

THE STELLAR GROWTH EIS FUND INFORMATION MEMORANDUM

IMPORTANT NOTICE

This Information Memorandum ("Memorandum") has been issued by Stellar Asset Management Limited ("Stellar") (a company registered in England and Wales under company number 06386179) which is authorised and regulated by The Financial Services Authority ("FSA") and whose registered office is at 105-107 Gloucester Place, London W1U 6BY. This Memorandum is dated 20 January 2011.

This Memorandum is issued solely for the purpose of seeking subscriptions from potential investors for an investment in the discretionary portfolio investment management service described in this Memorandum to be operated by Stellar known as The Stellar Growth EIS Fund (the "Fund"). The Fund, which is not a separate legal entity, exists to facilitate investment by investors into small to medium sized technology companies which qualify for the purposes of the Enterprise Investment Scheme.

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

Investing in EIS Qualifying Companies through the Fund may expose an investor to a significant risk of losing all of the property or other assets invested. There are significant other risks associated with an investment in EIS Qualifying Companies through the Fund which are set out from page 16.

It is important to note that amounts invested in EIS Qualifying Companies through the Fund will be committed to investments which may be of a long term and illiquid nature. Neither the Fund, nor the EIS Qualifying Companies in which the Investor invests through the Fund, may be quoted on any recognised or designated investment exchange and, accordingly, there may not be an established or ready market in participations in the Fund nor the underlying investments. Investments made through the Fund will therefore not be easily realisable.

The Fund is an unregulated collective investment scheme. This Memorandum is exempt from the restriction on the promotion of unregulated schemes by FSA authorised firms in section 238 of the Financial Services and Markets Act 2000 ("FSMA") on the grounds that it is directed only to persons in the United Kingdom who are one of the following types of person:

- investment professionals within the meaning of Article 14 of the FSMA (Promotion of Collective Investment Schemes) (Exemptions) Order 2005 (the "PCISO");
- persons who are already, or who have been in the last 30 months, participants in an unregulated collective investment scheme whose underlying property and risk profile are both substantially similar to those of the Fund (namely persons who are a Category 1 Person falling within Rule 4.12.IR(4) of the FSA's Conduct of Business Sourcebook ("COBS"));
- persons in respect of whom the FSA authorised firm which is communicating this Memorandum have:
 - (i) taken reasonable steps to ensure that investment through the Fund is suitable; and

- (ii) who are an established or newly accepted client of the FSA authorised firm which is communicating this Memorandum for the purposes of Category 2 of COBS 4.12.IR(4);

- persons in respect of whom the FSA authorised firm which is communicating this Memorandum:
 - (i) have undertaken an adequate assessment of the recipient's expertise, experience and knowledge and that assessment gives reasonable assurance in light of the nature of the Fund that the recipient is capable of making his or her own investment decisions and understanding the risks involved;
 - (ii) have given a clear warning to the recipient that this will enable the recipient to receive promotions in respect of unregulated collective investment schemes; and
 - (iii) have received from the recipient a statement in a separate written document that the recipient is aware that the FSA authorised firm can promote certain unregulated collective investment schemes to him or her for the purposes of Category 8 of COBS 4.12.IR(4); and
- other persons falling within exemptions in the PCISO or COBS 4.12 to whom this Memorandum may be communicated lawfully and within the rules of the FSA.

This Memorandum is provided to you on a confidential basis. The distribution of this Memorandum to any other person in the United Kingdom is not permitted by Stellar and may contravene FSMA. No other person should treat this Memorandum as constituting a promotion to him or rely or act on it. Only FSA authorised firms may forward this Memorandum having first entered into a distribution agreement with Stellar and ensuring that all recipients fall within an appropriate exemption in the PCISO or COBS 4.12.

Unless you are an FSA authorised firm as described above, you may not copy, reproduce, or further distribute this Memorandum or any of its content to any other person at any time, nor discuss with any other person the proposal in this Memorandum without the prior written consent of Stellar.

This Memorandum should not be communicated outside of the United Kingdom without Stellar's prior consent. Significantly, the tax treatment for investors who are based outside of the United Kingdom will differ from that set out in this Memorandum and they may not receive the reliefs available to United Kingdom investors.

Any individual who is in any doubt about investing in EIS Qualifying Companies through the Fund should consult an FSA authorised person specialising in advising on participation in EIS's and/or an appropriately qualified tax adviser.

The information contained in this Memorandum makes reference to the current laws concerning Relief, IHT relief and CGT deferral relief. These levels and bases of relief may be subject to change. The tax reliefs referred to in this Memorandum are those currently available to certain persons and their value depends on individual circumstances.

Past performance is not necessarily a guide to future performance and may not necessarily be repeated. You should be aware that share values and income from them may go down as well as up and you may not get back the amount you originally invested.

Stellar has taken all reasonable care to ensure that all the facts stated in this Memorandum are true and accurate in all material respects as at the date of this Memorandum and that there are no other material facts, or opinions, which have been omitted, which would make any part of this promotion misleading. However, where information has been obtained from third party sources, Stellar cannot accept responsibility for the completeness or accuracy of that information and potential investors must form their own opinion as to the reliance they place on that information.

You will need and be expected to make your own independent assessment of an investment through the Fund and to rely on your own judgement (or that of your independent financial adviser) in respect of any investments you may make through the Fund and the legal, regulatory, tax and investment consequences and risks of so doing.

If you submit an Application Form to Stellar you have 14 days from the date upon which the Application Form is received by the Custodian on behalf of Stellar in which to cancel your investment through the Fund. You may exercise this right of cancellation in writing and without fee or penalty. Stellar shall return any Subscription(s) to an investor who exercises this right of cancellation promptly and, in any event, within 30 days of the date the written notice of cancellation is received by Stellar.

CONTENTS

DIRECTORY OF THE FUND MANAGER AND ITS ADVISERS	4
HOW TO APPLY	4
OVERVIEW	5
THE INVESTMENT STRATEGY	7
FUND STATUS	8
TAX BENEFITS UNDER THE EIS	8
THE INVESTMENT COMMITTEE	9
THE FUND MANAGER	9
THE INVESTMENT ADVISER	10
TRACK RECORD	11
THE FIRST CLOSE TECHNOLOGY FUND	11
TRINAMO	12
THE CUSTODIAN	12
FEES AND EXPENSES	13
FUND STRUCTURE, LIFE OF THE FUND AND EXIT STRATEGY	13
REPORTING TO INVESTORS	14
OTHER INFORMATION	15
RISK FACTORS	16
TAXATION	17
APPENDIX I	
DEFINITIONS	21
APPENDIX II	
COPY OF THE INVESTMENT MANAGEMENT AGREEMENT	22
APPENDIX III	
COPY OF THE CUSTODIAN'S TERMS OF BUSINESS	32
APPLICATION FORM	35

DIRECTORY OF THE FUND MANAGER AND ITS ADVISERS

Fund Manager	Stellar Asset Management Limited Registered office: 105-107 Gloucester Place London W1U 6BY
Investment Adviser	Accretion Capital LLP Waterloo Business Centre 117 Waterloo Road London SE1 8UL
Custodian	Reyker Securities plc 46 St James's Place London SW1A 1NS
Legal Advisers to the Fund Manager	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH
Taxation Advisers	Ernst & Young LLP 1 More London Place London SE1 2AF

Each of the above professional advisers, is named for information purposes only and they accept no responsibility for any statements in, or omissions from, this Memorandum.

HOW TO APPLY

If you wish to invest in The Stellar Growth EIS Fund you should complete, sign and return an Application Form, a copy of which is located on page 35 of this Memorandum, in accordance with the instruction on the Application Form. You cannot make a joint application using this form, but your spouse may apply separately. Please ensure that you satisfy the money laundering requirements (as explained in the accompanying notes on page 37) and enclose the relevant documentation with your application. Please make your cheque payable to "Reyker Securities plc A/C – Stellar EIS" and send it together with your Application Form to:

Reyker Securities plc
46 St James's Place
London SW1A 1NS

If you submit an Application Form to the Fund Manager through the Custodian you have 14 days from the date upon which the Application Form is received by the Fund Manager in which to cancel your investment through the Fund. You may exercise this right of cancellation in writing and without fee or penalty. The Fund Manager through the Custodian shall return any Subscription(s) to an investor who exercises this right of cancellation promptly and, in any event, within 30 days of the date the written notice of cancellation is received by the Fund Manager.

The initial Closing Date for the Fund is Monday 28 February 2011; the final Closing Date will be on or before Friday 29 April 2011.

OVERVIEW

Introduction

The Stellar Growth EIS Fund is an unapproved EIS fund. It exists to facilitate investment by prospective investors into a portfolio of established small to medium sized technology companies, with high growth potential, in order to provide them with capital to assist in and accelerate their growth. The Fund Manager's aim is to manage the funds subscribed by Investors to produce capital gains within a period of three to five years, whilst managing risk. Investment will be into established UK companies which qualify for EIS tax relief.

This area of investing presents opportunities for substantial capital growth and is usually only accessible to venture capitalists, institutional investors and very high net worth individuals: the amount which is expected to be invested by the Fund Manager, on behalf of Investors in the Fund, in an Investee Company, either directly or as part of a syndicate, is anticipated to be in the region of £250,000 to £1 million.

Investment Strategy

The Fund Manager, on the advice of the Investment Adviser, intends to invest in technology based EIS Qualifying Companies. Such companies must have an established revenue stream and have, therefore, already demonstrated that the relevant technology meets its operational objectives. The Fund Manager will target both private companies and companies quoted on AIM and PLUS which need further capital for expansion. The Fund Manager will adopt a diversified approach to investing in small to medium sized companies within the technology sector in order to build a portfolio of companies and will look to identify strong management teams with a clearly differentiated offering. The Fund Manager will not invest in start-ups or companies which have not yet started to generate revenue except in exceptional circumstances. It is the Fund Manager's intention to invest only in EIS Qualifying Companies, thereby enabling investors to obtain the Relief. Investment through the Fund is subject to certain risks, which are set out more fully on page 16.

The Fund will seek to ensure that Investee Companies have access to both the capital and management expertise they need to be successful. The Investment Adviser will be able to draw upon the resources and expertise of Trinamo Performance Acceleration LLP ("Trinamo") to support Investee Companies.

Trinamo is a specialist consulting firm which has a proven track record of helping companies in the technology sector accelerate their growth. This relationship will also improve the deal flow to the Fund. Further details on Trinamo are on page 12.

The Fund Manager will be proactive in assisting Investee Companies achieve their potential and typically will be represented, by the Investment Adviser, on the boards of Investee Companies. The Investment Adviser will use its extensive experience to ensure the Fund Manager's strategy is met.

The valuations of most existing private and AIM and PLUS quoted small to medium sized technology companies are depressed principally because of a shortage of capital, both through a lack of direct investment and unsuccessful flotations, and management expertise.

The Fund intends to exploit the valuation gap that, in the Fund Manager's opinion, exist between those emerging technology companies and those that have reached critical mass which are being acquired by larger organisations with substantial cash reserves.

The Fund intends to invest in qualifying public companies where their size means that they are of limited interest to most institutional investors.

The Fund Manager

Stellar (which was established in 2007) will operate and manage the Fund. Its directors have been responsible for the creation and management of a wide range of investment opportunities for the retail investment market. Stellar is authorised and regulated by the FSA and provides its services to Investors in accordance with the terms of the Investment Management Agreement set out in Appendix II of this Memorandum, which Investors will be deemed to enter into by completing, signing and returning an Application Form in accordance with the terms set out in this Memorandum.

The Investment Adviser

The Fund Manager will be advised by Accretion Capital LLP (which was established in 2007) which is seeking to become a leading provider of investment capital and advisory services to the European emerging technology market. Accretion is authorised and regulated by the FSA and is run by a team of specialists familiar with investing in both the unquoted and quoted markets and with extensive experience in the management of technology businesses, in both an executive and a non-executive capacity. The Fund Manager has entered into an Investment Advisory Agreement with Accretion pursuant to which Accretion will provide investment advisory services to Stellar.

The Investment Advisory Agreement may be terminated on 30 days' prior written notice by either the Fund Manager or Accretion if the other materially breaches any of its material obligations under the Agreement. The Investment Advisory Agreement may also be terminated in certain circumstances (e.g. the insolvency of either party at any time).

The Custodian

The Fund Manager, as agent of each Investor, shall appoint the Custodian as its agent to:

- (i) process Application Forms (including the requisite anti-money laundering information from applicants) and collect Investors' Subscriptions;
- (ii) provide custody services to Investors' Subscriptions prior to acceptance by the Fund Manager on a Closing Date; and
- (iii) provide custody and nominee services to Investors through the Fund Manager from the first Closing Date in accordance with its Terms and Conditions of Business as set out in Appendix III of this Memorandum.

The Custodian is entitled to a fee for the provision of custody and nominee services, which are set out on page 11, and paid by the Investors to the Fund Manager, who will in turn pay the Custodian.

The Custodian's appointment may be terminated by either the Fund Manager or the Custodian upon 120 days' prior written notice although in certain circumstances (e.g. the insolvency of either party or an unremedied breach after notice) the appointment may be terminated at any time.

The Fund Structure

The Fund is not a separate legal entity but comprises a discretionary portfolio investment management service operated by the Fund Manager, which investors will enter into on the basis of the Investment Management Agreement set out in Appendix II. The Fund exists to facilitate investment by investors into small to medium sized technology companies which qualify for the purposes of EIS. Upon acceptance of a completed and signed Application Form by the Fund Manager, Investors' subscription monies will be held in a bank account by the Custodian through the Nominee pending investment, with each Investor's subscription clearly identified.

The shares in which the Investors' Subscriptions are invested by the Fund Manager will be subscribed for, issued to and held by the Custodian through the Nominee for the Investors. The Investors will however at all times remain the beneficial owners of their proportion of the shares in each Investee Company, rather than having a proportionate interest in all the shares in which the Fund Manager invests on behalf of all the Investors in the Fund.

The number of shares allocated to each Investor will be calculated by reference to the proportion that the Investor's subscription bears to total subscriptions of all the Investors in the Fund at the time of any investment is made. Minor variations may occur to avoid allocating fractions of shares to the Custodian as nominee for individual Investors.

By signing the Application Form, Investors are confirming that they will have a direct relationship with the Fund Manager and that their Subscriptions will be administered by the Custodian in accordance with its Terms and Conditions of Business set out in Appendix III of this Memorandum. This will be confirmed by the Investor entering into the Investment Management Agreement.

The Investment Committee (as described in further detail on page 9) will be responsible for making investment decisions for the Fund. Its decisions are final.

Exit Strategy

The investment strategy is to invest in established small to medium sized technology companies which will enable the Fund Manager, on the basis of Accretion's advice, to determine a realisation strategy in advance of making the investment. The Fund Manager is likely to exit an investment either by way of a trade sale to a strategic buyer or a financial buyer or through a stock market IPO.

For the Relief to be fully available, the shares of each Investee Company need to be held for at least a three year period which would, in normal circumstances, be the minimum period of investment. However, circumstances may arise whereby it is more efficient to lose the tax relief in order to realise the investment in a company, particularly if the gain exceeds the tax benefits.

Fees and Expenses

Fees and expenses will be payable by Investors in the Fund. Details of the fees and expenses are set out on page 13.

How to Invest

In order to invest in the Fund you should complete, sign and return the enclosed Application Form together with your investment, in accordance with the instructions on the Application Form.

The minimum amount you can invest is £10,000 and multiples of £1,000 thereafter. There is no maximum size of investment but income tax relief under the EIS legislation applies only to the first £500,000 invested in EIS Qualifying Companies in any tax year.

The minimum amount proposed to be raised by the Fund Manager in respect of the Fund is £1.5 million and the target amount is £10 million.

The initial Closing Date for investments in the Fund is Monday 28 February 2011. The second and final Closing Date for investments in the Fund will be on or before Friday 29 April 2011.

On acceptance of an Application Form on or after the initial Closing Date, by the Fund Manager, a binding agreement will exist between the Investor and the Fund Manager in the terms of the Investment Management Agreement set out in Appendix II of this Memorandum, and investment activity will commence.

THE INVESTMENT STRATEGY

The current uncertainties in world markets and the fall out from the technology bubble of the late 1990s means that there is now a limited amount of capital available for emerging, innovative UK companies. The valuations of most existing private and AIM and PLUS quoted "micro cap" technology companies are depressed and there are few experienced providers of capital actively investing in these companies. In addition, in the Investment Adviser's opinion, many of these companies would also benefit from access to a broader range of management expertise and industry contacts than that which is currently available to them.

The Fund Manager and Investment Adviser will use its industry knowledge and contacts to assist the management teams of Investee Companies in the strategic planning, operations and day to day management of the businesses. The Investment Adviser intends to work closely with Trinamo to help Investee Companies improve their sales and marketing practices to accelerate their sales.

The fall out from the bursting of the "dotcom" bubble has made it difficult for venture capitalists to raise new funds, with the result that they are less able to make fresh investments or even to support existing investments. It is both the Fund Manager's and Investment Adviser's opinion that this has created investment opportunities at attractive valuations.

The Fund Manager aims to take advantage of these opportunities by investing, possibly as part of a potentially larger financing round, with the aim of providing sufficient capital to Investee Companies to enable them to pursue their business plan. In most cases, the Investment Adviser, where appropriate, will seek to use its numerous contacts to raise additional money from third parties for Investee Companies (alongside the investments by the Fund) and it is anticipated that the total monies raised for any particular Investee Company will normally be in the £1 million to £3 million range.

Currently, larger capitalised technology companies' shares are significantly more highly valued than smaller capitalised technology companies and the Fund will be looking to bridge this gap through the team's own extensive experience in managing and leading a variety of technology and related businesses and the team's extensive industry, management and financial contacts.

The Fund Manager will undertake both commercial due diligence and financial and legal due diligence on targeted investments and will look to be in a position to exercise such influence as is deemed to be appropriate to ensure that Investee Companies have the managerial skills and industry experience necessary to execute their business plan. Investments will typically be made in companies which have already proven that the underlying technology meets its objectives and is revenue generating; however, these companies will also need capital, both for expansion and to improve their balance sheet.

The Fund Manager and the Investment Adviser will work with each Investee Company to agree an exit strategy in advance of making an investment and will actively pursue that strategy. Investments will be made on a three to five year view, with a view to exiting either by means of a trade sale to a strategic or financial buyer, or through a stock market IPO.

The Fund Manager will only invest in EIS Qualifying Companies as described below. Each EIS Qualifying Company in which the Fund Manager invests must initially (i.e. at the time of issue of the shares) not be listed on a recognised stock exchange, as defined for the purposes of Relief, and there must be no arrangements in place for it to become so listed. Companies quoted on AIM, the PLUS Quoted and PLUS Traded Markets are treated as unquoted for the purposes of the Relief. In addition, throughout the relevant period (the period from the date of issue of the shares in the EIS Qualifying Company to the date three years from that date or, if later, from the date of commencement of trade) it must not be a subsidiary of, or be controlled by, another company, it must either exist to carry on a qualifying trade or else be the parent company of a trading group, and there must be no arrangements in existence for the company to become a subsidiary of, or be controlled by, another company.

An EIS Qualifying Company is able to be the parent of a trading group if each of its subsidiaries is a qualifying subsidiary. A qualifying subsidiary exists where at least 50% of the shares of each subsidiary are held by the EIS Qualifying Company, but any subsidiary employing any of the money raised by the issue must be a qualifying 90% subsidiary. Non-qualifying business activities (these broadly comprise investment activities and certain, specific non-qualifying trades as summarised below) must not represent a substantial part of the business of the group as a whole. The qualifying business activity for which the money is raised by the share subscription must be for a company with a permanent establishment in the UK and the trade must be conducted on a commercial basis and with a view to the realisation of profit. The value of the gross assets of the company and any subsidiaries must not exceed £7 million immediately before the issue and £8 million immediately after it. Most types of trades are qualifying trades although the following are excluded:

- shipbuilding, coal and steel production;
- dealing in land, commodities or futures, or in shares, securities or other financial instruments;
- dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution;
- acting as a wholesaler or retailer of goods of a kind which are collected or held as investments if stock is not actively sold;
- banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities;
- leasing activities (including the charter of ships on hire although there are certain exceptions for this sector) or receiving royalties;
- receiving licence fees (again subject to certain exceptional cases);
- providing legal or accountancy services;
- farming and market gardening;
- forestry and timber production;
- property development;
- operating or managing hotels or similar establishments;
- operating or managing nursing homes and residential care homes; and
- providing services to a trade consisting of any of the above carried on by a connected person.

Two new conditions were introduced by the Finance Act 2007 which apply with effect from 19 July 2007. First, an EIS Qualifying Company must have no more than 50 full time equivalent employees at the time of the share issue. Secondly, from 19 July 2007, an EIS Qualifying Company can raise no more than £2 million in a 12 month period from any or all of the Enterprise Investment Scheme, the Corporate Venturing Scheme and Venture Capital Trusts (where the VCT raised its funds after 5 April 2007).

The Finance Act 2009 amended a condition regarding the use of funds. The Fund must now use all funds raised within two years of the relevant Closing Date.

FUND STATUS

The Fund is not a separate legal entity and is not therefore an approved EIS fund. Accordingly, Relief will only be available once the Investor's subscription monies are invested by the Fund Manager in underlying investments in EIS Qualifying Companies and will apply as at the respective investment dates.

Each Investee Company will seek approval from HM Revenue & Customs ("HMRC") in respect of its EIS qualifying status. There is, however, no guarantee that such approval will be given by HMRC in respect of each or any Investee Company nor that an Investee Company will retain its EIS qualifying status. The Fund Manager will provide Investors with the relevant documentation to claim the Relief. For EIS purposes, shares in an Investee Company will be treated as if they were subscribed for and issued to the Investors personally. Shares will be held by the Nominee for each of the Investors.

TAX BENEFITS UNDER THE EIS

The EIS was introduced in 1994 to provide an incentive for new equity investments in unquoted trading companies to help overcome the problems faced by such companies in raising small amounts of equity finance. The scheme is targeted at small and relatively new companies to enable them to attract additional outside equity.

It is important to note that the taxation treatment mentioned below depends on the individual circumstances of each investor and may be subject to future change.

The EIS tax benefits can be summarised as follows:

- Income tax relief on the cost of the shares at 20% up to a maximum personal investment of £500,000 (providing maximum income tax relief of £100,000 in any one year);
- This income tax relief is available separately to both the Investor and his or her spouse (i.e. £500,000 each);
- Capital gains tax (CGT) relief is available on the disposal of an EIS Qualifying Company which has been held for at least three years, which has qualified for Relief, so long as such relief has not subsequently been withdrawn;
- If an Investor has realised or will realise taxable capital gains from other investments, the CGT arising on such gains may be deferred if an investment in an EIS Qualifying Company is made within one year before or three years after the date of disposal of the assets which gave rise to the gains;
- 100% Inheritance Tax relief (using Business Property Relief) is available on any investment in an EIS Qualifying Company which has been held for at least two years; and
- In the event that the investment is not successful, loss relief is available on 80% of the net cost of any failed investment (after deducting the 20% income tax relief) where there are no realisation proceeds. This can be offset against other income or gains at up to 50%. This provides a further tax relief at an effective rate of 40% (i.e. $80\% \times 50\% = 40\%$) and means that the maximum loss which an investor may suffer is 40 pence for every £1 invested.

From 6 April 2010 a higher rate of income tax will be introduced for those individuals with income in excess of £150,000 per annum which will affect any claim for loss relief against income tax.

Changes to the CGT regime, introduced as at 6 April 2008, created a further opportunity for investors. Capital gains arising before the change in legislation may be deferred and ultimately subject to tax at 28%, as opposed to 40%.

Relief will only be available on the amount invested in EIS Qualifying Companies and will be net of the fees and charges shown on page 13.

THE INVESTMENT COMMITTEE

The Investment Committee will comprise representatives from both the Fund Manager and the Investment Adviser.

Jonathan Gain and Craig Reader will represent the Fund Manager and Steve Bellamy and Mike Bourne will represent the Investment Adviser.

The committee will meet as often as required to evaluate the opportunities proposed by the Investment Adviser, to agree levels of investment and an investment monitoring programme.

The committee will be chaired by Craig Reader, who will have a casting vote, and its decisions will be implemented by the Fund Manager. The decisions of the Investment Committee are final.

THE FUND MANAGER

Pursuant to the Investment Management Agreement, the Fund Manager will be appointed to manage each Investor's Portfolio of investments through the Fund. The Fund Manager is authorised and regulated by the FSA. A copy of the Investment Management Agreement is set out in Appendix II.

Stellar was incorporated in 2007. Its directors have been responsible for the creation and management of a wide range of investment opportunities for the retail investment market (see below). The board of the Fund Manager is as follows:

Jonathan Gain is the founder and chief executive of Stellar. Prior to setting up Stellar, Jonathan spent 13 years at Close Brothers Investment Limited having joined in 1993. Whilst at Close Brothers Investment Limited, he qualified as an accountant and in 1998 was appointed finance director. He was primarily responsible for the company's financial interests and had responsibility for structuring, launching and monitoring a large number of tax and property based funds, and The First Close Technology Fund. Jonathan became managing director at Close Brothers Investment Limited in early 2006 and left at the end of 2006 when the company had approximately £1 billion of funds under management.

Craig Reader is the chairman of Stellar. He founded Close Brothers Investment Limited in 1991 and was its managing director from inception until early 2006. During his tenure, over £1 billion of capital was raised from private investors for a wide range of products and the number of employees grew to over 100. Craig was responsible for creating Close Brothers Investment Limited's excellent reputation for innovative tax and property based investment products.

Stephen McKeever trained and qualified as a chartered surveyor with a private property company before joining Close Brothers Investment Limited in 1998. At Close, he was a divisional director and was responsible for a number of funds which undertook a range of property trading activities including residential, commercial and mixed use developments, land dealing situations and the acquisition of commercial portfolios requiring active management to generate capital growth.

Gordon Pugh graduated from Loughborough University in 2000 before joining Close Brothers Investment Limited. During his time at Close, Gordon helped to structure and monitor a number of EIS companies and funds before moving to the marketing team to help in the distribution of property and tax efficient investments including venture capital trusts. In 2005, Gordon left Close Brothers Investment Limited for Octopus Investments Limited as relationship manager. When he joined Octopus Investments Limited it had £90 million of funds under management: on leaving at the end of 2007, to join Stellar, this figure had risen to £400 million.

The directors were employed by Close Brothers Investment Limited for a combined total of 38 years and launched products which invested in both the commercial and residential property sectors.

A number of these funds were structured to mitigate investors' taxation liabilities and the directors have experience in promoting opportunities such as that proposed in this Memorandum. They have also acted as marketing adviser to companies which have sought and achieved an official listing on the London Stock Exchange.

Many of these products were innovative in that they offered opportunities which had not previously been available to private investors.

THE INVESTMENT ADVISER

Accretion Capital LLP is a specialist European technology company adviser and investor formed in 2007. Its partners have extensive skills and experience in this sector and they seek to provide capital and expertise to companies in the European technology sector with the aim of enabling them to fulfil their potential on a self sustaining basis.

The Investment Adviser will, inter alia, be responsible for identifying investment opportunities and will make recommendations for the purchase, acquisition or sale of particular investments. The Investment Adviser will also monitor the progress of all investments and advise on any action which may be needed to effect the Investment Strategy and assist the Fund Manager in its reporting obligations.

The partners of the Investment Adviser are as follows.

Stephen Bellamy – Chief Executive

Steve has 15 years' operational and strategic business experience (in both an executive and non-executive capacity) and 16 years' investment experience (both quoted and venture capital/private equity related). Since 2000 Steve has held various advisory and non-executive roles, mostly in the technology industry, working with capital providers and private and public companies.

Previously, Steve was chief operating officer (1999 to 2001) and finance director (1994 to 1999) of Sherwood International Plc (a company listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange plc's market for listed securities). He was instrumental in Sherwood's turnaround from being a diverse UK centric group with annual losses of £2 million on revenue of £26 million (in 1993), to being a leading technology solutions supplier to the global insurance industry and UK government with revenue of £55 million and profits of £8.5 million (in 2000). From 1986 to 1993 he was a UK investment director of Brierley Investments, an active investor in undervalued UK quoted companies, and from 1981 to 1986 worked at Coopers & Lybrand (now PricewaterhouseCoopers) in New Zealand and New York.

His previous non-executive roles include the following: chairman of ImagoQA Ltd and Dr Foster Ltd, non-executive director of Budgens plc, a member of the ISIS Capital advisory committee and adviser to various corporate capital providers. Steve is currently chairman of The First Close Technology Fund and a non-executive director of Advanced Medical Solutions Group plc, Vislink plc and BeCrypt Ltd, all of which are technology companies. He qualified as a chartered accountant in New Zealand.

Michael Bourne – Chief Investment Officer

Mike has over 20 years' experience as a specialist technology industry fund manager. He founded Reabourne in 1995 and was chief executive from 1995 until September 2004 (when Reabourne was acquired by Close Brothers Group plc) and then became chief investment officer until 1 January 2007 when he left to set up Accretion Capital LLP with Steve and Pierce Casey (referred to below). Mike was previously a director of Henderson Investment Management (1992 to 1995) and started his investment career at Provincial Insurance (Prolific) in 1985, becoming the fund manager of Prolific Technology Unit Trust (1988 to 1992). He was an investor in Sherwood and has known Steve since then. Mike and Steve also worked together on The First Close Technology Fund from 2000 to 2008, where Mike was a committee member and the technology adviser. He was until recently a member of the techMARK advisory board. Under Mike's leadership the Reabourne team won numerous industry awards (see next section) including being named techMARK fund manager of the year on three occasions as well as a number of awards from Standard & Poor's. Mike is currently a non-executive director of Cygna Negra Limited. He qualified as a chartered accountant and is a member of the Institute of Chartered Accountants in England and Wales.

Pierce Casey – Non-Executive Chairman

Pierce Casey is a Chartered Accountant who has combined a private equity career as a director of Apax Partners and Alchemy with a successful entrepreneurial record. He has founded and chaired several successful companies which have floated in London and Frankfurt, including Fayrewood (IT), ComputerLinks (IT security), Imprint (recruitment) and Getmobile (telecoms). In addition he has invested in, and exited a number of private companies, notably Walker Hamill (recruitment) and Omnilogic (IT). He chairs his own investment office and is a director of numerous companies including Ennismore European Smaller Companies Hedge Fund. He was recently appointed CEO in residence of Waterford Institute of Technology, one of the largest institutes of technology in Ireland which was recently named Institute of Technology of the Year 2009 by the Sunday Times.

TRACK RECORD

Mike Bourne is one of the most recognised names in technology investing and made his name as manager of the Finsbury Technology Trust which he ran from 1995 to 2007.

Mike was chief investment officer at Rebourne Technology Limited which won the following awards in respect of its management of three separate investment funds listed below.

Finsbury Technology Trust plc

- 1st Place, 3 & 5 Years for UK Investment Trusts, Spec. TMT, Standard & Poor's Fund Awards 2001, 2002 & 2003
- techMARK Fund Manager of the Year 2000

Close Finsbury EuroTech Trust plc

- Technology Fund Manager of the Year 2005, techMARK Awards
- Best Specialist Trust 2005, Investment Trusts Magazine
- Technology Fund Manager of the Year 2003, techMARK Awards
- Best Specialist Trust 2003, Investment Trusts Magazine

Close Finsbury Global Technology Fund

- Five Years – 1st Place for UK Marketed Funds TMT Global sector, Standard & Poor's Fund Awards 2005
- One & Five Years - 1st Place for UK Marketed Funds TMT Global Sector, Standard & Poor's Fund Awards 2004
- Winner Equity Sector Technology, Lipper Citywire Awards 2004
- 1st Place, One Year Registered for Sale Fund, TMT Global sector, Standard & Poor's Fund Awards 2002

THE FIRST CLOSE TECHNOLOGY FUND (THE "FCT FUND")

This fund was launched by Close Brothers Investment Limited in May 2000 to raise capital from private investors under the EIS for companies seeking early stage capital before moving onto a wider public placing of shares. The investment strategy is, therefore, broadly similar to that contemplated by The Stellar Growth EIS Fund, although, by seeking to invest principally in companies already established and revenue generating. The Stellar Growth EIS Fund will normally be investing at a later stage of development.

The chairman of this fund is Steve Bellamy and Mike Bourne, through Rebourne, was its technology adviser.

As at 30 June 2010 the FCT Fund had increased in value by 51.6% since inception compared to a 52.5% decrease in value of the FTSE techMARK 100 over the same period. Assuming investors participated in all of the FCT Fund's investments, the FCT Fund achieved a realised IRR of 9.8% to 30 June 2010. This calculation ignores any value in the FCT Fund's remaining three investments. The FCT Fund achieved an annual return to 30 June 2010 of 17.1% when the benefit of the EIS income tax relief is taken into account (assuming investors are higher rate tax payers).

Investors in the FCT Fund have to date received £1.89 (inclusive of both tax relief and a valuation as at 30 June 2010 of the remaining investments) for every £1.00 invested.

Investors should note that past performance is not a reliable indicator of future performance and Investors should not rely upon past performance when considering whether or not to invest in the Fund.

TRINAMO

Trinamo is a team of sales and marketing specialists with a majority of clients in the technology sector. Trinamo works closely with their customers to help them boost business performance and increase revenues. They do this by helping them win more customers, retain existing customers and grow the revenues they receive from them.

Trinamo was founded over five years ago and has worked with pure start-ups and large corporates in the technology, telecoms, media, manufacturing and professional services industries. Their specialists have extensive experience not only of setting strategy and targets, but also the hands-on delivery that ensures goals are met. From marketing and sales strategy development to sales management, business development, customer relationship management and communications they draw on expertise across the team to provide the support a business needs.

THE CUSTODIAN

The Fund Manager has entered into an agreement with the Custodian under which the Custodian will provide administration, custodial and nominee services to the Fund Manager and each Investor in accordance with its terms of business which are set out in Appendix III of this Memorandum.

Funds held by the Custodian on behalf of Investors will earn interest at a rate not less than that paid by National Westminster Bank plc on its Client Deposit Manager Account. As at 1 November 2010, the rate on that account was 0.1% whilst the Bank of England Base Rate was 0.5%.

The Custodian will deposit and hold Investors' cash in one or more client bank accounts, in which Investor funds may be aggregated, with National Westminster Bank plc or with any other banking institution that is approved by the FSA in accordance with the FSA's Client Money Regulations.

Interest earned on cash held on behalf of investors will be credited net of tax if such interest amounts to £2.50 or more, otherwise if less than £2.50 interest credited by us to Investors' accounts will be nil. Where applicable, interest will be credited to accounts quarterly on 5 January, 5 April, 5 July and 5 October each year.

The agreement with the Custodian may be terminated by either the Fund Manager or the Custodian upon 120 days' prior written notice although in certain circumstances (e.g. the insolvency of either party or an unremedied breach after notice) the agreement may be terminated at any time.

The Custodian's Order Execution Policy

The Custodian will be responsible for executing the instructions of the Fund Manager, based on the decisions of the Investment Committee.

When executing the Fund Manager's instructions the Custodian will take all reasonable steps to obtain the best possible result, taking into account the following execution factors:

- each Investor's client classification;
- the order, its size and its nature;
- the characteristics of the financial instrument to be dealt;
- the execution venues to which the order can be directed;
- price, costs, speed, and likelihood of execution and settlement;
- any other factors relevant to the execution of the order.

The Custodian will determine the relative importance of these factors by using their commercial judgement and experience in the light of market information available and by taking into account any other execution factors. Price will ordinarily merit a high relative importance in obtaining the best possible result, but in some circumstances the Custodian may determine that other execution factors are more important than price in obtaining the best possible execution result.

Venues that orders will be executed on include AIM and PLUS. Some orders may be executed outside a regulated market.

The Custodian will determine the relative importance of each execution factor and any specific instructions provided by the Fund Manager, and the Custodian will select the most appropriate execution venue from those available and execute your order accordingly.

Investors will, in the Application Form be asked to give their prior consent to the Custodian's Order Execution Policy (as described here) and their prior express consent to the Custodian executing orders outside of a regulated market.

FEES AND EXPENSES

Investors will be charged the following fees:

Initial Charge

An initial charge of 5.75% of each subscription will be payable to the Fund Manager. Out of this fee the Fund Manager will pay the establishment costs of the Fund including commission to authorised intermediaries, usually at the rate of 2.5% of the amount raised by the relevant intermediaries for investment through the Fund.

Annual Management Fee

In addition, an annual management fee of 0.7% of each subscription (less any part thereof which has been repaid) will be charged by the Fund Manager for the provision of investment management services pursuant to the Investment Management Agreement.

From this annual management fee the Fund Manager will pay a trail commission to authorised intermediaries usually at a rate of 0.5% per annum of the amount raised by the relevant intermediaries for investment through the Fund.

Investment Adviser Fee

The Investment Adviser will be entitled to an investment advisory fee of 0.8% of each subscription (less any part thereof which has been repaid) for the investment advisory services provided pursuant to the Investment Advisory Agreement. This fee will be paid by the Investors to the Fund Manager, who in turn will pay the Investment Adviser.

Custodian Fee

The Custodian will also charge the Fund Manager an annual custodian fee of 0.5% (subject to a minimum of £30 per annum) of each subscription (less any part thereof which has been repaid) pursuant to its Terms and Conditions of Business set out in Appendix III.

This fee will be paid by the Investors to the Fund Manager, who will in turn pay the Custodian.

The Fund Manager will be responsible for the fees of the Custodians before an Investor's application is accepted.

The Custodian's standard dealing charges and stamp duty (if applicable) apply to market deals when the Fund Manager instructs the Custodian to deal on an execution-only basis on behalf of the Investor. Dealing rates are available upon request and are charged directly to the Investor.

Performance Fee

The Fund Manager will also be entitled to a performance fee equal to 20% of the net profit achieved by each Investor's Portfolio; this will only be payable after the full amount of the Investor's original Subscription capital has been repaid. The Fund Manager will share this performance fee with the Investment Adviser; 80% of any performance fee will be paid by the Fund Manager to the Investment Adviser.

The Fund Manager and the Investment Adviser reserve the right to deploy a structure designed to optimise the value of their performance fee to themselves and their investment management teams.

All fees (including the performance fee, if structured as a fee) may be subject to VAT.

Other Fees

The Fund Manager and/or the Investment Adviser may also charge fees for services provided directly to Investee Companies which may include the provision of a non-executive director and for assisting in the raising of funds for Investee Companies from third parties.

FUND STRUCTURE, LIFE OF THE FUND AND EXIT STRATEGY

The Stellar Growth EIS Fund has not been approved by HM Revenue & Customs because its investment objective is to invest over a period of approximately 24 months in order to maximise the Tax Advantages for Investors who want to secure Relief against their income in tax years 2010/11 to 2011/12. The Fund is a discretionary portfolio investment management service which Investors can enter into on the basis of the Investment Management Agreement. Following the Initial Closing Date of the Fund on 28 February 2011, subject to the minimum amount having been raised, the Fund Manager will look to commence the investment of tranches of between £250,000 and £1 million, into a portfolio of EIS Qualifying Companies.

The shares in which the Fund Manager will invest Investors' Subscription monies (after deduction of fees and charges) will be subscribed for by, issued to and held by the Custodian through the Nominee, acting as nominee for the Investors. However, individual Investors will at all times remain the beneficial owner of the shares in each Investee Company, rather than just having a proportionate interest in all the shares in which the Fund Manager invests on behalf of all the Investors in the Fund. Under EIS legislation, these investments must be in the form of new ordinary shares. The number of shares allocated to each Investor will be calculated by reference to the proportion that his or her subscription bears to the total subscriptions of all the Investors at the time of any investment. Accordingly, the number of shares allocated may differ depending on whether an Investor's Subscription is received prior to the initial or final Closing Date, and when Investments have been made. Minor variations may occur in order to avoid allocating fractions of shares to individual Investors. The only exception to this is when practising accountants or other professional persons may be excluded from an investment which their professional rules prevent them from making. In these cases, any amount not invested for this reason will be returned to the individual in question, and will not be used to increase their share of other fund investments.

Claiming Tax Relief

Each Investor will receive EIS 3 certificates (either in his/her own name or in the name of the Custodian) in respect of the Investor's qualifying investments. Following receipt of the EIS 3 certificates, an individual Investor can claim EIS income tax relief by entering it in their self assessment tax returns for the relevant tax year in which an investment is made.

If the Investor receives the EIS 3 certificate following submission of his/her tax returns (for example, to claim carry back relief) he can claim relief by completing the claim section in the form EIS 3 and sending it to his tax office. The latest date for making a claim is five years after the first 31 January following the tax year to which the claim relates.

To claim capital gains deferral relief, the Investor should complete the claim section in form EIS 3 and send it to their tax office.

To claim loss relief the Investor must give written notice to his tax office within 12 months from the first 31 January following the tax year in which the disposal takes place. Normally this is done by making an entry in their self assessment return.

Taxation treatment depends on the individual circumstances and is subject to change in the future.

Closing Date and Size

The Fund will be open to applications from the date of this Memorandum and the Fund's initial Closing Date will be on 28 February 2011 and the final Closing Date will be on or before 29 April 2011 on achieving the maximum target amount of £10 million.

The Fund Manager will begin making Investments immediately following the initial Closing Date. Investors who subscribe after the first Closing Date may or may not be invested in the same EIS Qualifying Companies as those who invest before the first Closing Date, depending on the timing of Investments. The Fund will finally close when it has reached the maximum target amount or otherwise on the final Closing Date.

Life of the Fund

Under normal circumstances, the Fund Manager will hold Investments in Investee Companies for a minimum period of three years, in order to ensure that Relief is not lost. There may, however, be occasions when the interests of Investors as a whole are best served by the Fund Manager realising part or all of an Investment at an earlier date, particularly if the capital gain will exceed the tax benefits.

It is the Fund Manager's intention to secure an orderly disposal of Investments within a three to five year period and you should only invest if you plan to leave your investment intact for at least five years. On final termination of the Fund, you can decide whether you wish the Fund Manager:

- to transfer all remaining Investments in your Portfolio into your name (or as you direct), and pay any cash held in your Portfolio to you; or
- to sell all remaining Portfolio investments and pay the proceeds of sale to you, together with any cash held in your Portfolio.

Exit Strategy

The Fund Manager intends to invest in small to medium sized technology companies with proven technology, which are already revenue generating and which may have already achieved a quotation on AIM or PLUS. As such, when the time comes for the Fund Manager to realise its investments in years three to five, a market value should have been established and a positive exit route should exist. In the event that an Investee Company has not achieved a public quotation, an alternative exit route will be sought. This could include:

- a sale to third parties or a trade sale;
- a management buy out by other shareholders or by the Investee Company itself; or
- the sale of an Investee Company's assets followed by a liquidation.

REPORTING TO INVESTORS

The Fund Manager places great importance on keeping Investors informed about developments in the Investee Companies, their prospects and their route to realisation. Investors will receive regular reports, bi-annual statements and valuations of their respective Portfolio activities. Reports will contain a summary of the performance of the Investee Companies and provide information about acquisitions and disposals made during the relevant period.

OTHER INFORMATION

Valuation Principles

All investments will be valued according to best practice as set out under the International Private Equity and Venture Capital Valuation Guidelines. The overriding principle of these valuation guidelines is to show a fair valuation of the investment to the investors based on what would be a fair transaction between informed parties at arm's length. Prudence is a central concept of the valuation guidelines. All Portfolio company investments will be valued on a half-yearly basis.

Investment Management Agreement

The arrangements described in this Memorandum relate to the offering by the Fund Manager of a discretionary portfolio investment management service. This service will be conducted subject to the terms of the Investment Management Agreement (as set out in full in Appendix II). By applying to subscribe through the Fund, the Investors appoint Stellar as Fund Manager to invest their subscriptions on a discretionary basis into companies selected by the Fund Manager on the basis of investment advice from the Investment Adviser. The target amount for this Fund is £10 million. The minimum size of the Fund is £1.5 million. The minimum subscription from an Investor is £10,000. Whilst there is no maximum subscription, the maximum qualifying investment by an individual seeking income tax relief is £500,000 in any one tax year.

The Fund Manager intends to invest in a number of companies and to limit investment in any one company to not more than 50% of aggregate Subscriptions by Investors.

The Fund is not a separate legal entity but comprises the monies subscribed by prospective Investors to be managed by the Fund Manager pursuant to its discretionary portfolio investment management service on the terms set out in the Investment Management Agreement. The Fund is, however, considered to be an unauthorised collective investment scheme (as defined in section 235 of the Financial Services and Markets Act 2000).

The Fund Manager intends to invest only in EIS Qualifying Companies. An Investor will only be allocated an interest in an Investee Company if their application has been accepted by the Fund Manager at the time such investment is made.

Investors may not withdraw invested funds from the Fund at any time prior to the end of the life of the Fund.

Investment Administration for Investors

All investments made on behalf of Investors will be held on behalf of each Investor (but subject to instructions from the Fund Manager under the Investment Management Agreement) by the Custodian through the Nominee under arrangements that enable each Investor's entitlements to be separately identified.

Conflicts Policy

The Fund Manager, in accordance with FSA rules, operates its business in such a way as to minimise the occurrence of conflicts of interest and to enable it to resolve such conflicts where possible.

The Fund Manager maintains a written conflicts policy, a copy of which is available on request.

Complaints

Should an Investor not be satisfied with the investments made through the Fund then the Investor should complain to the Compliance Officer at the Fund Manager in the first instance. If the Investor is still not satisfied with the Fund Manager's response then the Investor may be entitled to pass their complaint to the Financial Ombudsman Service. More information about the Investor's right to complain to the Financial Ombudsman Service is available at www.fos.org.uk.

Compensation

In the event that the Fund Manager is unable to meet its liabilities to an Investor in full for any valid claims in respect of certain types of investment business carried out with or for the Investor, certain types of Investor may be entitled to compensation from the Financial Services Compensation Scheme. Payments under the scheme are limited and subject to maximum payments. The level of compensation currently available under the scheme depends upon the type of business and the circumstances of the claim. Most types of investment business are covered for 100% for the first £50,000. Full details of this cover and how to obtain compensation are available to Investors upon request. More information can also be obtained from the Financial Services Compensation Scheme on telephone number: 020 7892 7300, at their address: 7th Floor, Lloyd Chambers, Portsoken Street, London E1 8BN or at their website: www.fscs.org.uk.

RISK FACTORS

Investment Risks

- The Fund will invest in unquoted companies (as defined under the relevant EIS legislation which includes companies quoted on AIM and PLUS) the securities of which may not be freely marketable and this may restrict the Fund's ability and any Investor's ability to exit any investment it makes.
- Subscription to a fund such as The Stellar Growth EIS Fund should not be considered a short-term investment. Any withdrawals within three years of investment into Investee Companies will result in the loss of Relief in relation to those companies. The Fund Manager is usually likely to seek an exit after three years; however, if this timing is not appropriate it is possible that investments may be held for a longer, potentially much longer period.
- One or more Investee Companies may fail, their securities may be sold for substantially less than their acquisition cost or those securities may have no value at all. Accordingly, an Investor may potentially lose the total amount of an investment in any Investee Company.
- The value of shares can go down as well as up and this could result in an Investor incurring a total loss of their investment. If you cannot afford to lose all of your investment, you should not consider applying to subscribe through the Fund.
- There can be no guarantee that the investment objective of the Fund will be achieved.
- The Offer is not underwritten and there is therefore the possibility that the Fund may not reach its target minimum level of investment.
- The past performance of investments managed by the Fund Manager or the Investment Adviser should not be regarded as an indication of the performance of future investments made by the Fund Manager on behalf of Investors through the Fund.
- It may take considerable time to realise any of the Fund's investments.
- It may be difficult to obtain accurate information to determine the current value of the Fund's investments.
- Market makers may not be prepared to deal in the Fund's AIM or PLUS quoted investments.
- Many unquoted companies have small management teams and are highly dependent on the skill and commitment of a small number of individuals. The performance of Investee Companies may therefore be adversely affected by the departure or unavailability of certain key personnel.
- Smaller unquoted companies requiring venture capital are commonly experiencing significant change and carry higher risk than would an investment in larger or longer established businesses.
- Technology or scientific research related risks may be greater in such companies although this may be justified by the prospect of higher expected returns from investment in such companies.
- Products developed by an Investee Company may not be commercially or technically successful.
- Force majeure events, which are events beyond the control of a party, including fire, flood, earthquake and other acts of God, terrorist attacks and war may affect a party's ability to perform its contractual obligations or may lead to the underperformance of an Investee Company.

Taxation Risks

- Whilst it is the intention of the Fund Manager to invest in companies qualifying under EIS legislation, the Fund Manager cannot guarantee that all investments will qualify for Relief or IHT relief. Equally, following an investment in an EIS Qualifying Company, the Fund Manager cannot guarantee the continued availability of Reliefs relating thereto because this depends on the continuing compliance with the requirements of the EIS legislation by the Investee Company.
- Where an Investor or an Investee Company ceases to maintain EIS status in relation to any individual investment, it could result in the loss of some or all of the available reliefs (together with a possible charge to interest thereon).
- Following the admission of an Investee Company to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities or trading on the PLUS Listed Market (but not a quotation on AIM, the PLUS Quoted Market or PLUS Traded Market), Business Property Relief for Inheritance Tax purposes will cease.
- The levels and bases of reliefs from taxation may change or such reliefs may be withdrawn. The tax reliefs referred to in this Memorandum are those currently available in accordance with current legislation and their value depends on the individual circumstances of Investors at the point of investment. The tax rules described in this Memorandum are a summary only.
- The tax reliefs referred to in this Memorandum may not continue to apply throughout the life of the investment.
- The tax year for which Relief is available may be later than originally envisaged if the timing of investments is delayed.
- The dates on which initial EIS income tax relief, CGT deferral relief and IHT relief are available will be determined by the timing of the Fund's investments and will not be known in full until the Fund has completed its investments.
- The Fund Manager shall not be liable for any loss incurred by an Investor in relation to value received by any person from any Investee Company at any time within the applicable period (as defined in section 303(2A) of the ICTA) or as a result of a change in circumstances of an Investee Company at any time within the relevant period.
- The Fund Manager retains complete discretion to realise an investment in an EIS Qualifying Company at any time (including within the three year period from the date of an investment) that it considers appropriate. If an investment is realised within three years, some or all of the tax advantages relating to that particular investment will be lost. In exercising its discretion to make such a disposal, the Fund Manager is not obliged to take into account the tax position of Investors (individually or generally).
- If an Investor's share of an investment in a company in any tax year is less than £500 they will not get Relief for that particular investment. The Fund Manager does not intend to make investments of less than £500 for any individual Investor.

The taxation treatment depends on the individual circumstances of that Investor and may change in the future.

TAXATION

Summary of the Tax Advantages for UK resident individuals under the EIS

These notes are only intended to provide a brief summary of the tax advantages available under current legislation and HM Revenue & Customs' practice, both of which may change. The rates of tax and tax relief may also change as may the levels and bases of reliefs from taxation. The tax reliefs referred to are those currently available, and are personal to the Investor. Their value depends on the individual circumstances of the Investor. Investors are recommended to obtain advice from their own professional advisers as to their tax position in respect of their own investment Portfolio in the Fund.

The EIS provides a range of targeted incentives for investment in unquoted companies as long as the EIS criteria remain satisfied. A summary of the tax benefits for Investors in EIS Qualifying Companies are outlined below and a more detailed explanation of each can be found over the following pages.

The Fund has not been approved by HM Revenue & Customs; therefore, income tax relief is granted in the tax year in which the Fund Manager makes each investment into an EIS Qualifying Company on behalf of the Investors.

This is also applicable for Capital Gains Tax Deferral purposes and for the three year period for capital gains tax exemption upon disposal.

The taxation treatment depends on the individual circumstances of that Investor and may change in the future.

Relief will only be available on the amounts invested in EIS Qualifying Companies and will be net of fees and charges.

20% EIS income tax relief

An individual Investor investing through the Fund may claim income tax relief in the tax year in which the Fund invests in an EIS Qualifying Company on behalf of the Investor. The Fund intends to invest all monies raised within 24 months of the initial Closing Date and, if successful in so doing, this would mean completing all investments prior to 31 January 2013. This would mean that Investors would receive the 20% EIS income tax relief upon each investment over the tax years ending 5 April 2011, 5 April 2012 and 5 April 2013.

Investors should note that once the Fund has made an investment, it will notify HM Revenue & Customs of this and obtain approval that it is a qualifying investment for EIS purposes. It is not possible to predict how long the process will take regarding the obtaining of such approval which may delay the receipt of the income tax relief. However, once approval has been received, the income tax relief will be available in relation to the tax year in which the investment was made.

Once EIS income tax relief has been claimed, the individual can reduce his overall income tax liability for the tax year subject to the right to carry back part of the relief (see below). Please note that trustees of settlements are not eligible for EIS income tax or capital gains exemption relief.

The amount of EIS income tax relief given is equal to 20% of the amount invested by the Fund Manager in Investee Companies on behalf of the individual Investor. The maximum amount of investment that can qualify for EIS income tax relief per tax year is £500,000 per individual (£1,000,000 for a married couple living together). Therefore, the maximum relief that an individual can claim is a reduction from his tax liability for that tax year which is the lower of:

- (a) £100,000 (that is, 20% of £500,000); and
- (b) an amount which reduces his income tax liability to nil.

Example

An Investor has taxable income of £75,000 in the tax year ending 5 April 2011. The Fund Manager has invested £100,000 in EIS Qualifying Companies in the same tax year on his behalf, i.e. the amount invested is greater than the Investor's taxable income. His income tax liability for the tax year ending 5 April 2011 will be calculated as shown in Figure A.

Figure A: Example EIS income tax relief calculation under EIS on £100,000 invested in EIS Qualifying Companies

	£
First £36,000 @ 20%	7,200
Remaining £39,000 @ 40%	<u>15,600</u>
Tax liability (before EIS income tax relief)	22,800
Less:	
EIS income tax relief on £100,000 @ 20%	(20,000)
Reduced tax liability @ 20%	<u>2,280</u>

The net cost of the investment to the Investor is illustrated in the following example in figure B.

Figure B: Example of the net cost of an investment

	£
Investment in EIS Qualifying Company	100,000
Less: EIS income tax relief (20%)	(20,000)
Net cost of investment	<u>80,000</u>

EIS income tax carry-back relief

In respect of EIS qualifying investments made by the Fund Manager on behalf of an individual Investor in any tax year, the Investor may (but is not obliged to) carry back part of the EIS income tax relief to set against his income tax liability for the previous tax year of assessment. This is subject to a maximum investment of £500,000 per tax year.

Tax free capital gains

There is no capital gains tax liability on any gain on the disposal of shares in EIS Qualifying Companies made through the Fund on which EIS income tax relief has been obtained and where such relief has not been subsequently withdrawn.

Figure C: Example of tax free capital gain

	£
Realised value of investment after 3 years	200,000
Less: initial investment	(100,000)
Gain: free of tax	<u>100,000</u>

Qualifying conditions for individual investors for EIS income tax relief and capital gains exemption relief

In addition to the Investee Company meeting the requirements of an EIS Qualifying Company for the relevant period, the individual Investor must hold the shares for at least three years from the date of issue (or from the date the Investee Company starts to trade, if later). However, during the period beginning two years before and ending three years after the date of issue of the shares (or after the date the Investee Company starts to trade, if later) the Investor together with his/her associates (relatives or partners) should not be 'connected' with the Investee Company. Broadly, an Investor will be regarded as connected with the Investee Company if he/she together with his/her associates hold or are entitled to acquire more than 30% of the issued share and/or loan capital of the Investee Company (or any of its subsidiaries) or if any of them is an employee or director (apart from being a business angel) or a partner of the Investee Company (or any of its subsidiaries). Any breach of these conditions would mean that EIS income tax relief and capital gains exemption relief will not be available (or, if already claimed, would be withdrawn).

Unlimited capital gains deferral relief

An Investor may use an investment in an EIS Qualifying Company to defer capital gains tax on any gains which have arisen, provided this is undertaken within the prescribed time limits.

The time limits provide that shares in EIS Qualifying Companies must be issued in the period which runs from one year before to three years following the disposal. In other words, from the date the Fund Manager makes an investment in an EIS Qualifying Company, any gains, which arose within 36 months before or will arise within 12 months will be deferred.

Although the amount on which EIS income tax relief and the capital gains tax exemption relief are available is limited to £500,000, there is *no limit* on the total amount of capital gains that can be deferred provided that the gains are reinvested within the specified time period. The Investor needs to invest an amount equivalent to the gain in investments made through the Fund. Investors should note that this relief is only a deferral of the original capital gains tax liability and that such liability will re-crystallise on a chargeable event arising, such as upon the subsequent disposal of the shares in the Investee Company. The revived gain can be further deferred by reinvesting such gain in another EIS Qualifying Company.

Figure D: Example of capital gains deferral

	£
Gain arising upon sale of quoted shares	100,000
Capital gains tax payable at 28%	<u>28,000</u>
Investment in EIS Qualifying Company	100,000
EIS income tax relief (20%)	(20,000)
Deferral of capital gains tax liability	(28,000)
Net cost of EIS investment	<u>52,000</u>

Loss relief

Any capital loss on the sale of shares in a EIS Qualifying Company made through the Fund (irrespective of the overall performance of the Fund) can be offset against a capital gain incurred in the year of the loss and any unrelieved loss can be carried forward against capital gains in subsequent tax years or can be offset against income of the tax year in which the loss is suffered or income of the preceding tax year. Where an investor has been granted EIS income tax relief, the capital loss is calculated net of such income tax relief. Loss relief can reduce the investor's exposure to 40% of the original investment (assuming that the investor is a higher rate tax payer at the 50% rate effective from 5 April 2010) if the loss is offset against income tax.

Figure E: Example of claiming loss relief against income tax

	£
Realised value	Nil
Investment in EIS Qualifying Company	100,000
Less: EIS income tax relief at 20%	<u>(20,000)</u>
Allowable loss	80,000
Loss relief at 50% x £80,000	40,000
Net cost of investment	<u>40,000</u>

Figure F: Example of loss relief against capital gains tax

	£
Realised value	Nil
Investment in EIS Qualifying Company	100,000
Less: EIS income tax relief at 20%	<u>(20,000)</u>
Allowable loss	80,000
Loss relief at 28% x £80,000	22,400
Net cost of investment	<u>57,600</u>

100% Inheritance tax (IHT) relief

An investment in an EIS Qualifying Company is normally treated as relevant business property for the purposes of IHT after the shares have been held for at least two years. In this case, an IHT exemption for 100% of the value of an investment in an EIS Qualifying Company will be obtained in the event of the death of an Investor. Even if the Investor dies within the two year period and his or her spouse inherits the shares, the holding period of both the Investor and the spouse are combined in order to determine whether the two year holding period condition has been satisfied on the death of the spouse.

Withdrawal of Relief for individuals

There are several complicated rules concerning the withdrawal or reduction of Relief. The amount of relief which is liable to withdrawal or reduction will depend on the particular circumstances. Investors should take their own independent professional advice in this regard. The current rules are broadly as follows:

- (a) if the Investee Company ceases to be a EIS Qualifying Company within the three year period required; or
- (b) the shares issued cease to be eligible shares within a period of three years following their issue; or
- (c) the shares are disposed of by the Fund Manager within a period of three years from the date of issue of the shares; or
- (d) the investor ceases to be eligible.

then the EIS income tax relief and capital gains tax exemption relief on a disposal will be withdrawn.

The amount of withdrawal with regard to (c) above would be calculated based upon the number of shares disposed of within the three-year period. Any shares which continue to be held will continue to benefit from the EIS (and, if relevant, the IHT) tax relief.

The tax treatment of the withdrawal or reduction of the relief will depend on the particular circumstances. Investors should be aware that, in certain circumstances, the withdrawal may be affected by HM Revenue & Customs making an assessment of tax backdated to the tax year in which the Relief was given. Interest and surcharges may arise on the amount of Relief withdrawn.

However, if the Investor incurs a loss on the disposal of the shares following the withdrawal of EIS income tax relief and capital gains exemption relief, capital loss relief (subject to certain modifications) as described under the heading Loss Relief above will be available to the Investor.

Reliefs available to UK resident investors who are trustees of life interest and discretionary trusts

Capital gains deferral relief

Deferral relief can be claimed against any chargeable gain arising on the disposal of any asset if a qualifying investment is made within the relevant period up to the amount subscribed for shares in an EIS Qualifying Company.

Capital loss relief

Normal capital loss relief rules will apply on losses arising on Fund investments.

UK inheritance tax (IHT) Business Property Relief

UK inheritance tax (IHT) Business Property Relief will apply for discretionary trusts and for life interest trusts as long as the shares in an EIS Qualifying Company have been held by the trustees for two years. For life interest trusts, the same beneficiary must, in addition, have been entitled to the trust income for two years. Business Property Relief should be available both to prevent any inheritance tax charges arising on the trustees or on the transfer of the investment out of the trust.

Charities

Charitable organisations may benefit from some or all of the above benefits depending on their underlying structures and tax treatments.

APPENDIX I DEFINITIONS

In this Memorandum the following words and expressions have the following meanings unless the context otherwise requires.

the Act

Financial Services and Markets Act 2000

AIM

the market of that name operated by the London Stock Exchange plc

Application Form

an application form to invest in the Fund completed by a prospective investor in the form enclosed with this Memorandum

Accretion or Investment Adviser

Accretion Capital LLP, a partnership registered in England and Wales under number OC330011, which is authorised and regulated by the FSA

Capital Gains Deferral

deferral of CGT (Section 150C and schedule 5B of the Taxation of Chargeable Gains Act 1992)

CGT

capital gains tax

Closing Date

in respect of the Fund, the date on which an application to the Fund will be accepted, with the first such date being 28 February 2011 and the final date being on or before 29 April 2011

Custodian

Reyker Securities plc

EIS

Enterprise Investment Scheme, as set out in Part 5 of Schedule 2 of the Income Tax Act 2007

EIS Qualifying Company

a company which is a qualifying company for EIS purposes

FSA

The Financial Services Authority

Fund Manager

Stellar Asset Management Limited, a company registered in England and Wales under company number 06386179, which is authorised and regulated by the Financial Services Authority

HMRC

HM Revenue & Customs

Investee Company

an EIS Qualifying Company in which the Fund Manager makes an Investment on behalf of the Investors

Investment Management Agreement

the investment management agreement to be entered into between (1) Stellar Asset Management Limited, as the Fund Manager, and (2) each of the Investors, in the form set out in Appendix II of this Memorandum, pursuant to a valid application in accordance with the terms of this Memorandum

Investment Objective

the investment objective for the Fund as set out in paragraph 1 of Schedule 1 to the Investment Management Agreement

Investment Restrictions

the investment restrictions for the Fund as set out in paragraphs 2 and 3 of Schedule 1 to the Investment Management Agreement

Investor

a person whose duly completed and signed Application Form is accepted by the Fund Manager for investment in the Fund and who thereby enters into the Investment Management Agreement with the Fund Manager and invests through the Fund in Investee Companies

Memorandum

this information memorandum for The Stellar Growth EIS Fund

Nominee

Reyker Nominees Limited

Offer

this offer

PLUS

PLUS Markets plc, which operates trading facilities for both quoted and unquoted small and mid-cap companies (excluding the market known as PLUS Listed), formerly known as OFEX

Portfolio

in respect of an Investor, the investments made by the Fund Manager on the Investor's behalf through the Fund which are allocated to him or her and which are registered in the name of the Custodian on his or her behalf

Relief

relief from taxation under EIS legislation

The Stellar Growth EIS Fund or the Fund

The Stellar Growth EIS Fund which describes a number of separate discretionary portfolio investment management agreements, each in the form of the Investment Management Agreement

Subscription

the amount subscribed by the Investor to the Fund pursuant to the Application Form and the Investment Management Agreement which is the aggregate amount received from the Investor

Taxes Acts

Income Tax Act 2007 ("ITA07") and Taxation of Chargeable Gains Act 1992 ("TCGA92")

Tax Advantages

the various tax advantages, including Relief, arising from subscriptions for shares in EIS Qualifying Companies

VCT

a venture capital trust which is a listed company approved by HM Revenue & Customs under section Part 6, Chapter 3 of the Income Tax Act 2007

APPENDIX II

INVESTMENT MANAGEMENT AGREEMENT

This Agreement sets out the relationship between the Investor and the Fund Manager in respect of the Investor's application to invest through The Stellar Growth EIS Fund in a portfolio of EIS Qualifying Companies. Upon acceptance by the Fund Manager of a duly completed and signed Application Form, Investors appoint any director of the Fund Manager to execute the Agreement on their behalf. It will constitute a binding agreement between the Investor and the Fund Manager in respect of the Fund Manager's discretionary portfolio investment management of the assets of the Investor's that form part of the Fund.

I. DEFINITIONS, CONSTRUCTION AND INTERPRETATION

I.1 The following terms shall have the following meanings in this Agreement:

“Applicable Laws”

means all relevant UK laws, regulations and rules, including those of any Government or of the FSA

“Appropriate Cash Retention”

means in respect of the Fund, the retention of cash to meet fees, costs and expenses of the Fund, as determined to be appropriate by the Fund Manager

“Associate”

means in relation to any undertaking (“U”), a parent undertaking of U, a subsidiary undertaking of U, a subsidiary undertaking of a parent undertaking of U or a parent undertaking of a subsidiary undertaking of U, and in relation to any body corporate (“C”), a holding company of C, a subsidiary of C, a subsidiary of a holding company of C or a holding company of a subsidiary of C; an “Associate” shall also be deemed to include any person directly or indirectly Controlling, Controlled by or under common Control with the undertaking

“Business Day”

means a day (other than a Saturday, Sunday or a public holiday in England) on which clearing banks in the City of London are open for the transaction of normal sterling banking business

“Control”

means the possession directly or indirectly, of the power to direct or cause the direction of the management or powers of any person, whether through the ownership of voting securities, by contract or otherwise and the words “Controlled” and “Controlling” shall be construed accordingly

“Cost of Investments”

means in respect of the Fund, the amounts of the Subscriptions which are invested in Investments by the Fund Manager on behalf of the Investor through the Fund (i.e. not including any fees, expenses or commissions which are deducted from Subscriptions or any cash of the Portfolios of the Fund)

“Custodian Agreement”

means the agreement between (1) the Fund Manager and (2) the Custodian, pursuant to which the Custodian agreed to provide custodian and administration services to the Fund Manager and through it the Investors in relation to their Investments through the Fund

“the FSA Rules”

means the rules contained in the FSA's Handbook of Rules and Guidance

“Initial Charges and Costs”

means in respect of the Fund, any charges, fees, commissions and expenses which accrue for the account of the Investors prior to the end of the Initial Period

“Initial Period”

means in respect of the Fund, the period of twelve months commencing on the relevant Closing Date

“Investment”

means an investment acquired by the Fund Manager on behalf of Investors through the Fund

“IPO”

means an initial public offering

“Launch Period”

means in respect of the Fund, the period from launch of the Fund to the second (and final) Closing Date for the Fund (which shall not exceed a period of 365 days)

“Net”

means after all costs of Investment (except where otherwise stated)

“Nominee”

means Reyker Nominees Limited, the non-trading subsidiary of the Custodian that provides nominee services to Investors

“Non-Readily Realisable Investments”

means investments in which the market is limited or could become so; they can be difficult to deal in and it can be difficult to assess what would be a proper market price for them

“PLUS”

means PLUS Markets plc, which operates trading facilities for both quoted and unquoted small and mid-cap companies (excluding the market known as PLUS Listed)

“Readily Realisable Investment”

means a government or public security denominated in the currency of the country of its issuer or any other security which is:

- admitted to official listing on an exchange in an EEA State;
- regularly traded on or under the rules of such an exchange; or
- regularly traded on or under the rules of a recognised investment exchange or (except in relation to unsolicited real time financial promotions) designated investment exchange, or a newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded

“the Services”

means the services provided by the Fund Manager under Clause 4

“Taxes Act”

means the Income Tax Act 2007

- 1.2 Words and expressions defined in the FSA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3 In this Agreement references to a “parent undertaking” or a “subsidiary undertaking” shall have the respective meanings set out in section 1162 of the Companies Act 2006.
- 1.4 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.5 References to the singular only shall include the plural and vice versa.
- 1.6 Unless otherwise indicated, references to Clauses and Schedules shall be to clauses of and schedules to, this Agreement, and references to paragraphs are to paragraphs of the Schedule in which the reference appears.
- 1.7 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. INVESTING THROUGH THE FUND

- 2.1 This Agreement shall come into force upon acceptance of the Investor's Application Form by the Fund Manager on or before the relevant Closing Date.
- 2.2 This Agreement enables the Investor to invest through the Fund in Investee Companies. The Fund will be an unregulated collective investment scheme for the purposes of the FSA Rules.
- 2.3 The Investor:
 - 2.3.1 by submitting a duly completed and signed Application Form, in accordance with the terms and conditions set out in the Memorandum;
 - 2.3.2 together with the Investor's Subscription(s),which is accepted by the Fund Manager, hereby appoints the Fund Manager to manage his Portfolio in the Fund, as one of a series of similar Portfolios which together constitute the Fund, 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.
- 2.4 If an application set out in an Application Form is not accepted by the Fund Manager in respect of the Fund, the Fund Manager will promptly notify the Investor of that fact and return the Subscription(s) enclosed with the Application Form.

- 2.5 The Fund Manager is authorised and regulated by the FSA in the conduct of investment business in the United Kingdom. The Investor confirms to the Fund Manager that he understands and agrees that the Fund Manager has classified him as a Retail Client (within the meaning of the FSA's Rules) with respect to his investment and Portfolio in the Fund. 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 of the protections afforded by the FSA's Rules to Retail Clients. This may include, but may not be limited to:
 - 2.5.1 the requirement to act in the Investors' best interests;
 - 2.5.2 the obligation to provide appropriate information before providing services;
 - 2.5.3 the restriction on the payment or receipt of inducements;
 - 2.5.4 the obligation to achieve best execution in respect of orders;
 - 2.5.5 the requirement to implement procedures and arrangements which provide for prompt, fair and expeditious execution of orders;
 - 2.5.6 the obligation to ensure that all information provided is fair, clear and not misleading; and
 - 2.5.7 the requirement to provide adequate reports on the services provided.
- 2.6 The Investor confirms that he/she is an experienced investor in small to medium sized, higher risk, unquoted companies and is suitably knowledgeable about the risks associated with Non-Readily Realisable Investments.
- 2.7 The Investor confirms that he/she is not seeking advice from the Fund Manager on the merits of any investment in the Fund.

3. SUBSCRIPTIONS

- 3.1 In respect of the Fund:
 - 3.1.1 the Investor shall make a Subscription of not less than £10,000 at the same time as submitting his Application Form to invest in the Fund;
 - 3.1.2 the Investor may make further Subscriptions to the Fund (in multiples of £1,000) up to and including the relevant Closing Date. The total Subscriptions made to the Fund by the Investor shall be the initial value of the Investor's Portfolio in the Fund; and
 - 3.1.3 the Investor may not make any Subscription after the second Closing Date.
- 3.2 The Investor may not make a withdrawal from the Fund and this Agreement shall only terminate pursuant to Clause 15.
- 3.3 Subscriptions shall in accordance with the terms and conditions set out in the Memorandum be sent to the Custodian and shall be deposited in a bank account bearing interest at a rate not less than that paid by National Westminster Bank plc on its Client Deposit Manager Account or with any other banking institution that is approved by the FSA in accordance with the FSA's Client Money Regulations pending investment at the direction of the Fund Manager pursuant to this Agreement.

3.4 Interest earned on cash held on behalf of investors will be credited net of tax if such interest amounts to £2.50 or more, otherwise if less than £2.50 interest credited by us to Investors' accounts will be nil. Where applicable, interest will be credited to accounts quarterly on 5 January, 5 April, 5 July and 5 October each year.

4. SERVICES

4.1 The Fund Manager will manage the Fund as from the relevant Closing Date on the terms set out in this Agreement. The Fund Manager will exercise all discretionary powers in relation to the selection of, investment in, and/or the exercise of rights relating to, Investments comprising part of the Investor's Portfolio in the Fund on the terms set out in this Agreement, including the negotiation and execution or procuring the execution of any documentation in relation to investments in EIS Qualifying Companies by the Nominee on behalf of the Investor.

4.2 The Fund Manager has entered into the Custodian Agreement and arranged for the Custodian to provide safe custody and administration services for the benefit of the Investors in relation to Portfolio Investments and uninvested cash on the terms and conditions set out in the Custodian Agreement and the Custodian's Terms of Business set out in Appendix III of the Memorandum.

4.3 The Fund Manager shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, the Investor or to act as the agent of the Investor.

5. FEES AND EXPENSES

5.1 The Fund Manager and the Custodian shall each receive fees for their respective Services, and reimbursements of their costs and expenses, as set out in Schedule 2.

5.2 The Fund Manager shall be responsible for all fees and expenses of the Custodian and the Nominee but shall be entitled to be reimbursed for such fees and any related costs and expenses by the Investor.

6. INVESTMENT OBJECTIVES AND INVESTMENT RESTRICTIONS

6.1 In performing the Services, the Fund Manager shall have regard to and shall comply with:

- 6.1.1 the Investment Objective and the Investment Restrictions;
- 6.1.2 the need for the Investor's Investments through the Fund to attract the Tax Advantages;
- 6.1.3 the conditions for the approval of Investor's Investments in EIS Qualifying Companies through the Fund under Part 5 of the Taxes Act; and
- 6.1.4 all Applicable Laws.

6.2 Generally, the Fund Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested for the Investor and it considers this to be in the best interests of the Investor having regard to the availability of Relief for the Investor.

6.3 In the event of a gradual realisation of Investments prior to the realisation of the Investor's Portfolio of Investments through the Fund under Clause 15.1, the cash proceeds of realised Investments may be placed on deposit in an interest bearing bank account until they are repaid to the Investor.

7. TERMS APPLICABLE TO DEALING

7.1 In effecting transactions for the Investor through the Fund, the Fund Manager will act in accordance with the FSA Rules.

7.2 Where relevant, it is agreed that all transactions will be effected in accordance with the rules and regulations of the relevant market or exchange and the Fund Manager shall take all such steps as may be required or permitted by such rules and regulations and/or by good market practices. All transactions in respect of Investments will be subject to the rules and customs of the exchange or market and/or clearing house through which the transactions are executed and to all Applicable Laws so that:

7.2.1 if there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and

7.2.2 action must be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Laws.

7.3 The Investor should be aware that the Subscriptions of the Investor will be invested in a range of unlisted securities and, although some may be quoted on AIM or PLUS, there is generally no relevant market or exchange and consequent rules and customs applicable to dealings in such unlisted securities and there will be varying practices for different securities. Transactions in such securities will be effected on the best commercial terms which can be secured.

7.4 Subject to the FSA Rules, transactions for an Investor may be aggregated with those for other Investors and may be aggregated with those of other customers of the Fund Manager, and of its employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FSA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but an Investor should be aware that the effect of aggregation may work on some occasions to an Investor's disadvantage.

7.5 Where deals for an Investor are aggregated with those for another Investor in the Fund, the number of shares in an EIS Qualifying Company held as an Investment for the Investor shall, as nearly as possible be, the proportion which the Investor's Subscription bears to the total Subscriptions by all Investors in the Fund at the time of that Investment, provided that Investors shall not have fractions of shares. Variations may be allowed to prevent Investors having fractions of shares but only in circumstances in which there can be minor variations. If one or more of the Investors is an accountant, lawyer or other professional person who is subject to professional rules preventing him from making an investment in a particular EIS Qualifying Company, then the number of shares provisionally allocated to that Investor or Investors shall not be acquired for his Portfolio in the Fund

and the cash value of such shares shall be returned to such Investor, such that the number of shares so allocated to other Investors in the Fund shall not be increased.

- 7.6 Subject to both the FSA Rules and the Fund Manager's conflicts of interest policy (a copy of which is available on request, the Fund Manager may make use of soft commission arrangements in respect of deals undertaken for Investors in the Fund as may be disclosed to the Investor from time to time.
- 7.7 Subject to both the FSA Rules and the Fund Manager's portfolio management policy set out in Schedule 3, the Fund Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 7.8 Any option which the Fund Manager has to subscribe for shares in any EIS Qualifying Company in which the Fund Manager has invested on behalf of Investors through the Fund shall not be capable of assignment except to an employee of the Fund Manager within three years from the date on which the Investment is made.

8. CUSTODY

- 8.1 The Fund Manager shall arrange for the Custodian to provide services for the safe keeping of Investments, through the Nominee, and cash comprised in the Fund from time to time, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments. The Custodian will be responsible for the provision of such Services to the Fund Manager and/or to the Investors, on behalf of the Investors in the Fund on the terms and conditions set out in the Custodian Agreement.
- 8.2 Investments will be registered in the name of the Nominee. Investments within the Investor's Portfolio in the Fund will therefore be beneficially owned by the Investor at all times but the Nominee will be the legal owner of the Investments in the Fund.
- 8.3 The Nominee will hold any title documents or documents evidencing title to the Investments. Individual customer entitlements are not identifiable by separate certificates or other physical documents of title or external electronic record. In the event of a default of the Nominee, those for whom it holds securities may share in any shortfall pro rata. On occasion, an Investor's Investments may be used to settle other person's transactions which will not affect the Custodian's record of the Investor's entitlements. The Custodian may deliver or accept delivery of certificates and/or Crest balances on behalf of the Nominee. The Nominee holds the Investments pursuant to a trust under which the interests of customers are created or extinguished when a customer makes acquisitions or disposals in accordance with this Agreement. Pursuant to section 250(1) Taxes Act, shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of the EIS as subscribed for, issued to, held by or disposed of by the individual investor. The Nominee shall maintain at all times a record sufficient to show the beneficial interest of the

Investor in the whole number of shares allocated to and the cash within his Portfolio.

- 8.4 Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such title documents.
- 8.5 An Investment may be realised in order to discharge an obligation of the Investor under the Agreement, for example in relation to payment of fees, costs and expenses.
- 8.6 The Custodian will arrange for the Fund Manager to receive details of any meetings of investors in Investments and any other information issued to investors in Investments. The Fund Manager may apply to the Custodian for a proxy directing how any voting rights are to be exercised by the Nominee in respect of an Investee Company. In the case of variations in the share capital, receipts of a notice of conversion or proposal to wind up, amalgamate or takeover a company in which an Investment is held for the Investor:
- 8.6.1 a bonus or capitalisation issue will be automatically credited to an Investor's holding;
- 8.6.2 otherwise (where appropriate) the Fund Manager will be sent a summary of the proposal and the required action to be taken (if any);
- 8.6.3 if, on a rights issue, no instruction is received from the Fund Manager, the Nominee will allow the rights to lapse. Lapsed proceeds in excess of £3 will be credited to the Investor. Sums less than this will be retained for the benefit of the Custodian. However, if nil paid rights in a secondary market are acquired for the Investor, such rights will be taken up, unless the Fund Manager provides contrary instructions;
- 8.6.4 all offers will be accepted upon going unconditional whether or not any instructions have been received; and
- 8.6.5 entitlement to Shares will be to the nearest whole Share rounded down and the aggregate of fractional entitlements may be held by the Nominee for the Custodian on behalf of the Investor. If partly paid Shares are held for an Investor and are subject of a call for any due balance and no instruction is received, the Custodian may sell sufficient of the Investments to meet the call.
- 8.7 The Investor is responsible for complying with all requirements under the Takeover Code and to notify the FSA and The Takeover Panel of dealings in relevant shares during a takeover or merger.
- 8.8 The Custodian will be responsible for holding cash for the Investor that has been invested in the Fund. The cash balance held for Investors in the Fund will be deposited with an authorised banking institution in a common account in the name of the Custodian with customer trust status together with cash balances belonging to the other Investors in the Fund. The Custodian may debit or credit the account for all sums payable by or to an Investor (including dividends receivable in cash and fees and other amounts payable by the Investor) and make adjustments:
- 8.8.1 in respect of sums received by the Investor otherwise than as a result of credits properly made to the accounts initiated by the Custodian under the Investor's Agreement;

- 8.8.2 to effect settlement in respect of Investments. Share dividends shall not be receivable under this Agreement otherwise than in cash. Interest will be payable on all credit balances on the bank account (including credit balances arising as a result of realisations of Investments) at rates published by the Custodian. Where the Investor forwards a cheque to the Custodian for credit to his account, no interest will be credited until the cheque is cleared.
- 8.9 The Custodian may decide to cease to treat as money owed to an Investor any unclaimed cash of an Investor if there has been no movement in the balance in the bank account in a period of six years (notwithstanding any payments or receipts of charges, interest or similar items) and the Custodian has taken reasonable steps to contact the Investor and to return the balance.
- 8.10 As FSA authorised firms the Fund Manager and the Custodian are required to take all reasonable steps to obtain the best possible result on behalf of Investors when placing orders for execution that result from decisions by the Fund Manager. The Fund Manager's decisions will normally be executed by the Custodian in accordance with the Custodian's Order Execution Policy which provides that the Custodian will, when executing orders, take all reasonable steps to obtain the best possible result, taking into account the following execution factors:
- 8.10.1 each Investor's client classification;
- 8.10.2 the order, its size and its nature;
- 8.10.3 the characteristics of the financial instrument to be dealt in;
- 8.10.4 the execution venues to which the order can be directed;
- 8.10.5 price, costs, speed, and likelihood of execution and settlement; and
- 8.10.6 any other factors relevant to the execution of the order.
- 8.11 The Custodian's Order Execution Policy provides that the Custodian will determine the relative importance of these factors by using their commercial judgement and experience in the light of market information available and by taking into account any other execution factors. Price will ordinarily merit a high relative importance in obtaining the best possible result, but in some circumstances the Custodian may determine that other execution factors are more important than price in obtaining the best possible execution result.
- 8.12 Venues that orders will be executed on include AIM and PLUS. Some orders may be executed outside a regulated market.
- 8.13 The Custodian will determine the relative importance of each execution factor and any specific instructions provided by the Fund Manager, and the Custodian will select the most appropriate execution venue from those available and execute each Investor's order accordingly.
- 8.14 By entering into the Application Form Investors give:
- 8.14.1 their prior consent to the Custodian's Order Execution Policy (as described in this Clause); and
- 8.14.2 their prior express consent to the Custodian executing orders outside of a regulated market.
- 9. REPORTS AND INFORMATION**
- 9.1 The Fund Manager shall send the Investor a report relating to his Portfolio in the Fund complying with the FSA Rules, every six months, in respect of the periods ending on or around 30 June and 31 December.
- 9.2 The Fund Manager and the Custodian shall supply such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.
- 9.3 Any statements, reports or information provided by the Fund Manager to the Investor will state the basis of any valuations of Investments provided. Investments will be valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines, from time to time prevailing.
- 10. MANAGEMENT AND ADMINISTRATION OBLIGATIONS**
- 10.1 The Fund Manager and the Custodian shall each devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective Services properly and efficiently, and in compliance with the FSA Rules.
- 10.2 Except as disclosed in the Memorandum and as otherwise provided in this Agreement (for example on early termination), the Fund Manager shall not take any action which may prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which may prejudice obtaining the Tax Advantages for the Investor's Portfolio of Investments.
- 11. OBLIGATIONS OF THE INVESTOR**
- 11.1 The Investor's Portfolio in the Fund is set up on the basis of the declaration made by the Investor in his Application Form which includes the following statements by the Investor in relation to his Subscription:
- 11.1.1 that the Investor wishes to seek Relief for the Investments;
- 11.1.2 that the Investor agrees to notify the Fund Manager if any Investment is in a company with which the Investor is connected within sections 166, 167, 170 and 171 of the Taxes Act;
- 11.1.3 that the Investor agrees to notify the Fund Manager if, within three years of the date of issue of shares in an EIS Qualifying Company, the Investor becomes connected with the company or receives value from such company; and
- 11.1.4 that the Investor will provide the Fund Manager with his 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.

11.2 The Investor must immediately inform the Fund Manager in writing of any change of tax status, other material changes in circumstances and any change in the information provided in the Application Form to which Clause 11.1 refers.

11.3 In addition, the Investor must provide the Fund Manager with any information which it reasonably requests for the purposes of managing the Investor's Portfolio in the Fund pursuant to the terms of this Agreement.

12. DELEGATION AND ASSIGNMENT

12.1 The Fund Manager may 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 employment of agents shall not affect the liability of the Fund Manager under the terms of this Agreement.

12.2 The Fund Manager has entered into the Investment Advisory Agreement with the Investment Adviser pursuant to which the Investment Adviser has agreed to provide investment advisory services to the Fund Manager on the terms and conditions set out in that agreement.

12.3 The Fund Manager has entered into the Custodian Agreement with the Custodian pursuant to which the Custodian has agreed to provide nominee, safe custody and administration services to the Fund Manager on the terms and conditions set out in that agreement.

13. POTENTIAL CONFLICTS OF INTEREST AND DISCLOSURE

13.1 The Fund Manager, the Investment Adviser and the Custodian may provide similar services or any other services whatsoever to any other customer and neither the Fund Manager, the Investment Adviser nor the Custodian shall in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable by the Fund Manager, the Investment Adviser or the Custodian, the Fund Manager, the Investment Adviser or the Custodian will use all reasonable endeavours to ensure fair treatment as between the Investor and other customers in compliance with the FSA Rules.

13.2 The Fund Manager, the Investment Adviser and the Custodian each have in place conflicts of interest policies (the "Conflicts Policies") pursuant to the FSA Rules which sets out how they each identify and manage conflicts of interest. The Fund Manager's Conflicts of Interest Policy is available on request.

13.3 The Investment Adviser may not be able to recommend investments where the target investment is, separately, already a client of the Investment Adviser.

14. LIABILITY

14.1 Each of the Fund Manager, the Investment Adviser and the Custodian will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to the Investor under the FSA Rules.

14.2 The Fund Manager shall not be liable for any loss to the Investor arising from any investment decision made, in accordance with the Investment Objective and the Investment Restrictions, or on the basis of the investment advice provided by the Investment Adviser or for any other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Fund Manager or any of its employees.

14.3 The Fund Manager has agreed with the Custodian pursuant to the Custodian Agreement that the Custodian accepts responsibility for the holdings of Investments in the name of the Nominee and for the acts and omissions of the Nominee provided however that the Custodian shall not be liable for any loss to the Investor arising from any action it takes in accordance with this Agreement or the Custodian Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Custodian, the Nominee or any of their employees.

14.4 The Fund Manager shall not be liable for any defaults of any counterparty, agent, banker, the Nominee or any other person or entity which holds money, investments or documents of title for the Investor.

14.5 In the event of any failure, interruption or delay in performance of the Fund Manager's or the Custodian's respective obligations resulting from acts, events or circumstances not reasonably within its control including but not limited to acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or computer service or system, the Investor acknowledges that neither the Fund Manager nor the Custodian, as appropriate, shall be liable or have any responsibility of any kind for any loss or damage thereby incurred or suffered by the Investor.

14.6 The Investor should note that the approval of an Investment by the Board of HM Revenue & Customs is relevant only for the purpose of attracting certain tax advantages provided by Part 5 of the Taxes Act and that such approval covers only certain administrative matters. Approval in no way bears on the commercial viability of the Investments being made and neither does it guarantee the availability, the amount or timing of relief from income tax or capital gains tax.

14.7 The Investor should note that no guarantee is given by the Fund Manager that approval by the Board of HM Revenue & Customs will be given in respect of any Investment for the purposes of Part 5 of the Taxes Act.

14.8 The Fund Manager gives no representations or warranty as to the performance of the Portfolio. Investments in an EIS 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. Investors should consider the suitability of investment in EIS investments carefully and note the risk warnings set out in the Memorandum.

15. TERMINATION

15.1 The Fund Manager shall set a date, which it shall notify to the Investor, by which it intends to realise the Investor's Portfolio of Investments through the Fund and pay the realisation proceeds to the Investor ("Termination"). This will usually be between five and six years after the second Closing Date for the Fund, subject to extensions of up to three years with the approval of Investors holding more than 50% of the Investments invested in by the Fund Manager on behalf of Investors through the Fund. On Termination of the Fund, the Fund Manager shall, subject to the Investors notification in writing, either:

- 15.1.1 transfer all Investments in the Investor's Portfolio into the Investor's name and pay cash in the Portfolio to the Investor; or
- 15.1.2 sell all remaining Investments in the Investor's Portfolio and pay the proceeds of sale, together with any cash in the Portfolio, to the Investor.

15.2 An Investor is not entitled to make withdrawals from its Portfolio in the Fund save in the event that this Agreement is terminated, in which case all of the Investor's Investments in his Portfolio in the Fund shall be sold and cash transferred but the Investor should note:

- 15.2.1 that he may lose Relief in respect of them; and
- 15.2.2 that it may not be practicable for the Investments to be sold in which case there may be a delay in completing the withdrawal.

15.3 The Fund Manager will have a lien on all assets being withdrawn or distributed from an Investor's Portfolio in the Fund and shall be entitled to dispose of some or all of the same and apply the sale 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 pass to the Investor.

15.4 If:

- 15.4.1 the Fund Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Fund Manager under this Agreement; or
- 15.4.2 the Fund Manager ceases to be appropriately authorised by the FSA or becoming insolvent,

the Fund Manager shall endeavour to make arrangements to transfer the Investments in the Investor's Portfolio to another fund manager in which case that fund manager shall assume the role of the Fund Manager under this Agreement, failing which this Agreement shall terminate forthwith and, subject to Clause 16, the Investments in the Investor's Portfolio shall be transferred into the Investor's name or as the Investor may otherwise direct.

15.5 Provided neither Clause 15.2 nor 15.4 applies, this Agreement shall terminate when the Fund terminates and the Fund Manager has completed its obligations under Clauses 16.1.1 and 16.1.2.

16. CONSEQUENCES OF TERMINATION

16.1 On termination of this Agreement pursuant to Clause 15.1, the Fund Manager will use reasonable endeavours to complete all transactions in progress expeditiously on the basis set out in this Agreement.

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

16.3 On termination, the Fund Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable pursuant to Clause 5.

17. CONFIDENTIAL INFORMATION

17.1 None of the Fund Manager, the Custodian or the Investor shall disclose to third parties or take into consideration information either:

- 17.1.1 the disclosure of which by it would be or might be a breach of duty or confidence to any other person; or
- 17.1.2 which comes to the notice of an employee, officer or agent of the Fund Manager or the Custodian or of any Associate of either of them but properly does not come to the actual notice of that party providing services under this Agreement.

17.2 Each of the Fund Manager and the Custodian will at all times keep confidential all information acquired in consequence of it, except for information which:

- 17.2.1 is in the public knowledge; or
- 17.2.2 which they may be entitled or bound to disclose under compulsion of law; or
- 17.2.3 where requested by regulatory agencies; or
- 17.2.4 is given to their professional advisers where reasonably necessary for the performance of their professional services; or
- 17.2.5 which is authorised to be disclosed by the other party, and shall use all reasonable endeavours to prevent any breach of this Clause.

18. COMPLAINTS AND COMPENSATION

18.1 The Fund Manager has established procedures in accordance with the FSA Rules for consideration of complaints. Details of these procedures are available from them on request. Should an Investor have a complaint, they 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. Further information about the Financial Ombudsman Service is available from the Fund Manager on request.

18.2 The Fund Manager participates in the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000, which provides compensation to certain types of 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 £48,000, made up of 100% of the first £30,000 and 90% of the next £20,000 of the claim. Further information is available from the Fund Manager.

19. INSTRUCTIONS AND COMMUNICATIONS

19.1 Instructions to the Fund Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

19.2 The Fund Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

20. UNSOLICITED REAL TIME FINANCIAL PROMOTION

The Fund Manager may communicate an unsolicited real time financial promotion (i.e. interactive communications such as a telephone call promoting EIS Qualifying Company investments) to the Investor.

21. AMENDMENTS

The Fund Manager may amend the terms and conditions in this Agreement by giving the Investor not less than ten Business Day's written notice. The Fund Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with HM Revenue & Customs requirements in order to maintain the Relief or in order to comply with the FSA Rules.

22. DATA PROTECTION

All data which the Investor provides to the Fund Manager and the Custodian or Nominee is held by that party subject to the Data Protection Act 1998. The Investor agrees that the Fund Manager and the Custodian or Nominee may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their services as set out in this Agreement and to the FSA and any regulatory authority which regulates them and in accordance with all other Applicable Laws.

23. ENTIRE AGREEMENT

This Agreement, together with the Memorandum and Application Form, comprises the entire agreement of the Fund Manager with the Investor relating to the provision of the Services.

24. RIGHTS OF THIRD PARTIES

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

25. NOTICES

25.1 Any notice or other communication given or made pursuant to, or in connection with, this Agreement shall be in writing, in the English language and shall be delivered personally, or sent by pre-paid first class post (airmail if overseas), to the party due to receive such notice or communication at its registered office from time to time (or to such other address as may from time to time have been notified in writing to the other party in accordance with this Clause) or by sending it, in the case of the Fund Manager, by fax to the fax number of the Fund Manager set out in this Clause, or to such other fax number as may from time to time have been notified in writing to the Investor in accordance with this Clause (subject to the original notice or communication being sent by post on the same day in the manner specified above):

The Fund Manager's Fax No: 0207 486 5615

25.2 Subject to Clause 25.3, any notice or other communication shall be deemed to have been served:

25.2.1 if delivered personally, when delivered to the address referred to in Clause 25.1;

25.2.2 if sent by pre-paid first class post (other than international recorded delivery), two Business Days after posting it;

25.2.3 if sent by airmail, six days after posting it; and

25.2.4 if sent by fax (subject to the original notice or communication being sent by post on the same day in the manner specified in Clause 25.1) upon receipt of a confirmation of transmission slip subject to receipt during office hours.

25.3 If a notice is given or deemed given at a time or on a date which is not a Business Day, it shall be deemed to have been given at the start of the next Business Day.

25.4 The provisions of this Clause shall not apply in relation to the service of legal documents.

26. SEVERANCE

26.1 If any provision of this Agreement is held to be invalid or unenforceable by any judicial or other competent authority, all other provisions of this Agreement will remain in full force and effect and will not in any way be impaired.

26.2 If any provision of this Agreement is held to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question will apply with the minimum modifications necessary to make it valid and enforceable.

27. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and by each party on separate counterparts, each of which shall constitute an original, and all the counterparts shall together constitute one and the same agreement.

28. GOVERNING LAW AND JURISDICTION

- 28.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance, with the laws of England and Wales.
- 28.2 The parties hereby submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any dispute or claim arising out of or in connection with this Agreement or in relation to its existence or validity (including non-contractual disputes or claims).
- 28.3 The parties hereby agree that any legal proceedings may be served on them by delivering a copy of such proceedings to them at their respective addresses set out in this Agreement.

SCHEDULE 1 INVESTMENT OBJECTIVE AND INVESTMENT RESTRICTIONS OF THE FUND

1. INVESTMENT OBJECTIVES

To offer a wide range of investors the opportunity to invest into a diversified portfolio of small to medium sized technology companies, with high growth potential, in order to provide them with capital to assist in and accelerate their growth. The Fund Manager's aim is to manage the funds subscribed by Investors to produce capital gains within a period of five to six years, whilst managing risk. Investment will be into established UK companies which qualify for Relief.

2. INVESTMENT RESTRICTIONS

- 2.1 In carrying out its duties under this Agreement in respect of the Fund, regard shall be had, and all reasonable steps taken, to comply with such policies or restrictions as are required in order to attract the Relief as may be prescribed by HM Revenue & Customs from time to time.
- 2.2 In particular, but without prejudice to the generality of the above statements, the criteria for the Fund are as follows:
- 2.2.1 no investment of the Fund capital shall be made prior to the first Closing Date;
- 2.2.2 so far as practicable, each Investment shall be in shares of an EIS Qualifying Company;
- 2.2.3 so far as is practicable, the Portfolio shall be fully invested (subject to an Appropriate Cash Retention to meet fees, costs and expenses);
- 2.2.4 at least 80% of Investments shall be in shares of EIS Qualifying Companies;
- 2.2.5 generally the Fund Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested for the Investor or considers it to be in the interests of the Investor, having regard to EIS Relief for the Investor; and
- 2.2.6 the Fund Manager shall not invest in excess of 50% of the Subscriptions less Initial Charges and Costs in any one EIS Qualifying Company.

- 2.3 The diversification requirements for the Fund in paragraph 2.2.6 shall only apply from the date which is twelve months after the second Closing Date.
- 2.4 It is intended that the Fund will invest in EIS Qualifying Companies involved in the technology sector.
- 2.5 Investors should be aware that the Fund Portfolio will include Non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to deal in the Investments or to obtain reliable information about their value.
- 2.6 The intention is to disinvest over years 5 and 6. In the event of a gradual realisation of Investments prior to termination of the Fund under Clause 15.1, the cash proceeds of realised Investments may be placed on deposit or invested in fixed interest government securities or other investments of a similar risk profile. Proceeds will be paid out on termination of the Fund or in instalments in advance of termination, as determined by the Fund Manager, subject to HM Revenue & Customs approval.

SCHEDULE 2 FEES AND EXPENSES IN RESPECT OF THE FUND

1. INITIAL CHARGES AND COSTS

- 1.1 An initial charge of 5.75% of the aggregate Subscriptions by the Investor will be paid to the Fund Manager at the relevant Closing Date.
- 1.2 All costs associated with the setting up of the Fund including any commission payable to the Fund Manager and/or authorised intermediaries (usually at a rate of 2.5% of the amount raised) and all legal, issue and start-up costs will be met by the Fund Manager out of the initial charge payable pursuant to paragraph 1.1.
- 1.3 The Fund Manager undertakes to cover such costs to the extent they exceed the aggregate initial charge payable by all of the Investors in the Fund.

2. ONGOING FEES AND EXPENSES Management Fee

- 2.1 The Fund Manager shall receive a management fee at the rate of 1.5% per annum of the aggregate Subscriptions by the Investor to the Fund less any part thereof which shall have been repaid from time to time. Such management fee shall accrue quarterly in arrears, the first such period commencing on the relevant Closing Date, and in respect of the final period from the end of the last relevant quarter to the date of termination of the Fund.

Performance Fee

- 2.2 The Fund Manager shall also receive a performance fee of 20% of the net profit achieved by an Investee Company on termination of the Fund under Clause 15. The performance fee will only be payable after the full amount of the Subscriptions has been repaid to the Investor.

- 2.3 On an early withdrawal of cash under Clause 15 of this Agreement, such amount as the Fund Manager in its sole discretion may determine shall be deducted from an Investor's Portfolio(s) in respect of accrued performance fees on the assumption that all investments in an Investor's Portfolio(s) have been disposed of and realised for a cash sum equal to the Fund Manager's latest valuation of those investments and upon the further assumption that all of the net profits realised on such disposals have been distributed to the Investor.
- 2.4 The Fund Manager reserves the right to deploy a structure designed to optimise the value of the performance fee payable pursuant to paragraphs 2.2 and 2.3.

Custodian Fee

- 2.5 The Custodian shall receive a fee at the rate of 0.5% (subject to a minimum of £30) per annum of the aggregate Subscriptions by the Investor to the Fund less any part thereof which shall have been repaid from time to time. Such fee shall be payable to the Fund Manager (who will remit this to the Custodian) half yearly in advance. The Custodian will normally charge a re-registration fee of £15 per holding if an Investment is to be transferred into the Investor's own name (for example on termination).

The Custodian's standard dealing charges and stamp duty (if applicable) apply to market deals when the Fund Manager instructs the Custodian to deal on an execution-only basis on behalf of the Investor. Dealing rates are available upon request and are charged directly to the Investor.

3. GENERAL

- 3.1 Fees, costs and expenses are exclusive of any applicable VAT, which shall also be payable from the Investor's Subscriptions to the Fund.
- 3.2 Fees shall be payable out of cash held in the Portfolio within seven days of the calculation of the relevant fee. Expenses are payable as they accrue out of cash held in the Portfolio. An Appropriate Cash Retention shall be made from Subscriptions as thought appropriate by the Fund Manager to meet fees, costs and expenses, including an amount in respect of the first three years of the Custodian's fee payable under paragraph 2.5 and the Fund Manager's management fee. On termination, pursuant to Clause 15, the Investor's liabilities, including fees, costs and expenses shall be payable from the Portfolios of the Fund and, if there is insufficient cash, Investments may be retained and/or realised in order to meet such outstanding liabilities.
- 3.3 All fees, costs and expenses of the Fund, other than the initial charges payable pursuant to paragraph 1.1, shall be paid by the Investors out of their respective Portfolios in the proportion which the amount of each Investor's Subscriptions bears to the total of all Subscriptions to the Fund (less the respective initial charges payable pursuant to paragraph 1.1).

SCHEDULE 3 PORTFOLIO MANAGEMENT POLICY

1. The Fund Manager will select companies on the basis of the Investment Objectives and Investment Restrictions.
2. The Fund Manager is aware that new shares in EIS Qualifying Companies should be held for a minimum of three years to obtain the benefits of the Relief.
3. The Fund Manager may look to exit an investment prior to this three year qualifying period under paragraph 2 if the growth of the investment has outperformed the market and covers any loss of tax benefit. It may also exit an Investment due to a trade sale of the investment.
4. Once the EIS qualifying period of three years has expired, the Fund Manager will actively pursue opportunities to exit investments.
5. Investments in private companies that remain unquoted will be evaluated and valued utilising the Fund Manager's research and investment standards and the Fund Manager will actively pursue opportunities to exit these investments in an efficient manner prior to the expected five to six year life of the Fund. The Investment Committee may, however, decide if it is not in the best interests of Investors to do so and therefore some investments may be held for longer than six years.
6. The Fund Manager intends to invest in companies with proven technology, which are already revenue generating and which may have already achieved a quotation on AIM or PLUS. As such, when the time comes for the Fund to realise its investments a market value should have been established and a positive exit route should exist. In the event that an Investee Company has not achieved a public quotation, an alternative exit route will be sought. This could include:
 - (a) a sale to third parties or a trade sale;
 - (b) a management buy out by other shareholders or by the company itself; or
 - (c) the sale of the company's assets followed by a liquidation.

APPENDIX III

CUSTODIAN'S TERMS AND CONDITIONS OF BUSINESS

These are the terms and conditions of business of the Custodian. Upon acceptance by the Fund Manager of a duly completed and signed Application Form, Investors are confirming that they will have a direct relationship with the Fund Manager, and that their Subscriptions will be administered by the Custodian in accordance with the terms set out below.

1. DEFINITIONS

“Reyker”, “we”, “us” or “Custodian” – Reyker Securities plc.

“Nominee” – Reyker Nominees Limited, a wholly owned non-trading subsidiary of Reyker Securities plc that provides the nominee services to investors.

“Fund Manager” – Stellar Asset Management Limited

“Investor” or “you” – you, an individual whom we propose to treat as a Retail Client in accordance with the FSA's Conduct of Business rules and for whom we act as nominee.

“Services” – services provided by the Custodian or the Nominee to you, pursuant to the Stellar EIS Fund

“EIS” – an Enterprise Investment Scheme.

“HMRC” – Her Majesty's Revenue & Customs

“FSA” – the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

“Stellar EIS Fund” means The Stellar Growth EIS Fund, an EIS

“Terms and Conditions” – these Terms and Conditions together with a valid application form to invest through the Stellar EIS Fund.

“execution-only” – the basis upon which all dealing is effected by us and consisting of execution and/or the reception and transmission of clients' orders with ancillary services, at the initiative of the client.

“valuation dates” – 30 June and 31 December.

“our website” www.reyker.com

2. INTRODUCTION

2.1 Reyker is authorised and regulated by the FSA.

2.2 The Nominee acts as your nominee and you will at all times remain the beneficial owner of cash and investments held for you by us.

2.3 Reyker will satisfy itself that any person to whom it delegates any of its functions or responsibilities is competent to carry out these functions and responsibilities.

3. CASH

3.1 We will deposit and hold your cash in one or more client bank accounts, in which investor funds may be aggregated, with National Westminster Bank plc or with any other banking institution of our choice that is approved by the FSA in accordance with the FSA's Client Money Regulations.

3.2 Client bank accounts will earn interest at a rate not less than that paid by National Westminster Bank plc (or equivalent bank) on its Client Deposit Manager Account but subject to de minimis payment limit. Where applicable, interest will be credited to accounts quarterly on 5 January, 5 April, 5 July and 5 October each year.

3.3 Interest earned on cash held for your own account will be credited net of tax if £2.50 or more, otherwise if less than £2.50 interest credited by us to you will be nil.

4. INVESTMENTS

4.1 Purchases and sales effected by us will be on an execution only basis and be executed by us on instructions received from the Fund Manager and may be made on any market and through any intermediary that we select in accordance with our Order Execution Policy. Investment instructions received in writing, by post, by fax or by e-mail, will be executed as soon as possible after receipt but we shall not be held responsible for delays in delivery or receipt of such instructions however caused.

4.2 We will advise the Fund Manager of any changes that may occur to any investment that we hold for you as Nominee resulting from a take-over or other offer or scheme of arrangement or where rights or similar benefits arise. Having received this notification from us it is the Fund Manager's responsibility to instruct us to take action, if any, on your behalf. In the absence of such notification from the Fund Manager, we reserve the right to take no action on your behalf.

4.3 Where we hold partly paid shares for you, we may at our absolute discretion sell such number thereof as may be necessary in order to pay any calls or instalments due on the balance held.

4.4 We will collect dividends, interest on securities, interest on deposits and other distributions and credit them to your account. We shall also notify you of any benefits due in respect of investments held for you in your account.

4.5 We may combine your orders or orders by the Fund Manager with the orders of other customers and with our own orders or orders of associated companies and persons connected with Reyker. The combining of orders may result in a more or exceptionally a less favourable price being achieved than if your order had been executed separately, though if the price is less favourable we shall advise the Fund Manager in advance for each such transaction and seek their authority to proceed as required by FSA rules. We will arrange for the execution of orders as soon as is reasonably practicable given the prevailing circumstances after instructions have been received.

4.8 Where your securities are held by the Nominee on a non-discretionary basis, we will not exercise the voting rights attached to such securities without the receipt of a specific written or electronic instruction from the Fund Manager.

5. SUITABILITY AND APPROPRIATENESS

When the Fund Manager deals directly with us on an execution-only basis, we are not required to assess the suitability of the instrument or services offered to you and therefore you do not under these Terms and Conditions of Business with Reyker benefit from the protection of the rules on assessing suitability.

6. ORDER EXECUTION POLICY

We have an established Order Execution Policy. Details of this policy are available upon request or can be obtained as a download from the Documents section of our website at www.reyker.com.

7. CUSTODY

- 7.1 All securities and documents of title relating thereto held in relation to the Services shall be held by us or to our order. Investments will be registered in the name of the Nominee.
- 7.2 We may not lend to a third party documents of title or securities otherwise held by the Nominee or on our behalf as nominee.
- 7.3 We reserve the right to round fractional entitlements to shares issued as a result of scrip dividends, dividend reinvestment plans, rights issues or other corporate actions.

8. PROVISION OF INFORMATION

- 8.1 It is the responsibility of the Fund Manager to send Investors a report relating to their portfolios in the Fund as set out in paragraph 9.1 of the Information Memorandum.
- 8.2 Reyker will provide the Fund Manager with confirmation of all transactions including fees and charges so that the Fund Manager can include this information in the report referred to in paragraph 8.1 above. Our fees are levied six monthly in advance as set out in 10 below.
- 8.3 We will retain records of account transactions for six years in accordance with statutory and regulatory requirements.

9. RIGHTS RELATING TO INVESTMENTS

- 9.1 If the Fund Manager so elects in writing, on your behalf, we will arrange for you to receive copies of annual reports and any other information issued by companies in which we hold investments as your Nominee and for you to attend and vote at shareholders' meetings.
- 9.2 Shareholder benefits will not necessarily be available to you automatically, as your securities will be registered in the name of Reyker Nominees Limited, but at your prior written request we will use our best reasonable endeavours to obtain such benefits for you.

10. REMUNERATION

- 10.1 The Custodian will charge the Fund Manager an annual fee of 0.5% of the value of each subscription (less any part thereof which has been repaid) with a minimum of £30 per annum. The fee will be charged six monthly in advance on aggregate funds invested. The fees will be paid by the Investors to the Fund Manager, who will in turn pay the Custodian.

- 10.2 Fees may be charged at a different rate for certain investments. If so these fees will be set out in the sales and marketing material sent to you when you were invited to apply for such investments and these fees will apply instead of those referred to in 10.1 above.

- 10.3 Our fees and charges, including those set out in Clause 13 below, may be varied from time to time within the limits set by the FSA and in accordance with Clause 19 Amendments below.

- 10.4 Fees are not refundable in the event that the provision of Nominee services is terminated for whatever reason by either you, the Fund Manager or by us.

- 10.5 In addition we shall be entitled to recover from you or the Fund Manager all stockbroker's fees, stamp duty, taxes and any custodial fees charged by third party agents (CEDEL, Euroclear etc) where we act as Nominee in respect of non-UK investments held overseas.

- 10.6 We shall charge £50 for the provision of ad hoc and probate valuations and £15 per certificate for Certificate re-registrations.

11. LIABILITY

We shall not be responsible for any loss or damage or depreciation in value of the investments or for any failure to produce a return on capital invested howsoever arising Reyker and Nominee liability shall be limited to the loss or damages resulting directly from the fraud or wilful default or negligence of Reyker, Nominee or their officers or employees or by any breach of the Rules of the FSA to which Reyker or the Nominee is subject.

12. CHANGES IN YOUR STATUS

You will promptly notify us of all changes of name, address and your country of residence for tax purposes. We shall not be responsible for any consequences of your failure to notify us of such changes.

13. WITHDRAWALS, TERMINATIONS AND TRANSFERS

- 13.1 In the event of your death your personal representatives will continue to be bound by these Terms and Conditions until your investments are transferred to them or the proceeds of the sale of such investments are paid to them.
- 13.2 You may, subject to payment to us for any outstanding transactions, accrued fees and expenses and for sums due under these Terms and Conditions at any time withdraw all or part of your investments or cash. We shall charge you a fee presently being £15 for each investment withdrawn that remains in its current state, plus any charges, duties and taxes incurred in respect of the withdrawal. Cash withdrawals via BACS and cheque payments incur a fee of £10. Normal dealing rates apply to any sales on your behalf.

14. CANCELLATION RIGHTS

As a retail client you have the right to change your mind and cancel your investment within 14 days of receiving from us a notice to cancel. If you wish to cancel, you must post your cancellation on or before the 14th calendar day after you receive our notice. You are entitled to have repaid to you any money you have paid to Reyker, subject to a deduction of the amount, if any, by which the value of your investment has fallen at the time at which your cancellation form is processed.

15. NOTICES AND INSTRUCTIONS

15.1 Any notice given by you to us under this agreement shall be sent in writing to Reyker Securities plc at 46 St James's Place, London SW1A 1NS.

15.2 Any notice to be given to you by us shall be sent in writing to the address that you provided to us and we may act and rely upon any instruction appearing to be signed by you or the Fund Manager on your behalf. We shall be entitled to contact you otherwise than in writing for the purposes of obtaining instructions in relation to the investments held for you as Nominee or otherwise in relation to the Services.

16. COMPLAINTS PROCEDURE

16.1 Reyker has an established complaints procedure, details of which are available upon request in writing from you. We are members of the Financial Ombudsman Service.

16.2 As a retail client of Reyker, you will receive the protection of the Financial Services Compensation Scheme in the unlikely event that Reyker was to fail as a public limited company.

17. CONFLICTS OF INTEREST POLICY

Reyker has an established Conflicts of Interest policy. Details of this policy are available upon request or can be obtained from the Documents section of our website at www.reyker.com.

18. DATA PROTECTION ACT 1998

We may process personal data relating to you in carrying out our duties under these Terms and Conditions. We are bound by the Data Protection Act as to what we may do with such data. You are entitled, on payment of a fee, to a copy of the information that we hold about you.

19. AMENDMENTS

Subject to not less than 30 days' notice in writing and subject to us having valid reason for so doing, we may vary any of these Terms and Conditions and our commissions and charges as published in sales and marketing literature, save that no variation shall be made which results or which might result in the Stellar EIS Fund ceasing to comply with the EIS Regulations.

The following are valid reasons for a variation of our Terms and Conditions:

- i changes in law, regulations, industry guidance or codes of practice;
- ii to accommodate variation(s) in taxation rates and regimes;
- iii to reflect the fact that our income earned from the provision of our services falls short of our expected income from providing those services;
- iv to reflect in a proportionate way, reasonable cost increases or reductions associated with the provision Services.

20. RECORDING OF TELEPHONE CALLS

All telephone calls to and from Reyker's offices are recorded and a copy of recordings is retained for at least six months in accordance with FSA rules.

21. NOTICE

The issuance of revised Terms and Conditions from time to time shall be construed as giving notice upon receipt of them that new Terms and Conditions apply after the required notice period has elapsed.

22. ENGLISH LAW

This agreement shall be governed by English Law and shall be subject to the jurisdiction of the English Courts.

APPLICATION FORM (INDIVIDUALS)

Make your cheque payable to “Reyker Securities plc A/C – Stellar EIS” and send it, together with this completed application form and money laundering documentation, as soon as possible, to Stellar Asset Management, c/o Reyker Securities plc, 46 St James’s Place, London SW1A 1NS.

1 Personal details

Title and name in full:

Permanent residential address:

Postcode:

Daytime Tel:

Country of residence:

Mobile No:

National Insurance No:

Tax district:

Tax reference: (UTR 10 digits)

Date of birth:

Email address:

2 Correspondence address

(leave blank if same address as above) *This may be care of your adviser*

Postcode:

Daytime Tel:

3 Subscription

£

(min £10,000)

4 Bank details

Details of the bank account that you would like distributions to be credited to:

Bank name and address:

Postcode:

Account No:

Sort code:

Account Name:

5 Right of cancellation

You have the right to cancel your Subscription within 14 business days of the Fund Manager’s receipt of the Application Form.



6 Declaration

I wish to invest the amount entered in box 3 through the The Stellar Growth EIS Fund (the "Fund") subject to the terms set out in the Investment Management Agreement in Appendix II of the Memorandum. In relation to my investment through the Fund, I appoint Stellar to be the Fund Manager on the terms set out in the Investment Management Agreement.

I confirm that:

- I am applying on my own behalf;
- I wish to seek Relief for the Investments;
- I will notify the Fund Manager of any investment through the Fund in any Qualifying Company with which I am connected within Sections 166, 167, 170 and 171 of the ITA 2007;
- I will notify the Fund Manager if, within three years of the date of issue of shares in an EIS Qualifying Company, I become connected with the Qualifying Company or receive value from such Company;
- The undersigned hereby appoints any director of the Fund Manager as its attorney to execute all relevant documentation on its behalf and in its name including, without limitation, the Investment Management Agreement;
- I will have a direct relationship with the Fund Manager;
- My subscription will be administered by the Custodian in accordance with the Custodian's terms of business. I have understood and I agree to be bound by the Custodian's terms of business;
- I am an experienced investor in small to medium sized higher risk, unquoted companies and I am suitably knowledgeable about the risk associated with non-readily realisable investments;
- **I have read the Memorandum (in particular the section on fees set out on page 13 and risk factors set out on page 16 and the Investment Management Agreement. I have understood and I agree to be bound as a party to the terms of the Investment Management Agreement and authorise the Fund Manager to enter into the Investment Management Agreement on my behalf;**
- I acknowledge that the Fund Manager is not my general financial adviser and that any tax information provided is in the context of the service offered and is not advice. I also understand that the tax information is dependent upon individual circumstances and is subject to change;
- I have read this Application Form and I confirm that I have provided full and accurate information on my personal and financial circumstances in order that the Fund Manager may assess the suitability of an investment through the Fund. I understand that the Fund Manager may decline to act on my behalf in the event that the information provided is incomplete;
- I am not seeking advice from the Fund Manager on the merits of any investment in the Fund;
- I have advised the Fund Manager if I am a solicitor or an accountant or other professional person who is subject to professional rules preventing me from making investments in particular Qualifying Companies (please advise the Fund Manager which firm you work for so that the terms of Clause 7.5 of the Investment Management Agreement can be applied correctly);
- I consent to the Fund Manager's dealing and best execution arrangements and acknowledge that on occasions when the Fund Manager passes an order to another party for execution, the counterparty may execute the trade outside a regulated market or exchange;
- I agree and acknowledge that where the Fund Manager is required by the FSA Rules to provide information to me, such information may be provided by means of the Fund Manager's website;
- I confirm my acceptance of the Custodian's Order Execution Policy; and
- I confirm that I am a person to whom the promotion of an unregulated collective investment scheme, such as the Fund, may be lawfully communicated.

Executed as a Deed by:

Client name:	Witness name and address:
Client signature: _____	Witness signature: _____
Date: _____	Date: _____

7 Adviser details

Name of adviser:	
Name of firm:	
Address:	
	Postcode:
Email address:	Tel No:
FSA No:	Fax No:

Tick this box if copies of all client documentation are to be sent to the adviser

Please tick this box if you have advised the Investor as to the suitability of this investment for them

Signature: _____	Date: _____
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2

IDENTITY VERIFICATION CERTIFICATE

To be completed by a regulated UK intermediary when introducing business.

Instructions for different types of applicants

Individual Investor

An identity verification certificate must be completed for all applicants that are "individual investors".

Companies/Partnerships

A separate identity verification certificate must be completed for all directors or partners who sign the Application Form.

Certified copies of the certificate of incorporation, the memorandum and the articles of association must be provided if the applicant is a company.

A list of current directors or partners must be provided.

A list of all shareholders or partners (including any ultimate beneficial owner) holding or controlling 25% or more of the company or partnership must be provided.

A copy of the mandate authorising those directors or partners to sign on behalf of the entity and a mandate authorising the investment in the Fund must be provided.

Please complete both sides of the form

Please complete a separate certificate for all parties to the application (e.g. joint applicants, trustees, settlors and third parties) where you have been required to undertake identification.

*Delete as applicable

Name of Individual Investor*/Trustee*/Corporate*: (in full)	
Date of birth: (if applicable)	
Current address:	
	Current postcode:

If the Applicant has changed address in the last three years please provide the previous address.

Previous address:	
Date of birth: (if applicable)	
Current address:	
	Previous postcode:

Please indicate with a tick (✓) whether the application was made on a face to face basis or non face to face basis.

I/WE CERTIFY THAT (please tick the box beside **either** Box 1 or Box 2)

- Box 1**
I/We have verified the identity of the applicant and have:
- (a) seen the original documents and provided certified copies;
 - (b) checked that any requiring a signature were pre-signed;
 - (c) confirmed that any associated photograph of the applicant bore a good likeness to the applicant; and
 - (d) included the relevant reference information or certified documentary evidence on/with this certificate.

Box 2
I/We have not verified the identity of the applicant for the following reason(s):

Full name of Regulated Firm:
Name of Regulator:
FSA Reference Number:

Signed*:	Stamp of Adviser:
Name:	
Position:	
Date:	

* Note that this certificate must be signed by the person who has seen the original documentary evidence.

EVIDENCE OF NAME AND ADDRESS

We require as a minimum at least **two** of the evidence of name boxes to be completed and for at least **two** of the evidence of address boxes to be completed for all individual investors, partners, directors or trustees. Please use additional photocopies of this section if there is more than one individual investor, partner, director or trustee.

Evidence of Name

Document	Reference/account number					Certified copy attached? ⁽²⁾
Current Full Signed Passport		Issuing Authority	Place of Birth	Date of Birth	Date of Expiry	
Resident Permit issued to EU nationals by Home Office					Date of Expiry	
Current UK/EU Photo Driving Licence ⁽¹⁾					Date of Issue	
Current Full UK Driving Licence (old style) ⁽¹⁾					Date of Issue	
Firearms certificate		Issuing Authority			Date of Issue	
State Pension or Benefits Book/notification letter ⁽¹⁾		Issuing Authority			Date of Issue	
Sub-contractors Certificate ⁽³⁾		Issuing Authority			Date of Issue	
HM Revenue & Customs tax notification		Type: Notice of Coding ⁽⁴⁾			Date of Issue	

Evidence of Address

Document	Reference/account number				Certified copy attached? ⁽²⁾
Home Visit			Premises entered? Y/N	Date of Visit	
Solicitor letter confirming completion of home purchase or land registration ⁽⁵⁾⁽⁶⁾				Date of Letter	
Electoral Roll check ⁽⁵⁾				Date of Check	
Most Recent Mortgage Statement		Name of Lender	Address current? Y/N	Date of Issue	
Current Local Authority Tax bill		Name of Authority	Address current? Y/N	Date of Issue	
Local Authority rent card or tenancy agreement		Name of Authority	Address current? Y/N	Date of Issue	
Bank/building society/credit union statement or passbook		Name of Issuer	Address current? Y/N	Date of Issue	
Utility Bill (not mobile phone)		Name of Utility	Address current? Y/N	Date of Issue	
Current UK/EU Photo Driving Licence ⁽¹⁾			Address current? Y/N	Date of Issue	
Current Full UK Driving Licence (old style) ⁽¹⁾			Address current? Y/N	Date of Issue	
State Pension or Benefits Book/notification letter ⁽¹⁾		Issuing Authority	Address current? Y/N	Date of Issue	

Notes:

- (1) These items may be used to evidence address or identity but not both.
- (2) If this column is ticked, certified copies must be attached. When attaching certified copies of the evidence you do not need to also record the relevant details on this sheet.
- (3) For self-employed persons in the construction industry – tax exemption certificate with photograph (CI54 and CI56).
- (4) Please delete as appropriate. This document must be issued by HM Revenue & Customs. A P45 or P60 issued by an employer is not acceptable for this purpose.
- (5) You must submit a certified copy of the search if you are relying on this as evidence of address.
- (6) The previous address should also be verified if the applicant has only been resident at the current address for less than three months.

Other forms of evidence may be accepted. If in doubt please enquire.

NOTES ON APPLICATION

Please contact the Fund Manager on 0203 326 0684 if you have any questions relating to the completion of the Application Form.

Procedure for application

An Application Form for individual investors is attached to this Memorandum. Joint applications are not permitted. Application Forms for trusts and corporates are available from the Fund Manager. Applicants must complete the relevant Application Form and send it, together with their payment and Money Laundering verification, to:

Stellar Asset Management Limited, c/o Reyker Securities plc, 46 St James's Place, London SW1A 1NS.

Method of payment

Payment should be made by cheque, made payable to "**Reyker Securities plc a/c Stellar EIS**", or by electronic bank transfer (account name: Reyker Securities plc a/c Stellar EIS; account number: 36210633; sort code: 60-00-01). If payment is made by electronic bank transfer, please ensure that the Investor's surname is included in the information to the payee bank.

Minimum subscription

The minimum individual subscription is £10,000, subject to the discretion of the Fund Manager. There is no maximum subscription, subject to the overall maximum fund size being reached.

Allocation of applications

Applications will be dealt with on a first come first served basis and the Fund Manager reserves the right to accept or reject any application at its sole discretion.

Data protection

By signing this Application Form, the Applicants hereby confirm that they consent to the use of their personal information as follows. Except as stated below, the Fund Manager will not make the personal information provided by the Applicant as part of the application to become an Investor in the Fund available to any person or entity outside the Fund Manager without the Applicant's consent. This personal information will be stored on the Fund Manager's database. This personal information may be used by the Fund Manager to send the Applicant details of new and existing products (including by e-mail) unless the Applicant notifies the Fund Manager in writing that it may not be used in this way. The Fund Manager is registered under the data protection laws of the United Kingdom.

Money laundering regulations

It is a condition that applications comply with the Money Laundering Regulations. The Fund Manager requires verification of identity from each Investor. Pending the provision of evidence satisfactory to the Fund Manager as to the identity of the Investor and/or any person on whose behalf the Investor appears to be acting, the Fund Manager may, in its absolute discretion, retain an Application Form lodged by an Investor and/or the cheque or other remittance relating thereto. Verification of identity is required, which may result in delay in dealing with an application and in rejection of the application. The Fund Manager reserves the right, in its absolute discretion, to reject any application in respect of which it considers that it has not received evidence of such identity satisfactory to it within a reasonable period. In the event of an application being rejected in any such circumstances, the Fund Manager reserves the right, in its absolute discretion, but shall have no obligation, to terminate any contract relating to or constituted by such Application Form (in which event the money

payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited). The submission of an Application Form will constitute an undertaking by the Investor to provide promptly to the Fund Manager such information as may be specified by it as being required for the purpose of the Money Laundering Regulations.

Payment

Payment should be made by means of a cheque drawn on an account in the name of the Applicant. If this is not practicable and a cheque is drawn by a third party or is a building society cheque or bankers' draft, the Applicant's name, address and date of birth should be written on the back of the cheque or bankers' draft and:

- (a) if a building society cheque or bankers' draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- (b) if a cheque is drawn by a third party, the Applicant must ensure that either (1) an Adviser Certificate is provided; or (2) Original/Certified documentation is provided: one item from each of List A and List B (see above) is enclosed with the application form.



STELLAR ASSET MANAGEMENT LIMITED
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Authorised and Regulated by the Financial Services Authority

