Example - £100,000 capital gain invested, assuming income tax relief is also claimed	
Initial investment	£100,000 5 April 2016
Less income tax relief @ 30%	(£30,000)
Illustrative capital gains deferral (up to 28%) of 2015/16 gain	(£28,000)
Net cash outlay for investment	£42,000
Shares sold May 2020	
Hypothetical value of investment	£160,000
Chargeable gain	£0 – tax free if held for more than 3 years from issue or commencement of trade if later
Deferred gain from 2015/2016 becomes chargeable 2020/2021	£100,000
Tax payable at 28% (assuming rate currently effective applies)	(£28,000)

5. **Loss Relief**

- If EIS shares on which EIS income tax relief has been claimed and retained are disposed of at any time at a loss (after taking into account income tax relief), such loss may be set against the Investor's capital gains, or his income in the year of disposal or the previous year.
- For losses offset against income, the net effect is to limit the investment exposure to 42p in the £1 for a 40% taxpayer or to 38.5p in the £1 for a 45% taxpayer, if the shares were to become totally worthless.
- The Finance Act 2013 has introduced a cap on amounts relief which may be claimed for income tax purposes. The cap restricts reliefs which includes some losses and restricts income tax loss relief in any tax year to either £50k or 25% of income, whichever is the greater. EIS income tax relief is not subject to the cap, nor are losses on the disposal of shares on which EIS income tax relief has been claimed and retained. However, losses arising on the disposal of shares where EIS CGT deferral relief only has been claimed come within the cap on losses eligible for relief. The cap applies to losses that arise after 5 April 2013.
- Alternatively, the losses can be offset against capital gains at the prevailing rate of CGT, which is currently 28% for higher rate taxpayers.

PART 12– DEFINITIONS

"AIFMD"	the Alternative Investment Fund Managers Directive
"AIM"	the London Stock Exchange Alternative Investment Market
"Application"	means an application through the Fund with a completed Application Form
"Application Form"	means the application form appended to this Memorandum
"Application Monies"	means the Subscription Amount and (if applicable) the Intermediary Charge
"Approved Investment Fund"	investment fund approved by HMRC under Section 251 of ITA 2007
"CGT"	capital gains tax
"Closing Date"	final date upon which applications will be accepted by the Fund Manager being the earlier of (i) the date on which aggregate Subscription Amounts reach £15,000,000; or (ii) 5.00 pm on 30 March 2017 (or 16 March 2017, in respect of Investors that do not indicate on their Application Form that they wish to waive their 14 day cancellation period); or as otherwise extended at the discretion of the Fund Manager
"Custodian"	the Fund Manager or such person as the Fund Manager may appoint to provide, and with whom it has agreed terms for, safe custody or custodial or nominee services in respect of the Fund
"EBITDA"	means the consolidated earnings before interest and taxation depreciation amortisation (of goodwill and other intangible assets) and exceptional items of each EIS Company)
"EIS"	Enterprise Investment Scheme, as described in Part 5 ITA 2007
"EIS Companies"	means a company meeting the conditions in Chapter 4 of Part 5 ITA 2007
"EIS Investments"	investments made in EIS Companies
"EIS Trade"	business trade which qualifies for EIS tax reliefs
"Existing EIS Company"	means any of Galaxy, Pioneer and/or Sovereign (as applicable) and "Existing EIS Companies" means all of them
"EU Risk Finance Guidelines"	means the European Commission's guidelines on State aid to promote risk finance investments 2014/C 19/04
"FCA"	Financial Conduct Authority
"FCA Rules"	the Rules of the FCA
"FSMA"	Financial Services and Markets Act 2000
"Fund"	The City Pub EIS Fund
"Fund Manager"	Thompson Taraz Managers Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom
"Galaxy"	means The Galaxy (City) Pub Company Limited, a private limited company incorporated in England and Wales under company number 09359693
"HMRC"	HM Revenue & Customs
"IHT"	inheritance tax
"IHTA 1984"	Inheritance Tax Act 1984
"Intermediary"	an FCA authorised intermediary whose details are set out in the Application Form
"Intermediary Charge"	means the amount of the charge to be deducted from the Application Monies and the payment of which is to be facilitated by the Fund Manager on behalf of the Investor to his or her Intermediary, as indicated by the Investor in the Application Form
"Investor"	an individual (and in certain circumstances a trustee or corporate) who completes an Application Form which is accepted by the Fund Manager and so enters into the Investor Agreement and invests in the EIS Companies through the Fund
"Investment"	an allotment of Shares subscribed by the Fund Manager on behalf of an Investor paid up with the Investor's Subscription Amount
"Investor Agreement"	agreement to be entered into between each Investor and the Fund Manager, in the terms set out in Part 13 of this Memorandum
"Investment Consultant"	Clive Watson or Bar & Kitchen Limited, as the context permits (the services of Clive Watson are provided to the Fund Manager pursuant to the terms of a consultancy agreement between Clive Watson, Bar & Kitchen Limited and the Fund Manager)
"ITA 2007"	Income Tax Act 2007, as amended
"Liberty"	means The Liberty (City) Pub Company Limited, a private limited company incorporated in England and Wales under company number 09359989
"Memorandum"	this document relating to Tranche 2 of the Fund
"ML Regulations"	Money Laundering Regulations 2007

"New EIS Company"	means any of Liberty, Phoenix and/or Summit (as applicable) and "New EIS Companies" means all of them
"Nominee"	TT Nominees Limited or such nominee as the Fund Manager may appoint to act as the Investor's nominee from time to time
"Performance Incentive Fee"	the fee payable to the Investment Consultant as described in Part 10 of this Memorandum
"Phoenix"	means Phoenix (City) Pub Company Limited, a private limited company incorporated in England and Wales under company number 10004916
"Qualifying Companies"	companies that qualify for tax relief under EIS
"RAM Capital"	RAM Capital Partners LLP, a limited liability partnership registered in England and Wales under number OC329154 of 4 Staple Inn, London WC1V 7QH (which is authorised and regulated by the Financial Conduct Authority), which is acting as promoter to the Offer
"Risk Finance State Aid"	means State aid received by a company as defined in Section 173A of ITA 2007
"Sovereign"	means The Sovereign (City) Pub Company Limited, a private limited company incorporated in England and Wales under company number 09359669
"Shares"	ordinary shares in a New EIS Company subscribed by the Fund Manager on behalf of Investors
"Subscription"	means Investment pursuant to the Application Form
"Subscription Amount"	means the amount of the Application Monies to be used for Investment through this Tranche 2 of the Fund, as set out in the Application Form
"Summit"	means The Summit (City) Pub Company Limited, a private limited company incorporated in England and Wales under company number 09360077
"The City Pub Companies East And West"	means both The City Pub Company (East) PLC and The City Pub Company (West) PLC
"Three Year Period"	period beginning on the date the Shares in the New EIS Company are issued and ending three years after that date, or three years after the commencement of the EIS Company's trade, whichever is later
"Tranche 1"	Subscription through the Fund pursuant to the memorandum dated 25 November 2014
"Tranche 2"	Subscription through the Fund pursuant to this Memorandum
"VCT"	Venture Capital Trust, as defined by Section 259 ITA 2007

Words used in this Memorandum denoting any gender should be read as including all genders and includes individuals, trusts and limited companies.

PART 13– INVESTOR AGREEMENT

This Investor Agreement (the "Agreement") sets out the terms and conditions for The City Pub EIS Fund (the "Fund") under which Thompson Taraz Managers Limited, as Fund Manager, provides its discretionary investment management services to you, as an investor in the Fund (the "Investor").

1. DEFINITIONS AND INTERPRETATION

1.1 The following words and expressions where used in this Agreement have the meanings given to them below. Words and expressions used in the Information Memorandum and in the FCA Rules which are not otherwise defined for the purposes of this Agreement, shall, unless the context requires otherwise, have the same meaning in this Agreement.

Application Form means the application form (or substantially the same form) as attached to the Information Memorandum;

Administrator Thompson Taraz Managers Limited or such other party as assumes the role and responsibilities of the Administrator;

Associate means any person or entity that controls is controlled by or is under the common control with the Fund Manager. "Control" refers to the ability to exercise significant influence over the operating or financial policies of any person or entity;

Business Day means a day, other than Saturday, Sunday or public holiday, on which clearing banks are open for business in the City of London;

Closing Date means the earlier of (i) the date on which Subscriptions into the Fund pursuant to this Tranche 2 reach £15,000,000; or (ii) 5.00 pm on 30 March 2017 (or 16 March 2017, in respect of Investors that do not indicate on their Application Form that they wish to waive their 14 day cancellation period); or as otherwise extended at the discretion of the Fund Manager;

Commencement Date means the date that the Fund Manager determines and notifies to the Investor that his

Application Form has been accepted by the Fund Manager (or such later date as the Fund Manager determines and notifies to the Investor);

Confidential Information

means all information and materials of any party (whether oral or recorded in any medium), which are marked confidential or which are by their nature clearly confidential, obtained under or in connection with this Agreement or which otherwise come to the attention of the other party;

Custodian

Thompson Taraz Managers Limited, (or such other party as assumes the role and responsibilities of the Custodian);

Disposal

a disposal of all or substantially all of the Fund's holding in a Portfolio Company in one transaction or a series of transactions;

Execution Policy

means the order execution policy that the Fund Manager is required to establish under the Conduct of Business Sourcebook of the FCA Rules a copy of which may be requested by the Investor;

Exit

means a Sale, Disposal or Listing of a Portfolio Company;

Force Majeure Event

has the meaning given to it in clause 15.2;

FCA

the Financial Conduct Authority and any statutory successor of it (or any other body to which its statutory functions have been delegated);

FCA Rules

means the rules and guidance issued and modified by the FCA from time to time;

Fees

the fees payable as set out in Part 10 of the Information Memorandum;

Fund

means the City Pub EIS Fund, a discretionary investment management service managed by the Fund Manager, as described in the Information Memorandum;

Information

means the Information

Memorandum	Memorandum dated 15 January 2016 and issued in respect of the Fund;	Portfolio Company	means any limited company in which Investments are made, and the term "Portfolio Companies" shall be construed accordingly;
Intermediary	means the amount of the charge to be deducted from the Application Monies and the payment of which is to be facilitated by the Fund Manager on behalf of the Investor to his or her Intermediary, as indicated by the Investor in the Application Form;	Simple Majority	means a simple majority of the Investors calculated on the basis that each Investor shall have one vote for every one thousand pounds of Subscription Monies in the Fund;
Intermediary Charge	means the amount of the charge payment of which is to be facilitated by the Fund Manager on behalf of the Investor to his or her Intermediary, as indicated by the Investor in the Application Form;	Sale	means the transfer (whether through a single transaction or a series of transactions) of shares in a Portfolio Company as a result of which any person (or persons connected with each other or persons acting in concert with each other) would hold or acquire beneficial ownership of or over that number of shares in such Portfolio Company which in aggregate confers 50 per cent or more of the voting rights normally exercisable at general meetings of such Portfolio Company or would otherwise exercise control over that Portfolio Company;
Investment Period	means the period from the date of the first Investment and ending 5 April 2017;	Services	means the management services required to operate the Fund and other services to be provided by the Fund Manager and its associates under this Agreement;
Investments	means ordinary shares acquired by the Fund Manager on behalf of the Investor using the Subscription Monies in any Portfolio Company, and "Investment" shall be construed accordingly;	Subscription	means Investment pursuant to the Application Form;
Investment Consultant	Clive Watson or Bar & Kitchen Limited if applicable;	Subscription Monies	means the total of all subscription monies for the Fund provided by the Investors whose Application Forms are accepted by the Fund Manager not including the amount of any Intermediary Charge; and
Listing	means the admission of any or all of the issued share capital of a Portfolio Company trading on a recognised investment exchange (as such term is defined in Section 285 of The Financial Services and Markets Act 2000) or such other share trading facility, exchange or market on which the shares are publicly traded as may be approved by the Fund Manager;	US Person	means any person who the Fund Manager reasonably believes to be a citizen and/or resident and/or domiciled in the United States of America.
Loss	means any damages, loss, costs, claims or expenses (excluding any loss of business or profits or any indirect or consequential loss or damage, in each case whether arising from negligence, breach of contract or otherwise);	1.2	In this Agreement, any reference to a "person" shall be construed as a reference to any natural person, partnership, joint venture, corporation, limited liability company or partnership, trust, firm, association or governmental agency or department or any two or more of the foregoing.
Nominee	means TT Nominees Limited, (or such other party as assumes the role and responsibilities of the Nominee);	1.3	The clause headings in this Agreement are for ease of reference only and shall not affect its interpretation.

- 1.4 Any references in this Agreement to the parties, numbered clauses or the Schedules are to the parties, clauses of or the Schedules to this Agreement.
- 1.5 Any reference in this Agreement to any statute or statutory provision shall, unless the context otherwise requires, be construed as a reference to such statute or statutory provision (including all instruments, orders or regulations made thereunder or deriving validity therefrom) as in force at the Commencement Date and as subsequently re-enacted or consolidated.
- 1.6 Words denoting any gender include all genders. The singular shall include the plural (and vice versa).
- 1.7 Section 993 of the Income Tax Act 2007 and Corporation Taxes Act 1988 shall apply to determine whether one person is "connected with" another for the purposes of this Agreement.
- 1.8 The City Code on Takeovers and Mergers in force from time to time shall apply to determine whether persons are "acting in concert" for the purposes of this Agreement.
- 2. SUBSCRIPTION BY THE INVESTOR**
- 2.1 By signing the declaration contained in the Application Form, the Investor agrees to be bound by the terms and conditions of this Agreement.
- 2.2 The Investor hereby appoints the Fund Manager to manage the monies invested in the Fund and the investments made through the Fund for the Investor on the terms set out in this Agreement. The Fund Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.
- 2.3 The Fund Manager is authorised and regulated by the Financial Conduct Authority in respect of its investment business (with a Firm Reference Number of 226978). The address of the Financial Conduct Authority is 25 The North Colonnade, Canary Wharf, London E14 5HS.
- 2.4 The Investor is classified by the Fund Manager as a retail client for the purposes of the FCA Rules. The Investor has the right to request a different client categorisation. However, if the Investor does so and if the Fund Manager agrees to such categorisation the Investor will lose certain protections afforded to retail clients by certain FCA rules.
- 2.5 The minimum amount that may be subscribed to the Fund is £25,000 but is subject to the Fund Manager's discretion. Subscriptions above the minimum shall normally be in £1,000 increments. Until invested, the Subscription Monies will be held in a client bank account in the name of the Fund Manager, held with a UK bank authorised and regulated by the Prudential Regulation Authority, and in accordance with FCA Client Money Rules. The Fund Manager will not be liable to an Investor in the event of any loss in value of funds invested or any insolvency of any bank with which funds are deposited in accordance with this Agreement, nor in the event of any restriction on the Fund Manager's ability to withdraw funds from such bank for reasons reasonably beyond the control of the Fund Manager.
- 2.6 The Fund Manager reserves the right not to proceed with the Fund, in which case the Fund Manager shall treat the Investors' aggregate subscription as being subject to a withdrawal request validly received in accordance with Clause 12, and this Agreement will be terminated. Any interest payable on credit balances in the said account will be retained by the Fund Manager.
- 2.7 The Investor shall subscribe in full to the Fund on or prior to the Commencement Date for the Subscription Monies set out in their respective Application Forms whereupon the relevant Investor shall:
- (a) deliver to the Fund Manager the relevant completed Application;
 - (b) make payment of the subscription monies to the Fund Manager by bank transfer or cheque; and
 - (c) where applicable, provide to the Fund Manager (a) a valid certificate for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended), and (b) with such information and documentation to allow the Fund Manager to satisfy its anti-money laundering requirements in respect to the Investor.
- 2.8 The Fund Manager is entitled at its discretion to reject (in part or in full) any Application Form.
- 2.9 On the Fund Manager notifying an Investor that his Application Form is accepted then, subject to clauses 2.18(a) and 2.20, the payment of the Subscription Monies hereunder shall be irrevocable if outside the fourteen (14) day cancellation period and immediately if such period has been waived, and such Investor shall not under any circumstances be able to demand repayment of them. In the event that an Application Form is not accepted then any Subscription Monies paid by such Investor to the Fund Manager shall be returned to the relevant Investor (after deduction of any costs in respect of returning such monies incurred in respect of such Investor) and on the date of return such person shall cease to be a Party to this Agreement for the purposes of receiving benefits and/or enforcing rights.
- 2.10 The Investor's participation in the Fund shall be on the basis of the declaration made by the Investor in his or her Application Form which includes statements by the Investor in relation to the following matters, namely:
- (a) whether or not the Investor wishes to seek EIS Relief for the Investments;
 - (b) that he or she agrees to notify the Fund Manager if an Investment is made by the Fund in any company with which the Investor is connected within the meaning of section 163 and sections 166 to 170 of the Income Tax Act 2007;

- (c) that he or she agrees to notify the Fund Manager if, within three years of the date of issue of shares to his Portfolio by an EIS Qualifying Company or within three years of commencement of that EIS Qualifying Company's Qualifying trade if later, the Investor becomes connected with the company or receives value from such company; and
- (d) the Investor's tax district, tax reference number and National Insurance Number.
- The Investor confirms that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.
- 2.11 The Investor agrees immediately to inform the Fund Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form.
- 2.12 In addition, the Investor agrees to provide the Fund Manager with any information which it reasonably requests for the purposes of managing the Fund pursuant to the terms of this Agreement.
- 2.13 The beneficial interest in the Investments shall be held by the Investors on a pro rata basis according to the amount of Subscription Monies paid by the Investors respectively at the date of the relevant Investment (and such number of shares which are beneficially owned shall be adjusted either up or down at the discretion of the Fund Manager to avoid Investors holding fractions of shares).
- 2.14 The Nominee shall have legal title to the Investments and shall hold any title documents (or other title to the Investments). The Investor hereby:
- (a) consents to his Investments being registered in the name of the Nominee (or any other nominee company selected by the Fund Manager and as notified to the Investor) for the purpose of simplifying the share administration of the Fund;
- (b) subject to clause 3.10, and only for purposes of administrative convenience, empowers and authorises the Fund Manager to exercise any conversion, subscription, voting or other rights relating to Investments, subject always:
- (i) to the Fund Manager's conflicts of interest policy (as described in clause 10); and
- (ii) the Investor's right to exercise his voting rights himself by giving written notice to the Fund Manager stating such a preference;
- (c) subject to clause 3.10 acknowledges and agrees that the Fund Manager is not obliged to seek any instruction or direction directly from them to exercise any rights in respect of any Investment.
- 2.15 Subject to the consent of the Fund Manager, the Investor may also be able to invest in any Portfolio Company in his own name but such investment (the "Private Investment") shall not constitute part of the Fund and such Investor shall:
- (a) be registered in his own name as the holders of the Private Investment in the Portfolio Company;
- (b) receive share certificates direct from the Portfolio Company in respect of the Private Investment;
- (c) not be able to include the Private Investment in calculating such Investor's share of the distribution of proceeds pursuant to Clause 7; and
- (d) not rely on the results of the Fund Manager's due diligence investigations in deciding whether to make the Private Investment and no claim shall be made by such Investor against the Fund Manager.
- 2.16 In the event that the Investor (or his spouse or civil partner) is or becomes connected with one or more of the Portfolio Companies then the Investor must immediately notify the Fund Manager of the nature of such connection.
- 2.17 The Investor acknowledges that he or she has read and understands the risk warnings which are set out in the Information Memorandum.
- 2.18 Subject to the terms of this Agreement, the following provisions shall apply in respect of the appointment or replacement of the Fund Manager:
- (a) the Investors shall be entitled to remove and replace the Fund Manager with the approval of 75% of the Investors; and
- (b) prior to the 3rd anniversary of the date on which the final Investment was made, Investors are not permitted to make withdrawals from the Fund and all Subscription Monies will be fully committed to the Fund upon subscription (subject to any statutory cancellation rights).
- 2.19 An Investor who submits an Application Form has, assuming he has not waived such right on the Application Form, fourteen (14) days from the date upon which the Application Form is received by the Fund Manager in which to cancel his Subscription to the Fund. The Investor may exercise this right of cancellation in writing and without fee or penalty, the written instruction must arrive at the Fund Manager's offices within the fourteen (14) day cancellation period.

- In the event that an Investor exercises their statutory cancellation rights then such Investor shall:
- (a) cease to be a Party to this Agreement for the purposes of receiving benefits and enforcing rights from the date that such Investor exercises such cancellation rights (but without prejudice to any benefits or rights accrued prior to such date); and
 - (b) be entitled to repayment of his, her or its Subscription Monies, which repayment shall be implemented by the Fund Manager through the Administrator and Custodian, and which will be effected no later than thirty days after his written notice of cancellation is received at the office of the Fund Manager.
- 2.20 The Fund Manager reserves the right to return any part of the Subscription Monies to the relevant Investor(s) on a pro rata basis where (a) the whole of the Subscription Monies cannot be invested during the Investment Period, or (b) professional rules applying to an Investor(s) prevent such Investor(s) from making an Investment.
- 3. THE FUNDS**
- 3.1 With effect from the Commencement Date, the Fund Manager will manage the Fund and provide the Services on the terms and conditions of this Agreement. In the event of a conflict between this Agreement, the Information Memorandum and the Application Form, the terms of this Agreement shall prevail.
- 3.2 The Fund Manager will seek consultancy services from the Investment Consultant in relation to performing the tasks of screening of investments, undertaking due diligence and post investment monitoring, as more fully described in the Information Memorandum.
- 3.3 No contractual rights exist between the Investor and the Investment Consultant (under this Agreement or otherwise).
- 3.4 Subject to this Agreement, the Fund Manager will exercise all discretionary powers in relation to the selection of, or the exercising of rights relating to, Investments (including the execution of contracts on behalf of Investors). The Fund Manager will not take any decisions on a proposed Investment unless:
- (a) due diligence has been carried out to the satisfaction of the Fund Manager; and
 - (b) a due diligence report has been submitted to the Fund Manager with recommendation for Investment.
- 3.5 Notwithstanding clause 3.4, the Fund Manager shall not proceed with any Investment which fails to satisfy the Fund Manager's criteria for Investment.
- 3.6 Where, upon receipt of the relevant evidence of recommendation pursuant to Clause 3.4, the Fund Manager has made a decision to proceed with an Investment, the Fund Manager shall (in the following order):
- (a) enter into and execute the investment documents together with ancillary documents to give effect to the Investment; and
 - (b) release investment monies to a solicitor nominated by the Portfolio Company or directly to the bank account of the Portfolio Company on completion of the Investment;
- 3.7 In respect of a Disposal, the Fund Manager shall enter into and execute such documents on behalf of the Investors to give effect to the disposal of the Investment.
- 3.8 The Fund Manager shall:
- (a) subject to clause 3.10 in effecting Investments act in accordance with the obligations regarding best execution under the FCA Rules and the Execution Policy.
 - (b) act in good faith and perform the Services with reasonable care and skill in accordance with generally recognised commercial practices and standards in the industry for similar services, including the procurement of any information on matters envisaged by the Investment Consultancy Agreement;
 - (c) observe and comply with all applicable laws and regulations, including but not limited to the FCA Rules (as modified from time to time);
 - (d) where an Investment has been approved by the Fund Manager, invest in each Portfolio Company in exchange for a shareholding in that Portfolio Company;
 - (e) use reasonable endeavours to invest
 - (i) in a minimum of three Portfolio Companies; and
 - (ii) at least 90% of the total Subscription Monies;
 during the Investment Period.
 - (f) where reasonable, employ agents, including Associates, to perform any administrative, custodial or ancillary services to assist the Fund Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use, and monitoring of agents. Any such use of agents shall not affect the liability of the Fund Manager under the terms of this Agreement.

- (g) Appoint an auditor, depositary or other service providers to the Fund as required to comply with the FCA Rules. Such appointment to be at the expense of the Investors.
- 3.9 The Fund Manager and Custodian shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their management and fund administration and custodian services properly, efficiently and in compliance with FCA Rules.
- 3.10 To the extent allowable under the FCA Rules the Fund Manager will be responsible for the safe-keeping of Fund Investments and cash comprised in the Fund, including the settlement of transactions, the collection of income and the effecting of other administrative actions in relation to the Investments.
- 3.11 The Fund Manager may not lend any Investments or title documentation to a third party or borrow against the security of such Investments or documents.
- 3.12 An Investment may be realised in order to discharge an obligation of the Investor under this Agreement, for example in relation to payment of fees, costs and expenses.
- 4. REPORTS AND INFORMATION**
- 4.1 The Investor will be sent a report every six months, in compliance with the FCA Rules. Reporting will commence in respect of the period ending on a date no later than six months following the Closing Date and the first report will be issued within two months of this date. Reports will include a measure of performance in the later stages of the Fund if valuations are available for Fund Investments.
- (a) Contract notes will be provided for each Investment which is of a type that conventionally generates a contract note. In other cases, the Fund Manager will confirm to the Investor when a transaction has been entered into and the number of shares or securities under that transaction which have thereby been allocated to, or sold on behalf of, the Investor's Portfolio.
- (b) Investors who are Retail Clients of the Fund Manager may request that reports are provided every three months. Such requests should be made in writing to the Fund Manager. Investors should note, however, that as the Fund Manager will receive reports on the performance of Portfolio Companies no more frequently than six-monthly, any quarterly reports requested are unlikely to include any new and/or material information.
- (c) Any statements, reports or information provided under this Clause to the Investor will state the basis of any valuations of Investments provided.
- 5. FEES AND CHARGES**
- Fees will be debited from the Subscription Monies that enter the Fund, charged to Portfolio Companies and/or the proceeds of Exits as the case may be as set out in Part 10 of the Information Memorandum.
- 6. DISTRIBUTION OF PROCEEDS AND INCOME**
- 6.1 The proceeds from each Exit in respect of a Portfolio Company shall be paid in the first instance to the client bank account in the name of the Fund Manager.
- 6.2 Subject to Clause 6.4, on an Exit of each Investment the Fund Manager shall forthwith distribute all proceeds to the Investors on each Exit (after payment of the expenses and liabilities of the Fund).
- 6.3 Any amount to be distributed to the Investors pursuant to Clause 6.2 shall be distributed pro rata to the Investors according to their beneficial shareholdings in the relevant Portfolio Company.
- 6.4 Any taxation which may become payable by a Party as a result of (a) the receipt of any distribution under this Agreement; or (b) an Exit; shall be the responsibility and liability of such Party. For the avoidance of doubt, where an Investment ceases to be an EIS qualifying investment then each Investor shall be liable to account to HMRC for their respective tax liability and neither the Fund Manager, nor Investment Consultant shall be liable to the Investors or HMRC for any sums due in respect thereof.
- 6.5 This Clause 6 shall not apply to the proceeds relating to any Private Investment.
- 7. TRANSFER OF INTERESTS**
- 7.1 On the death or bankruptcy of an Investor, being a natural person, such Investor's personal representatives or trustee (as the case may be) shall become an "Investor" in his or her place and entitled to receive any distribution of monies hereunder as an "Investor".
- 7.2 On termination of this Agreement, the Investments shall (unless otherwise agreed by the Parties) be transferred into the names of the Investors (as the underlying beneficial owners of the Investments) and such number of shares in the Portfolio Companies to be held by each Investor shall be calculated pursuant to Clause 2.13.
- 7.3 Subject to Clauses 7.1 and 7.2 and except on an Exit, no sale, assignment or transfer by any of the Investors of the underlying beneficial ownership of an Investment or any other rights hereunder shall be valid or effective and the Fund Manager shall not recognise the same for the purposes of making distributions of monies hereunder or the maintenance of records.
- 7.4 Except on termination of this Agreement, no transfer of the registered interest in any shares in a Portfolio Company by the Nominee (or any other nominee

company of the Fund Manager) shall be made to an Investor (being the beneficial owner of such interest) without the prior written consent of the Fund Manager and on such transfer (a) the Investor shall continue as an "Investor" and party to this Agreement, (b) such transferred interest shall remain part of "the Fund" for the purposes of this Agreement, and (c) the transferee shall enter into a Deed of Adherence to this Agreement, unless otherwise agreed in writing or email by the Fund Manager.

8. POWER OF ATTORNEY

8.1 Subject to Clause 2.14 (b), each of the Investors hereby appoints the Fund Manager (and any subsequent Fund Manager of the Fund) as its true and lawful attorney to:

- (a) consider, negotiate, vary, agree and execute any documents required in connection with an Investment or an Exit;
- (b) transfer funds held by the Fund Manager on behalf of the Investors in connection with the settlement of any Investment or Exit; and
- (c) enforce any rights, conduct claims or settle litigation pursuant to any investment agreement or ancillary document,

and the Investors shall ratify what the Fund Manager shall lawfully do pursuant to such power of attorney and the Fund Manager shall incur no responsibility under Clauses (a), (b) and (c) above in respect of its acts, omissions or errors (except by virtue of the Fund Manager's negligence, wilful default or fraud).

8.2 This power of attorney is revocable but shall remain in full force and effect from the Commencement Date until (a) termination of this Agreement, (b) removal or resignation of a Fund Manager of the Fund (in respect of that Fund Manager's appointment as attorney hereunder), or (c) written revocation has been delivered by the relevant Investor to the relevant Fund Manager of the Fund. For the avoidance of doubt, the power of attorney set out in this clause shall be granted by the Investors to any new or replacement Fund Manager of the Fund.

9. EXCLUSIVITY

Subject to clause 2.18, the Investors shall not during the term of this Agreement appoint any person other than the Fund Manager to perform the Services (or any part of them) pursuant to this Agreement.

10. CONFLICTS OF INTEREST

10.1 The Fund Manager may provide investment management or other services to any person and shall not in any circumstances be required to account to any other Party to this Agreement for any profits earned in connection therewith. The Fund Manager will use all reasonable endeavours to ensure fair treatment as between the Parties to this Agreement and its other customers. In handling conflicts, the Fund Manager warrants that it will act in compliance with FCA Rules.

10.2 The Fund Manager is required by FCA Rules to establish, implement and maintain a conflicts of interest policy. A copy of this policy will be provided on request. The Fund Manager's conflicts of interest policy sets out the types of actual or potential conflicts of interest which affect the Fund Manager.

10.3 The Fund Manager, Investment Consultant or any persons connected with the Fund Manager or the Investment Consultant, may hold investments within the Fund or outside the Fund, in any Portfolio Company.

10.4 The Fund Manager and Depositary are under common ownership, however they are organisationally separate and each of them operates a conflicts of interest policy designed to ensure that they act honestly, fairly, professionally, independently and in the interests of the Fund and Investors.

11. LIABILITY

11.1 In the event of any failure, interruption or delay in the performance of the Fund Manager's obligations resulting from acts, events or circumstances not reasonably within its control (including but not limited to a Force Majeure Event, war, riot, civil commotion, terrorism or threat thereof, acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or computer service or systems), the Fund Manager shall not be liable or have any responsibility of any kind for any loss or damage thereby incurred or suffered by the Investor.

11.2 The Fund Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Fund, other than such party which is its Associate.

11.3 Subject to Clause 11.4, the Fund Manager and Investment Consultant shall have no liability to the other Investors, whether in contract, tort (including negligence), breach of statutory duty or otherwise, for any loss of profit, or for any indirect or inconsequential loss arising under or in connection with this Agreement.

11.4 Nothing in this Agreement will operate to exclude or restrict any Party's liability for death or personal injury caused by its negligence, or the negligence of its employees, or subcontractors or its fraud, wilful default or fraudulent misrepresentation, or any liability which cannot be limited or excluded under the FCA Rules or any liability of the Depositary which cannot be limited or excluded under the AIFM Directive.

11.5 Neither the Fund Manager nor Investment Consultant give any representations or warranty as to the performance of the Portfolio Companies. The Investor acknowledges that the Portfolio Companies are high risk investments, being non-readily realisable investments. There is a restricted market for such investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. The Investor undertakes that he has himself

considered the suitability of the investment in the Portfolio Companies carefully and has noted the risk warnings set out in the Information Memorandum about the Fund. Neither the Fund Manager nor Investment Consultant shall be responsible or liable to the Investors for the economic performance of the Investments.

11.6 The Fund Manager has carried out an assessment of the suitability of the Fund as an investment for the Investor, by means of:

- (a) obtaining appropriate answers to relevant questions in a form of questionnaire accompanying the Information Memorandum; and/or
- (b) reliance upon the introduction of the Investor by an FCA regulated firm which has been prepared to make a suitability assessment of the Investor for itself and which has shared the conclusion thereof with the Fund Manager.

12. TERM AND TERMINATION

12.1 Unless terminated earlier in accordance with this clause 12, this Agreement will terminate on the earlier of:

- (a) the date on which the last Investment is realised; or
- (b) the seventh anniversary of the date on which the final Investment was made, or
- (c) the date on which the Investor terminates this Agreement by giving the Fund Manager, at any time, and for no cause, not less than three months' written notice of its intention to terminate its appointment as Fund Manager under this Agreement.

12.2 On termination of the Fund, any Investments which have not been realised will be transferred into the names of the Investors or as each Investor may otherwise direct.

12.3 This Agreement shall commence on the Commencement Date and continue until termination of the Fund pursuant to clause 12.1 above, unless terminated earlier in accordance with this clause.

12.4 The Fund Manager's appointment hereunder may be terminated (a) by the Investors if the Fund Manager ceases to be permitted by law or authorised by the FCA to act as the Fund Manager, or, (b) at any time, and for no cause, by the Fund Manager giving the Investors not less than three months' written notice of its intention to terminate its role as Fund Manager under this Agreement.

12.5 In the event that (a) the Fund Manager has resigned or is removed pursuant to this Agreement, or (b) this Agreement is capable of being terminated, then the remaining or non-defaulting or unaffected Parties (as

the case may be) may agree to continue this Agreement on the following basis:

(a) the resigning, removed, defaulting or affected Party (as the case may be) shall cease to be a Party to this Agreement for the purposes of receiving benefits and enforcing rights from the date that he, she or it ceases to hold such position or is in default, but without prejudice to any benefits and rights enjoyed prior to such cessation;

(b) where the resigning, removed, defaulting or affected Party is the Fund Manager then the Fund Manager shall (and shall procure that its nominee company shall) forthwith (a) transfer the Investments to the replacement manager appointed by the Investors; (b) transfer the uninvested Subscription Monies to an account nominated by the replacement manager, (c) send all documentation relating to the Investments and Portfolio Companies to the replacement manager, and (d) provide the replacement manager with such other documentation and/or information reasonably required by the replacement manager in respect of the closing of the Investors' accounts; and

(c) where the Fund Manager ceases to be a party to this Agreement then the other Parties shall have the right to appoint another manager pursuant to Clause 2.18(a) subject to the replacement manager (as the case may be) signing a deed of adherence to this Agreement.

(d) Where it is not possible to find a replacement manager for the Fund, this Agreement shall terminate forthwith, and the Investments in the Fund shall be transferred into the Investor's name or as the Investor may otherwise direct.

12.6 US Persons are not permitted to invest through the Fund. In respect of any Investor that becomes a US Person during the term of the Fund, the Fund Manager reserves the right to terminate this Agreement at any time without cause or any period of notice and, in such case, any Investments held by the Investor in the Fund shall be transferred into the Investor's name and any cash balance held by the Fund Manager or the Depositary (less any applicable fees and costs) returned to the Investor.

13. CONSEQUENCES OF TERMINATION

13.1 On termination of this Agreement pursuant to Clause 12, the Fund Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

13.2 Upon termination of this Agreement the Fund Manager will as soon as practicable deliver all documentation and any copies thereof relating to the Fund in whatever form it is held to the replacement manager.

- 13.3 Upon termination of this Agreement, the Parties will as soon as practicable return or destroy (as directed by the supplying Parties) all Confidential Information to the Party which supplied such Confidential Information subject to the Fund Manager's obligation to maintain records in accordance with the FCA rules.
- 13.4 On termination, the Fund Manager may retain or realise such Fund Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including any fees, costs and expenses payable under this Agreement.
- 13.5 Notwithstanding this Clause, the provisions of Clauses 10, 11, 13, 14, 20, 21 and 22 shall survive the termination of this Agreement.
- 14. CONFIDENTIALITY**
- 14.1 Except as provided by clauses 14.2 and 14.3, each Party shall at all times during the term of this Agreement and after the termination or expiry of this Agreement:-
- (a) treat in confidence the other's Confidential Information and not disclose the other's Confidential Information to any other person; and
- (b) not use any Confidential Information for any purpose other than for the performance of its obligations under this Agreement.
- 14.2 Any Confidential Information may be disclosed by the Party to whom it is disclosed or to whose attention it comes (the "Recipient") to:-
- (a) any court, governmental or other authority or regulatory body (including, without limitation, the FCA and the London Stock Exchange); or
- (b) any employees, agents, consultants or sub-contractors of the Recipient.
- to such extent only as is necessary for the purposes contemplated by this Agreement, or as is required by law, and subject in each case to the Recipient using its reasonable endeavours to ensure that the person to whom it discloses Confidential Information keeps the same confidential.
- 14.3 Subject to clause 14.2, any Confidential Information may be used by the Recipient for any purpose, or disclosed by the Recipient to any other person, to the extent only that:-
- (a) it is at the date of this Agreement, or thereafter becomes, public knowledge through no fault of the Recipient (provided that in doing so the Recipient shall not disclose any Confidential Information which is not public knowledge); or
- (b) it can be shown by the Recipient, to the reasonable satisfaction of the disclosing Party, to have been known to the Recipient (other than as a result of a breach of confidence) prior to its being disclosed by the disclosing Party to or otherwise coming to the attention of the Recipient under or in connection with this Agreement.
- 14.4 Upon termination or expiry of this Agreement, each Party shall ensure that all Confidential Information belonging to another Party (in whatever medium the same is recorded or held) is returned, deleted or destroyed according to the written instructions of the other Party.
- 15. FORCE MAJEURE**
- 15.1 Unless otherwise provided and subject to clause 15.3 below, no Party shall be in default by reason of its failure to perform promptly any part of this Agreement if and to the extent that such failure is due to a Force Majeure Event provided that it notifies the other Parties of the nature and extent of the circumstances in question as soon as reasonably practicable in the circumstances.
- 15.2 For the purposes of this clause, a "Force Majeure Event" shall mean any event or circumstance beyond the reasonable control of the affected Party including an act of God, explosion, revolution, insurrection, riot, civil commotion, war, national or local emergency, terrorist act, or threat thereof, act of government, strike, fire or flood, as well as any breakdown in or discontinuance or suspension of computer or communications systems which is beyond the reasonable control of the Party claiming to rely upon the Force Majeure Event in question.
- 15.3 If any Party is affected by a Force Majeure Event or Events, it shall use all reasonable endeavours to mitigate and/or eliminate the consequences of such Force Majeure Event or Events and inform the other Parties of the steps which it is taking and proposes to take to do so.
- 15.4 If the affected Party is prevented by a Force Majeure Event from performance of its obligations for a continuous period in excess of 30 days, the other Parties (other than the affected party) may terminate this Agreement forthwith, on service of written notice upon the affected party, in which case no Party shall have any liability to the others except rights and liabilities which accrued prior to such termination shall continue to subsist.
- 16. GENERAL**
- 16.1 The Fund Manager may assign this Agreement in whole or in part and at its sole discretion to any Associate which is appropriately regulated to perform the Services hereunder. In such circumstances, the Fund Manager will notify the Investor of the assignment.
- 16.2 No omission or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any partial exercise of any such right, power or privilege preclude any other or further exercise thereof or of any other

- right, power or privilege. The rights and remedies herein provided are cumulative with and are not exclusive of any other rights or remedies provided by law.
- 16.3 Nothing in this Agreement shall be construed to create a partnership, agency or joint venture between the Parties.
- 16.4 A person who is not a Party to this Agreement has no right under the Contracts (Right of Third Parties) Act 1999, to enforce any provision of this Agreement.
- 16.5 This Agreement (and its Schedules) and the documents referred to in it constitutes the entire agreement between the Parties relating to the provision of the Services and supersedes all earlier meetings, any correspondences, or discussions or other agreements and understandings between the Parties that may have taken place prior to the signing of the Application Form.
- 16.6 If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.
- 16.7 The Fund Manager may amend this Agreement by giving the Investor not less than thirty business days' written notice. The Fund Manager may also amend this Agreement by giving the Investor written notice with immediate effect if such is necessary to comply with HMRC requirements or the FCA Rules.
- 16.8 The Fund Manager will hold cash subscribed by the Investor in accordance with the Client Money Rules contained in CASS 7 of the FCA Rules. Such cash balance will be deposited with an authorised credit institution in a bank account (or accounts) opened and maintained in the name of the Fund Manager. The Fund Manager may debit or credit the said account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor).
- 16.9 Any interest payable on credit balances in the said account will be retained by the Fund Manager.
- 16.10 Any bank charges incurred in the said account will be met by the Fund.
- 16.11 The Fund Manager may pay away to a registered charity of its choice an Investor's client money balance provided it has held it for at least six years following the last movement on the Investor's account (disregarding any payment or receipt of interest, charges or similar items), the Fund Manager can demonstrate that it has taken reasonable steps to trace the Investor concerned and to return the balance, and the Fund Manager undertakes to pay the Investor a sum equal to the balance paid away in the event of the Investor seeking to claim the balance in future. The Fund Manager may either liquidate an unclaimed safe custody asset it holds for an Investor and pay away the proceeds, or pay away an unclaimed safe custody asset it holds for

an Investor, in either case to a registered charity of its choice provided it has held that safe custody asset for at least 12 years, in the 12 years preceding the divestment of that safe custody asset it has not received instructions relating to any safe custody assets from or on behalf of the Investor concerned, it can demonstrate that it has taken reasonable steps to trace the Investor concerned and return that safe custody asset, and the Fund Manager unconditionally undertakes to pay to the Investor concerned a sum equal to the value of the safe custody asset at the time it was liquidated or paid away in the event of the Investor seeking to claim the safe custody asset in the future.

17. NOTICES

- 17.1 Any notice, demand or other communication given or made in connection with this Agreement shall be in writing and delivered either personally or by prepaid first class post or transmitted by fax:

(a) in the case of the Fund Manager to:-

Managing Director
Thompson Taraz Managers Limited
47 Park Lane
Mayfair
London
W1K 1PR

Fax: 020 7907 8770

(b) in the case of each of the Investors to:-

the address stated against their name in the relevant Application Form.

- 17.2 Such notice, demand or other communication delivered in accordance with clause 17.1 shall be deemed to have been duly delivered if:

(a) personally delivered, upon delivery at the address of the relevant Party;

(b) sent by first class post, two Business Days after the date of posting; or

(c) faxed, on date of fax (or on the next following Business Day if the date of fax is not a Business Day).

18. EXECUTION

This Agreement will be deemed executed by the Investor in counterpart on submission to the Fund Manager an Application Form, and deemed executed by the Fund Manager on the Commencement Date.

19. DISPUTE RESOLUTION

- 19.1 The Fund Manager has established procedures in accordance with the FCA rules for consideration of complaints. Details of these procedures are available upon request. Should an Investor have a complaint he should contact the Fund Manager. If the Fund Manager

cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service.

- 19.2 The Fund Manager participates in the Financial Services Compensation Scheme, established under FSMA, 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 limited to a maximum of the first £50,000 of the claim. Further information is available from the Fund Manager.

20. DATA PROTECTION ACT 1998

- 20.1 The Fund Manager warrants to the Investors that they are appropriately registered under the Data Protection Act 1998 (the "DPA") for all purposes related to the performance of their functions under this Agreement, and further warrant that they shall take all reasonable steps to maintain such registration and comply with all applicable data protection legislation for the duration of this Agreement.

- 20.2 The personal data which has been provided by the Investors to the Fund Manager (or any of them) will be held and used by the Fund Manager for the purposes set out in or contemplated by this Agreement. The Investors acknowledge that the Fund Manager may also share the personal data with (or obtain other information about the Investors from) other organisations (a) for legal or regulatory purposes, (b) in order to check the accuracy of the information which an Investor has provided, (c) to detect or prevent crime, or (d) to protect the Fund. The Fund Manager may continue to hold personal data about the Investors after termination of this Agreement for legal, regulatory and audit purposes.

21. INTELLECTUAL PROPERTY AND NON-SOLICITATION

- 21.1 Each of the Investors acknowledges the proprietary know how of the Fund Manager in respect of the structure of the Fund and this Agreement, and undertakes not to exploit such know how or intellectual property.

22. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with English law and the Parties agree to submit to the exclusive jurisdiction of the courts of England and Wales.