

A photograph of a wooden Viking longship on a calm lake. The ship is on the right side of the frame, with its bow pointing towards the left. The water is still, reflecting the sky and the ship. In the background, there is a low, tree-lined shore under a sky with scattered white clouds. The overall mood is serene and historical.

Braveheart
Ventures

Viking Growth Fund

A balanced technology growth fund providing attractive tax benefits to investors

Important notice

The Viking Growth Fund ('Viking' or the 'Fund') is an unregulated collective investment scheme, as defined in the Financial Services and Markets Acts 2000, as amended ('FSMA'). The Fund is not authorised or otherwise approved by the Financial Services Authority ('FSA'). This information memorandum ('Memorandum') has been prepared by Braveheart Ventures Ltd ('Braveheart' or the 'Manager'), a company registered in Scotland (Company number SC171237), which is authorised and regulated in the United Kingdom by the FSA.

The Manager has taken all reasonable care to ensure that the facts stated in this Memorandum are true and accurate in all material respects and that there are no material facts whose omission would make any statement or opinion in this Memorandum misleading. Statements of opinion or forecasts about future events, including the ability of the Fund to meet the investment objectives, are based upon the Manager's experience and expertise at the time of publication, but no representation or warranty can be given in relation to such statements or forecasts, nor in relation to the accuracy of third-party information. An investor should read the whole of this Memorandum in order to ascertain whether an investment in the Fund is suitable for them but the Memorandum should not be construed as advice on the legal, tax, regulatory or investment suitability for any particular investor and professional advice should be sought where appropriate. In particular an investor's attention is drawn to the risk factors set out on page 23.

Investment in the Fund is restricted to experienced investors who can be categorised as Elective Professional Clients (as defined in the FSA Handbook).

The Manager may treat an investor as an Elective Professional Client if it has taken reasonable steps to determine that an investor has the requisite skill and experience to be so classified. In the event that an investor has been advised by an FSA authorised intermediary who also completes the Application Form, it will be assumed that the intermediary has already classified the investor as an Elective Professional Client.

This Memorandum and the information contained in it is confidential and is being supplied solely for information and may not be reproduced, redistributed or passed on, directly or indirectly, or published, in whole or in part, for any purpose except with the express written consent of Braveheart.

The promotion comprising this Memorandum is made to or directed at the following persons or persons reasonably believed to be such persons, as applicable, and must not be passed on, directly or indirectly, to any other person in the United Kingdom:

- Investment professionals in terms of Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (SI 2001/1060), as amended ('CIS Order');
- Persons in the business of disseminating information in terms of Article 20 of the CIS Order;
- Certified high net worth individuals in terms of Article 21 of the CIS Order;
- High net worth companies, unincorporated associations, etc in terms of Article 22 of the CIS Order;
- Sophisticated investors in terms of Article 23 of the CIS Order;
- Self-certified sophisticated investors in terms of Article 23A of the CIS Order; and
- Such other persons to, or at, whom it may lawfully be made or directed.

Persons authorised under FSMA may provide this Memorandum to their clients pursuant to applicable exemptions in the FSA's Conduct of Business Sourcebook.



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Introductory letter



We have been building portfolios of fast growing unquoted equities since we formed Braveheart in 1997.

The four core principles behind our business are:

- Growth – we provide equity capital to enable companies to achieve their ambitions;
- Support – we offer experienced business people to assist with corporate development;
- Service – we build diversified portfolios for investors and show market leading returns; and
- Partnership – we work with the academic and business communities to deliver economic benefit.

The performance of our client portfolio is self-evident with a compounded annual rate of return at 31 March 2010 of 30% before any tax breaks are factored in. We have had 21 exits; six IPOs, three trade sales/secondary purchases and twelve write-offs.

Two of the IPOs were main London market listings worth an aggregate £425m on the day they listed. Since the valuation date another of our companies was sold returning roughly twice what we invested in it around two years before.

We offer a management team that has proven its worth in situ at Braveheart; I have worked with Carolyn Smith, our Chief Investment Officer, since 2000 and the results I outline above are the proof of the pudding.

We have over 40 companies in our portfolio and we have some outstanding investment opportunities for the Viking Growth Fund from within this portfolio. In addition we have a strong pipeline of new opportunities. Investors in Viking will benefit from a portfolio that is diversified in terms of sector and stage.

We believe high net worth investors should have an exposure to the 'venture' end of the unquoted equities asset class, and we hope you will choose the Viking Growth Fund as a vehicle in which to invest.

Yours sincerely

Geoffrey C B Thomson
Chief Executive Officer





Key features

Background and objectives

The objective of the Viking Growth Fund ('Viking' or the 'Fund') is to provide investors with a diversified portfolio of dynamic young companies that have market potential on a global scale. Investments will tend to be in technology-based companies and all investments will have the potential to make significant capital gains over the medium term to long term.

Braveheart

Braveheart Ventures Ltd ('Braveheart' or the 'Manager') is a wholly owned subsidiary of Braveheart Investment Group plc, an AIM listed company (the 'Group', including, where the context permits, its subsidiaries). The Group's Chief Executive Officer and Chief Investment Officer have worked together at Braveheart since 2000 and have been responsible for establishing the existing client portfolio. This portfolio is showing what are believed to be market leading returns: as at 31 March 2010, 21 exits have been achieved of which six have been initial public offerings ('IPOs'), three have been trade sales/secondary purchases and twelve have been write-offs. This performance equates to an Internal Rate of Return ('IRR') of 30%. Two of the IPOs have been by way of main London market listings and both are technology companies. More recently, we sold an early stage technology company to a trade buyer in July 2010 – this investment returned roughly twice what we invested in it around two years before.

Portfolio and pipeline

As at the end of March 2010, the Group had interests in 43 portfolio companies. These interests are either by way of direct investment by the Group or by way of the management of client or fund portfolios. This portfolio comprises principally technology investments that span a number of different industry sectors. It also contains companies at various stages of development. This portfolio provides a strong pipeline of investments for the Fund.

The Fund

The Fund is an unapproved fund in terms of Section 251 of the Income Tax Act 2007 and as such there are no time restrictions on when the Fund's assets must be deployed. However, the Manager anticipates that the Fund will invest in at least five companies and that these investments will be made within a two-year timeframe.

The Fund will be open for investment throughout the 2010/11 tax year but will close to applications on 31 March 2011 unless otherwise extended by the Manager. The maximum investment into the Fund is £500,000 per individual or £1m per couple. The minimum investment into the Fund is £10,000. There is no minimum or maximum size of the Fund.

Investment policy

The Manager will seek to build a balanced portfolio with exposure to various industry sectors and stages of company. Investments will be principally in technology and will be made by way of follow-on into the existing portfolio and also into new companies. Investments may be made alongside other private or public sector funds managed by the Manager. The Group has pre-emption rights in respect of existing portfolio companies and these pre-emption rights will be available to the Fund in the event that existing Braveheart client shareholders do not take up their allocations in full.

Exits

The Fund will be managed principally from an EIS perspective and exits will be sought in three to five years although earlier exits will be taken if appropriately profitable opportunities present themselves. It is anticipated that the Fund will be wound up at the end of year five. Investors in the Fund will have a range of options for realising investments which are still active when the Fund is wound up.

EIS

Subject to personal circumstances, investors in the Fund will benefit from a range of tax reliefs that encompass income tax relief, capital gains tax ('CGT') deferral, CGT exemptions, loss relief and business property relief (for inheritance tax ('IHT')). Further details of the tax benefits are set out on page 18.

Risk factors

Investments will be high in risk. Investors may not recover the money they invest in the Fund. Further details of the risk factors are set out on page 23.





About Braveheart

Background

Braveheart is a wholly owned subsidiary of Braveheart Investment Group plc (ticker AIM: BRH) and is authorised and regulated in the United Kingdom by the FSA. The Group is headquartered in Perth with regional offices in central London, Yorkshire, Jersey, Manchester and Dubai.

There are two principal parts to our business: the first is in providing specialist investment management services to private clients and the second is in making investments directly from the Group's balance sheet. In most situations we will invest the Group's funds alongside those of our clients.

Our primary focus is on making and managing investments in dynamic young companies that have real market potential with prospects for significant growth. We invest in UK companies with technology that has potential global reach. The companies are generally early stage but range from start-up to businesses in pre-listing situations. As at the end of March 2010, we had 43 companies in our portfolio (this portfolio includes companies where we and our investment clients have shareholdings and where we have a carried interest or a fund management agreement).

From a small private investment syndicate formed in 1997, Braveheart has evolved into a public company with a proven track record in early stage technology investment, producing what are believed to be market leading returns for its client base. We have an established deal flow which includes exclusive access to intellectual property emanating from certain partner universities and science parks.

We pride ourselves on our innovative approach to investment and we have pioneered early stage funds such as the SMART Equity Fund ('SMART'), the Alpha EIS Fund ('Alpha') and the Strathclyde Innovation Fund ('SIF'). More detail is given on these funds elsewhere in this document.

In addition to working with academia, we work closely with the public sector and we have various funds under management that emanate from national and regional government agencies.

The Group is also an approved lender under the Enterprise Finance Guarantee scheme ('EFG') as operated by Capital for Enterprise Limited on behalf of Her Majesty's Government.

Group structure

Since listing on AIM in 2007, the Group has made three acquisitions: the first was W L Ventures Ltd (subsequently renamed Caledonian Portfolio Realisations Ltd ('CPR')) in April 2007. The second was Inkopo Ltd (subsequently renamed Viking Fund Managers Ltd ('VFM')) in June 2009. The third was Envestors Ltd which was acquired in October 2010. All of these businesses specialise in early stage technology investing and were acquired with a portfolio of interests.





How we operate

Philosophy

Our business is based on the following principles:

- Growth - providing equity capital to enable companies to achieve their ambitions;
- Support - offering experienced business people to assist with corporate development;
- Service - building diversified portfolios for investors and showing market leading returns; and
- Partnership - working with the academic and business communities to deliver economic benefit.

Investment selection and process

Our deal flow is sourced from a large and expanding network of intermediaries and includes: university relationships, venture capital connections, relationships with banking, financial and investment institutions, and the Group's client base. The Group has contractual pre-emption rights in existing portfolio companies which guarantees follow-on investment opportunities.

In order to be considered for investment, companies need to demonstrate the following:

- Uniqueness in the form of intellectual property and/or know-how;
- A significant market need for the potential product or service;
- That potential returns are commensurate with the risk; and
- That an exit plan is in place.

We will consider an investment where the management team is partly formed and in such a situation we will fill any gaps from our own contacts and client base.

Our investment team typically reviews around 400 investment proposals each year, around 10% of which may progress to a first meeting. Subsequent meetings are held in order for the investment team to reach a decision; any new investment must be approved by both the Chief Executive and the Chief Investment Officer prior to terms being issued.

Once terms for a new investment are agreed, we carry out a detailed due diligence exercise. This exercise takes a number of weeks and will focus on the key aspects of the investment opportunity. Part of the due diligence process includes a review of the strengths of the management team, at which point the selection of potential non-executive directors is considered.

Our in-house legal counsel will usually draft the relevant investment documentation and will progress the investment through to completion, working alongside the investment team.

We are experienced at structuring investments in growing companies, and we generally include an exit preference wherever possible, in order to mitigate downside risk. We are able to do this without compromising EIS benefits. We have a policy of ensuring that the management teams of our portfolio companies are incentivised and we typically set aside around 10% of the equity for performance based share options in favour of management.

Ongoing support

Our investments are usually between £50,000 and £1m, and we provide continued support and follow-on funding to our portfolio companies as they grow. The Group can support the Fund's equity by also offering companies interim debt funding where equity is not appropriate. This is generally provided by way of convertible loan notes with a loan under the Group's EFG accreditation as a secondary option.

In addition to finance, we frequently provide management support by introducing experienced individuals from our client base to chair or to act in a non-executive capacity. We also draw on our network to provide specialist support when required and to 'open doors' for our portfolio companies.

Managing investments is a crucial role, and we retain an ongoing involvement with our portfolio companies throughout the investment period. This monitoring role includes having the right to observe at board meetings and receiving regular board reports from companies. Our Head of Portfolio actively engages with the companies on an ongoing basis and she works closely with our Chief Investment Officer.





Our track record

When considering our returns, it should be noted that investing in unquoted companies is speculative and involves a high degree of risk. Whilst we show our historic track record, this is not necessarily indicative of future returns and investors should take professional advice before deciding to invest in the Fund. We are members of the British Venture Capital Association ('BVCA') and the EIS Association ('EISA'). As recommended by the BVCA we use European Venture Capital Association ('EVCA') guidelines when valuing our portfolio. Our portfolio results are reviewed by our auditors annually as at 31 March. The returns stated below do not take account of EIS tax benefits.

Source of funds

Since inception Braveheart has invested in excess of £20m from the Group and its clients and has a proven track record of delivering attractive returns. At 31 March 2010, over 90 rounds of funding had been invested into 45 companies and an introduction to some of these companies can be found in 'Our portfolio' on pages 9-13.

Our investment rationale is to invest in a spread of companies by both stage of company and sector. Our investments include a portfolio which is focused on early stage (typically spin-out) investments from universities and technology parks, and a portfolio which deals with more established companies seeking growth or development capital. The early stage companies have traditionally been financed by innovative 'virtual' funds, such as our SMART Fund which we launched in 2003, and our Alpha Fund which we launched in 2006. These two funds combined have so far provided c£2m of seed capital investment into 12 companies. SMART was fully invested in 2006 and Alpha is expected to be fully invested within six months.

A more recent fund set up by Braveheart is the £4.48m SIF which closed in late 2008. This fund, the first of its kind in a UK higher education institution, has the exclusive right of first refusal to fund all commercial investment opportunities that

arise in respect of intellectual property emanating from the University of Strathclyde. The SIF is still at an early stage and has made three investments to date.

In addition to the university opportunities, we offer other later-stage opportunities to our private advisory clients, who make their own investment decisions based on recommendations that we make. Alongside investment from advisory clients, the Group makes investments on its own behalf as well as on behalf of its discretionary clients.

Investment typically ranges from £50,000 to £1m and Braveheart's clients, the Group, Alpha and SIF may co-invest with the Fund where appropriate.

Returns

As at 31 March 2010 (the 'Valuation Date'), our bespoke client portfolio, measured on the basis of an equal investment being made into companies invested in since Braveheart's formation, showed an IRR of 30% on realised investments, and an overall IRR of 23% on both realised and unrealised investments. The former figure equates to a doubling of money every 31 months.

Of the 21 investments realised to the Valuation Date, six have been by way of IPO, and three have been by way of trade sale or secondary purchase. The remaining 12 have been written off. The two most notable IPOs have been Wolfson MicroElectronics plc, a global leader in the supply of high performance mixed-signal semiconductors to the consumer electronics market, and Optos plc, a leading medical retinal imaging company; these companies had an aggregate market capitalisation of around £425m on listing. Vibration Technology Ltd, a wireless seismic testing company, was acquired by French company Sercel for £32m. Since the Valuation Date, a young technology company, Imsense Ltd has been sold to a trade buyer for roughly twice what was invested in it approximately two years previously.

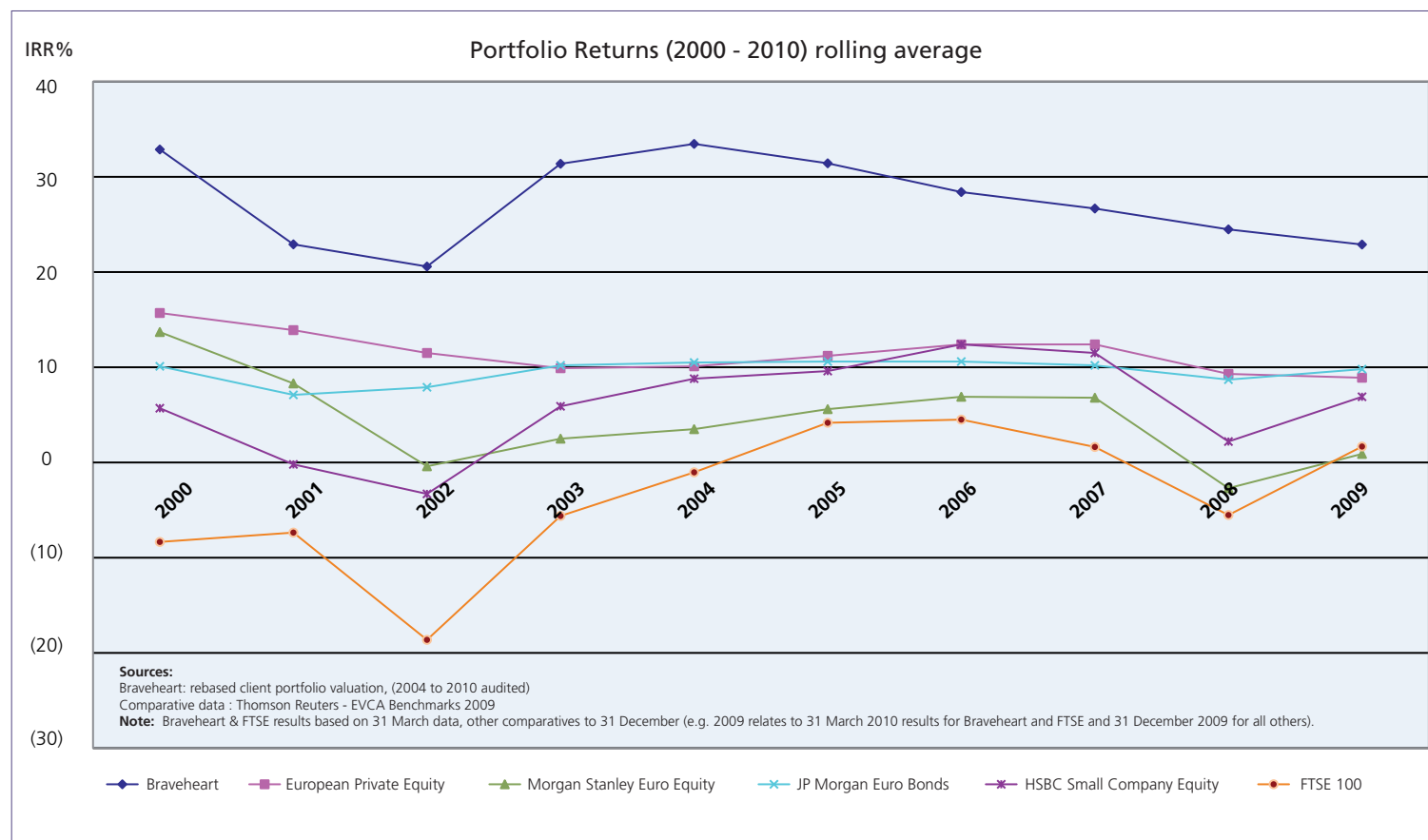




Of the 12 investments made via SMART and Alpha, five have been written off and three have progressed to the main portfolio for subsequent follow-on funding. At the Valuation Date, the combined SMART and Alpha portfolio reported an IRR of 3.6%.

The IRRs stated above do not take account of the tax benefits offered by EIS.

A graph of our historic results set against industry benchmarks follows. These results compare favourably to the BVCA benchmark (published July 2010) for post 1996 vintage funds where IRRs are (4.8%), (0.8%) and (2.3%) for ten, five and three year 'venture' stage funds and 13.1%, 17.3% and 4.4% for ten, five and three year funds of all categories.





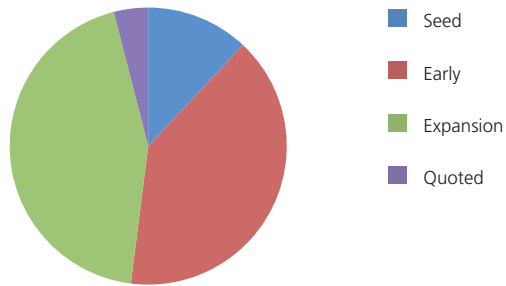
Our portfolio

Portfolio detail

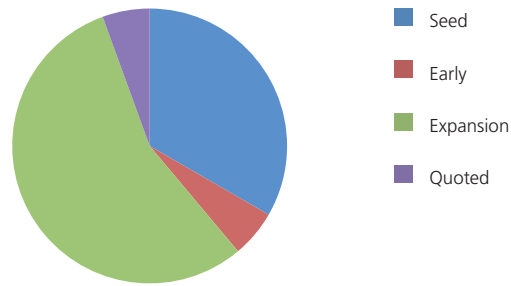
We have added to the portfolio in recent years through the acquisitions of CPR and VFM as noted previously. The CPR portfolio is a generalist technology portfolio whereas the VFM portfolio is earlier stage and is predominantly software related (see charts below). As at the end of March 2010, we had interests in a portfolio of 43 companies.

A summary of the portfolios and snapshot of a selection of the companies follows:

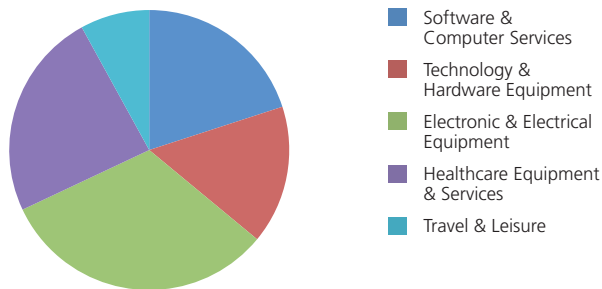
Braveheart/CPR number of companies by stage



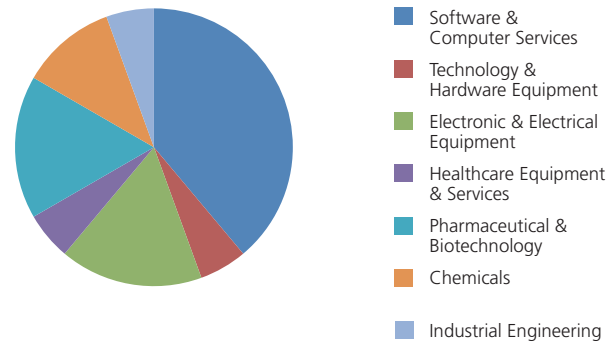
VFM number of companies by stage



Braveheart/CPR number of companies by sector



VFM number of companies by sector





Portfolio snapshot

Software & computer services



AppShare Ltd was formed in 2007 as a spin-out from the University of Strathclyde. The company has developed a collaborative software solution, which allows the sharing of electronic information and software applications between groups at different geographical locations. The software is unique in that it can be integrated with other existing software applications and its multiple collaboration sessions have minimum impact on network performance for other users. The company is currently piloting the technology.

www.appshare.co.uk



Founded in 1999, Bloxx Ltd is an award-winning web filtering company which has developed novel approaches to prevent inappropriate use of the web by employees. The company uses its patented technology, Tru-View, to analyse and categorise web pages quicker and more accurately than other web filters. Over 1.5 million users from an impressive customer list already benefit from enhanced security and performance. Bloxx has expanded to a multimillion pound operation with products sold in Europe and North America. Deloitte recently named Bloxx in its Technology Fast 50 for the fourth consecutive year ranking Bloxx number 19 in the UK.

www.bloxx.com



Dimensional Imaging Ltd is a double spin-out from the universities of Edinburgh and Glasgow and was the first company to be supported by the Group's SMART Equity Fund. The company provides a range of 3D and 4D surface image capture and analysis systems which result in accurate, high-resolution 3D surface models of specific parts of the body e.g. the face, torso and limbs. Applications include medical and dental applications which can assist in planning and assessing maxillofacial surgery, the manufacture of radiotherapy and burns treatment masks and the manufacture of orthotics and prosthetics. The company has also recently revealed its new facial expression capture system for the entertainment industry.

www.di3d.com





Portfolio snapshot

Software & computer services - continued



This Nottingham-based company operates one of the UK's leading online diet and nutrition websites, offering subscribers their own personal diet diary, a database of some 30,000 food items and nutritional meal plans. Founded in 2004, NutraTech Ltd secured two rounds of investment through VFM. NutraTech manages a number of white label websites for well-known high street brands, is operating profitably and expanding fast.

www.nutatech.co.uk



Founded in 2004 by a group from the Real-time Systems Research Group at the University of York, Rapita Systems Ltd are experts at analysing the timing of real-time, avionics systems to identify potential problems and then make them as fast and as reliable as possible. Rapita's innovative RapiTime product is a world leader in software performance analysis and worst-case execution time analysis. The company raised a single round of investment from VFM and private investors in 2005, and is now operating profitably, with many blue chip clients in the aerospace industry in Europe, the USA and China.

www.rapitasystems.com





Technology hardware & equipment



Cascade Technologies Ltd is a spin-out from the University of Strathclyde. The company has created novel technology which uses quantum cascade lasers to provide breakthrough products that create instant DNA-type fingerprints of gases, enabling their presence and quantity to be detected. The technology can be applied to multiple applications, such as emissions monitoring in the marine and power generation industries, and the detection of explosives and chemical agents. Cascade's technology is being used globally and is low maintenance requiring little or no calibration making the products a cost effective way of measuring emissions in real time.

www.cascade-technologies.com



Diamond Digital Holdings Ltd was founded in 2009 and is based in Sheffield. Diamond designs, develops and manufactures dispersions for inks used in cartridges for ink-jet printers, both OEM and refill. It raised investment in 2009 from VFM and a consortium of private investors to expand its facilities and provide working capital to service new customers across Europe, South Korea, India, China and Brazil.

www.diamonddispersions.com



Elonics Ltd was founded in 2003 and is a fabless mixed-signal semiconductor company specialising in the development and sale of multi-band radio frequency IC products. Digital Tune™ is the company's flexible radio tuner chip platform that can be configured to support different standards and frequencies for a number of applications. The E4000 is the company's initial release and is a flexible TV tuner component for portable and handheld devices offering the manufacturer low power consumption and low system costs.

www.elonics.com



Edinburgh-based Pyreos Ltd manufactures infrared component products aimed at mainly industrial applications such as spectroscopy, gas sensing, and security and energy management. The technology was transferred to Pyreos from Siemens and Pyreos has gone on to rapidly develop a range of infrared sensors for each of its target markets that offer compelling advantages over competitors' products. Pyreos is building an international customer base, including early adopter brand names in the field of infrared technology, and last year signed two long-term supply agreements with an export value of £8m over the next five years.

www.pyreos.co.uk





Portfolio snapshot

Electronic & electrical equipment



Conjunct Ltd was formed in 2003 as a start-up from Heriot-Watt University. The company was established to develop disruptive technology for short range, high speed optical communications. Its proprietary technology 'Fibre-Lyte' aims to offer benefits in the packaging of optical components in the data communications market, the size of which has typically been restricted due to the high cost and specification of components.

www.conjunct.co.uk



Design LED Products Ltd has developed a printed light guide technology which provides an inexpensive method of producing thin, flexible signs and displays illuminated by embedded light emitting diodes. The displays can be formed into 3D shapes and can incorporate different colour and lighting effects as well as movement and animation. Application areas include consumer electronic displays, backlights for LCDs, automotive and industrial panels and keypads, and brand logo enhancement. The company has also collaborated with ITI Scotland to develop a thin, power-efficient backlight unit which has some compelling features for the display market.

www.designedproducts.com



Pufferfish Ltd was established in 2004 as a start-up from the University of Edinburgh and designs and develops inflatable spherical projection displays for use in the audio visual industry. The PufferSphere is of lightweight design, has a stable image projection and a compact footprint making it easy for artistic creators to incorporate into their installations and creating a visually stunning effect for the audience. Recent successes include stadium units used by Coldplay and Paul McCartney during recent world concert tours, the PGA Tour opener in Scottsdale, Arizona and the Eurovision Song contest in Moscow.

www.pufferfishdisplays.co.uk





Healthcare equipment & services



Biopta Ltd is a contract research company which provides specialist GLP-compliant services using ethically donated human tissue to evaluate compounds in a model close to human in vivo conditions. This serves to provide data on the human safety and efficacy of selected compounds much earlier in the drug development process, thereby increasing the predictability of drugs likely to be successful. The company delivers both validated assays and bespoke services to global pharmaceutical and biotechnology companies across therapeutic areas such as cardiovascular, gastrointestinal, inflammation, respiratory and CNS.

www.biopta.com



Tayside Flow Technologies Ltd ('TFT') was formed in 2000 and is focused on the research, development and commercialisation of vascular devices based on a new understanding of blood flow dynamics called Spiral Laminar Flow technology. This innovative technology restores the natural blood flow pattern in grafts and stents and TFT received section 510k approval in April 2009 from the US Food and Drug Administration to market its first graft product, a peripheral artery bypass graft. This was followed by the Company's second product, an access graft, receiving 510k approval in March 2010.

www.tayflow.com



EctoPharma Ltd is a 'virtual' pharmaceutical company commercialising patented technology in the areas of human and veterinary medicine to compete in specific healthcare and pesticide markets. The company's proprietary technology has the potential to be the basis for a new generation of safer pesticides with less adverse health effects and reduced environmental implications. The lead product KindaPed for head lice treatment has completed phase 2 clinical trials demonstrating 95% efficacy. Research and development work is also underway with the London School of Pharmacy into a novel gene therapy employing cutting edge nanotechnology believed to have the potential to treat several forms of cancer.

www.ectopharma.com





The fund

Technical status

The Fund is an unapproved fund under section 251 of the Income Tax Act 2007. This status covers only certain administrative matters and in no way bears on the commercial viability of the investments to be made. Further information on the benefits of EIS can be found in the 'Tax benefits' section of this document.

Fund mechanics

The Fund will be a pool of money managed by the Manager on a discretionary basis, and will be structured as a series of customer agreements with individual accounts. The Fund will be open to applications as at the date of publication of this document and will close on 31 March 2011 unless otherwise extended by the Manager. The minimum subscription per investor to the Fund is £10,000 and the maximum is £500,000 for an individual or £1m per couple. Subscriptions will be held in segregated client bank account(s) to which accrued interest will be credited. The investor will be the beneficial owner of the shares allocated and the shares will be issued to Braveheart Nominees Ltd as nominee for the investor.

Investment Objectives and Restrictions

The aim of the Fund is to build a diversified portfolio of investments principally in technology based businesses. The investment objectives are that the Fund will provide investors with capital growth underpinned by the tax advantages associated with EIS. The exit objectives are to maximise value to investors over a period of up to five years.

The Fund will not invest in any of the excluded activities defined in section 192 of the Income Taxes Act 2007 which includes, amongst others: dealing in land; banking and insurance; leasing; receiving royalties; legal and accountancy; property development; woodlands and forestry; farming; operating hotels or nursing homes.

The Fund will only invest in businesses based in the United Kingdom.

Working within the above parameters, it is anticipated that the Fund will make at least five investments, although this cannot be guaranteed. In the event that the Fund is not fully invested by 31 March 2013, the balance of amounts subscribed in the Fund will be returned to investors or rolled-over into a new fund, as directed by the investor.

Investment pipeline

Investments will be made by way of follow-on investments into existing portfolio companies as well as new opportunities. A summary of our investment selection and processing procedures are set out earlier in this document. We will seek to achieve diversification for the Fund by investing in opportunities across various sectors and stage of business so that investors will obtain exposure to a range of potentially high value opportunities, all of which have the potential to see significant capital gain within the lifetime of the Fund.

Co-investment

The Fund may co-invest alongside the Group and its clients, and any other fund managed by the Manager. Where appropriate, the Fund will draw matched funding from our allocation from Scottish Enterprise's Scottish Co-investment Fund in order to leverage additional equity for portfolio companies based in Scotland. Similar arrangements may become available to leverage public sector funds elsewhere in the UK.





Conflicts of interest

The Manager will seek to manage any conflicts of interest in an open and fair way. Allocations within the Fund will be made on a pro rata basis. A written conflicts of interest policy is in place.

Exit options and liquidity

There are a number of ways in which investments are realised. The principal routes are as follows:

- Initial Public Offering on LSE, AIM or PLUS;
- Sale to, or a royalty arrangement with, a trade buyer;
- Sale to other shareholders and/or management;
- Sale to specialist secondary fund; or
- Sale of asset/liquidation.

The anticipated life of the Fund will be five years, with individual exits arising throughout the life of the Fund. The sale of a Qualifying Investment within three years will result in the loss of EIS relief on that investment, and exits will only be sought within that time frame if they are appropriately remunerative.

As investments are sold, the net proceeds will be passed to the investor as soon as practicable after the disposal.

It is the intention of the Manager that the Fund will be wound up after five years. In the event that investments are still held at the time the Fund is wound up, the assets of the Fund will be distributed in specie or otherwise as agreed with investors.

Investment rationale

The Fund is suitable for experienced private investors who seek a diversified portfolio of high-risk growth capital investments which benefit from attractive tax reliefs. These tax reliefs can boost net investor returns and offer a measure of downside protection.

Investment in unquoted companies is inherently illiquid and investors should assume that it could take several years before they can realise their investments. Should investors wish to sell investments before they have matured, the Manager will seek to match willing buyers with willing sellers. However, investors should be aware this may not be feasible and full value is unlikely to be achievable in such an exit. In addition, EIS relief may be lost.





The team

Overview

The Group's Chief Executive Officer and Chief Investment Officer have worked together for nearly eleven years and have been responsible for the investment returns outlined elsewhere in this document.

Individuals who are expected to be directly involved in the management of the Fund are as follows:



Geoffrey Thomson, Chief Executive Officer, is one of the founders of Braveheart. Geoffrey has a track record as a dealmaker and business angel. He has run his own venture capital backed group of companies and spent five years working as a company doctor specialising in restructuring and refinancing small to medium sized enterprises. He is a director of Braveheart Investment Group plc and its subsidiary companies, and of NESTech Ltd (a university challenge fund for three Scottish universities). Geoffrey also sits on a number of advisory boards.



Carolyn Smith, Chief Investment Officer, has an honours degree in accountancy from the University of Stirling and is a Chartered Secretary. She spent five years working in insolvency before moving to business development and investment. After five years working in private equity for LINC Scotland she joined Braveheart in 2000. She is a director of Braveheart Investment Group plc and certain of its subsidiary companies.



Andrew Burton, Managing Director (Viking Fund Managers), has a BSc in Mechanical Engineering from Leeds University and has been involved in early stage technology investing since 1986. Before setting up VFM in 2002 he ran the Yorkshire Association of Business Angels (which he chairs) and previously worked for UniVentures International at Leeds Metropolitan University where he was responsible for high growth programmes and incubators.



Judy Mackie, Head of Portfolio, oversees the monitoring of Braveheart's portfolio. Prior to joining Braveheart in April 2008 she was part of 3i's Small and Medium Sized Investment Team where she worked successfully with management teams and non-executive directors in order to drive change while enhancing and crystallising value. She has many years experience of working with companies in a wide range of sectors and of dealing with the many issues arising from minority equity positions.



Lesley Jardine, Technology Analyst, has a PhD in biomedical research and a degree in biochemistry from the University of Dundee. She has worked in post-doctoral research at Harvard and the Western General Hospital, Edinburgh. After leaving academia she spent four years in the Innovation Grants Unit at the Scottish Executive before joining Braveheart in 2006.



Stephen Hart, Legal Counsel, provides in-house legal services for all aspects of our investment portfolio. He has been a member of the Braveheart team since April 2008. Stephen studied for his law degree and master's degree in European & International Trade Law at the University of Leicester, and trained with Maclay Murray & Spens in London, qualifying as an English solicitor in September 2001. He became an associate with Maclays in Edinburgh in 2007, practicing a wide variety of corporate work with particular expertise in private equity, joint ventures, funds and partnerships.





Tax benefits

This section refers to tax legislation that is in place at the time of writing.

EIS qualifying companies

There are several criteria that a portfolio company must satisfy in order to be a Qualifying Company. Braveheart has considerable experience in sourcing and making EIS investments and is familiar with the requirements of the regime. We will seek to ensure that the Fund invests in Qualifying Companies and that each investment is structured in order to benefit from the requisite reliefs. However, prospective investors should note that no assurance can be given that the investment will continue to qualify for the requisite period (being three years from the issue of shares, or if later, the commencement of trade by the company invested in). The conditions for relief and the circumstances where they can be withdrawn are complex. The following provides an overview of the tax position and illustrative examples of the advantages are shown at the end of this section.

Unapproved investment fund status

Investors in an unapproved EIS fund can carry back their income tax relief for a period of one year from the date the Fund makes individual investments in the underlying companies. Capital gains tax deferral relief is calculated in the same way. The minimum investment that the Fund can make in any company is £500 per investor.

EIS Paperwork

An investor in the Fund claims tax relief on form EIS3 for each individual investment. This form EIS3 states the amount of the Qualifying Investment and the relief is made via a personal tax return. EIS3 is sent to investors after EIS1 has been approved by HMRC. If the portfolio company is a new company EIS1 can only be submitted after the portfolio company has been trading for at least four months.

HMRC approves the form by sending EIS2 to the portfolio company. The portfolio company sends form EIS3 to the Manager who will check all details, hold a copy and send the original to the investor. Relief must be claimed no later than five years after 31 January following the year of the investment in the portfolio company.

EIS tax reliefs

To obtain the tax reliefs described below it is necessary to subscribe for ordinary shares in Qualifying Companies and claim the relief. The summary below is based on current law, gives only a brief outline of the tax reliefs, and assumes that the investor is a 50% taxpayer. It does not set out all the rules which must be met by Qualifying Companies and the investor. The tax reliefs will only be relevant to investors who pay UK income tax and/or wish to defer a capital gain.

Income tax relief

Individuals can obtain income tax relief on the amount subscribed for shares in Qualifying Companies (up to £500,000 in each tax year, for all EIS investments) provided they are not connected with any issuing company. Husbands and wives, and civil partners, can each subscribe up to £500,000 per annum. To calculate the relief, the lower rate of tax (currently 20%) is multiplied by the amount subscribed. The relief is given against the individual's income tax liability for the tax year in which the shares are issued unless the individual makes a carry back claim.

Capital gains tax deferral relief

To the extent to which a UK resident investor (including individuals and certain trustees) subscribes for Qualifying Investments, he/she can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset, or a previously deferred gain may have been brought back into charge. Although there is a limit of £500,000 for income tax relief (see above) and for the exemption from capital gains tax upon a disposal (see below), there is no limit on the amount of EIS investments which can be used to defer a gain.





If an investor dies whilst still holding the Qualifying Investments, the deferred CGT liability is extinguished entirely.

The shares must be issued within one year before, and three years after, the date of the disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of shares or an earlier breach of the EIS rules.

Capital gains tax exemption

Any capital gains realised on a disposal of shares in a Qualifying Company after the three-year period, and on which EIS income tax relief has been given and not withdrawn, will be capital gains tax free. Any capital gains realised on a disposal within the three-year period will be subject to capital gains tax at the prevailing rate.

Loss relief against income or gains

Tax relief is available at any time in respect of any loss realised upon a disposal of shares in a Qualifying Company on which EIS income tax relief or CGT deferral relief has been given and not withdrawn. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains in the tax year in which the disposal occurs, or, if not fully used, against gains of a subsequent year. Alternatively, on making a claim, the loss net of income tax relief may be set off against the individual's taxable income in either the tax year in which the disposal occurs or the previous tax year.

Inheritance tax - business property relief

Although not an EIS tax relief as such, an investment in a Qualifying Company will qualify for 100% relief from IHT under current legislation, provided the investment has been held for at least two years and is still held at time of death.

There is no upper limit on the amount of IHT relief which can be claimed. The combined availability of the reliefs referred to above can result in significant tax savings.

Trusts

Reliefs are available to UK resident investors as trustees of discretionary or life interest trusts. Apart from being attractive to individual investors who are UK residents for tax purposes, the Fund offers excellent tax planning opportunities to trustees of certain trusts. Capital gains tax deferral relief, as described above, can be claimed on the amount subscribed for Qualifying Investments against any chargeable gains if a Qualifying Investment is made at a qualifying time. Capital loss relief is available under the normal capital loss rules in respect of any losses incurred on investments made by the Fund.

Inheritance tax: discretionary trusts can benefit from business property relief on EIS investments made by the Fund provided they have been held by the trustees for two years.





Worked EIS examples

Income tax relief

Income tax relief is available in respect of 20% of the amount invested in Qualifying Investments up to a maximum aggregate investment of £500,000 in any one year.

Example (assuming a Qualifying Investment of £50,000)

Investment in Fund	£50,000
Less: Income tax relief at 20%	(£10,000)
Net cost of investment	£40,000

Capital gains tax deferral relief

The assessment of CGT on a capital gain may be deferred by investing the gain in Qualifying Investments. The amount of the gain on which assessment can be deferred is limited only by the amount invested in Qualifying Investments.

Example (assuming a prior capital gain of £50,000)

Investment in Fund	£50,000
Less: Income tax relief at 20%	(£10,000)
CGT deferral at 28%	(£14,000)
Net cash outlay of investment	£26,000

Capital gains tax relief

No CGT is payable on gains made on investments in Qualifying Investments provided such investments are held for at least three years.

Example (assuming the investment is sold after three years for £150,000)

Investment in Fund	£50,000
Less: Income tax relief at 20%	(£10,000)
CGT deferral at 28%	(£14,000)
Net cash outlay of investment	£26,000
Proceeds of sale	£150,000
Chargeable gain	nil
Tax free gain	£100,000
Deferred CGT now payable on prior gain	£14,000
Total tax savings:	
Income tax on investment	£10,000
CGT on gain on investment (£100,000 at 28%)	£28,000
	£38,000





Loss relief

Capital losses realised on Qualifying Investments qualify for loss relief. The capital loss (net of initial income tax relief) can be offset against income in the year or prior year of the loss, or offset against capital gains in the year of the loss or carried forward indefinitely.

Example: Loss relief against Income Tax (assuming a Qualifying Investment of £50,000 and a 50% tax payer)		Example: Loss relief against CGT (assuming a Qualifying Investment of £50,000)	
Investment in Fund	£50,000	Investment in Fund	£50,000
Less: Income tax relief at 20%	(£10,000)	Less: Income tax relief at 20%	(£10,000)
Net cost of investment	£40,000	Net cost of investment	£40,000
If investment falls to £nil, Capital loss	(£40,000)	If investment falls to £nil, Capital loss	(£40,000)
Loss relief at 50%	£20,000	Loss relief at 28%	£11,200
Net loss	(£20,000)	Net loss	(£28,800)
Percentage of initial cash outlay	40%	Percentage of initial cash outlay	58%

Note: the examples on pages 20-21 assume current rates of taxation and that CGT exemptions are already utilised and exclude the effect of management and performance fees.

This is a condensed summary of the taxation legislation and should not be construed as constituting advice which a potential investor should obtain from his or her own investment or taxation adviser before applying for an investment in the Fund. The value of any tax reliefs will depend on the individual circumstances of investors.





Fees & charges

The Manager will be entitled to fees in relation to the Fund as follows:

Initial charges

The Manager will charge an initial fee equal to 2.5% of funds subscribed upon admission to the Fund. An additional charge of 2.5% will be payable to a referring financial adviser unless an investor has indicated that they do not wish this to be the case (please see Application Form). These fees will be deducted from initial subscriptions to the Fund. No EIS tax relief is available on the fee elements of the subscription.

Management fee

An annual management charge of 1.5% of the net cash committed (adjusted either way for the increase or decrease in the value of investments as at 31 March and 30 September) shall be payable to the Manager quarterly in arrears.

Dealing charge

The Manager will charge a 1% dealing charge on the purchase and sale of investments (at cost and realised value respectively). There is no dealing charge for distributions in specie on the winding up of the Fund or on termination of the Investor Agreement.

Performance fee

The Manager will charge a fee based upon the performance of the Fund equal to 20% of the return in excess of the gross amount invested by an investor. The Manager shall be entitled to deduct the performance fee on the realisation of individual investments (calculated by reference to the gross amount of the individual investment), the winding up of the Fund, or on the termination of the Investor Agreement. Any interim performance fee(s) shall be subject to adjustment (and if necessary shall be repaid by the Manager) following calculation of any final performance fee on the winding up of the Fund or on the termination of the Investor Agreement.

General

VAT at the prevailing rate will be added to all fees and charges where appropriate. The Manager shall be entitled to deduct any periodic or transactional fees that may be due to it from cash committed 14 days after the date on which they are invoiced to the investor.

The Manager reserves the right to charge arrangement and syndication fees to the companies in which the Fund invests. The Manager may also receive fees from portfolio companies in return for due diligence and legal work involved in completing the transaction.





Risk factors

Background

Investments in instruments such as those planned by the Manager for the Fund are high in risk. In particular, equities in unquoted or private companies are higher in risk than those in listed companies. The value of an investment in the Fund may go down as well as up, and an investor may not get back the full amount invested. The following specific risks have been identified by the Manager. These risks should be considered carefully in evaluating whether to make an investment in the Fund. The risks listed do not necessarily comprise all those associated with an investment in the Fund and are not set out in any particular order of priority.

Investment risks

Most investments are likely to be by way of equity investments in private or unquoted companies. Investments in these types of companies are not 'readily realisable securities' (as defined in the FSA Rules) and have a lower degree of liquidity than their listed peers and consequently it may be difficult to sell the investments at a reasonable price, and in some situations, it may be difficult to sell them at any price.

Investments made by the Fund will be principally in technology companies. The investments will be subject to the risks associated with technology investing in general, including the ability to secure follow-on funding to support ongoing research and development activities, the impact of competing technologies entering the market, and the risk that the research and development will fail. In some cases, the ability to succeed will be dependent upon regulatory approval for certain trials to proceed. Such businesses often depend upon the continued involvement of key members of the management team, which cannot be assured. There is no certainty that individual portfolio companies will prove to be successful or generate a return on investment.

The Manager expects to select investments that have the potential for significant capital growth over a five year period. Whilst it is likely that some investments will be realised early, investors should plan for their funds to be invested for a five-year period.

The quantity or the quality of investment opportunities that the Manager receives may mean that the Fund is unable to be fully invested within the stated timescales.

Past performance of the Manager is no guide to future performance and the value of investments in the Fund may go down as well as up.

Taxation risks

Tax treatment and EIS in particular may change for reasons outwith the control of the Manager. Investors should be aware that any adverse changes to legislation may affect the net amount of returns the Fund may provide.

The information in this Memorandum is based upon current tax law and practice and other legislation and any changes in the legislation or the practice of HMRC or in levels and bases of, and reliefs from, taxation may affect the value of an investment in the Fund.

The investment described in this Memorandum may not be suitable for all recipients. Accordingly, investors are recommended to consult an investment adviser and an appropriately qualified taxation adviser prior to investing in the Fund.





Glossary

Act or FSMA	the Financial Services and Markets Act 2000 as amended from time to time;
AIM	the Alternative Investment Market of the London Stock Exchange plc;
Associate	a company within the same group as the Manager;
Best Execution	achieving the price which is the best available in the relevant market at the time for that particular type and size of transaction having regard to your circumstance and interests;
BVCA	British Venture Capital Association;
Clause	a clause of the Investor Agreement;
Client Money Rules	the FSA Rules relating to client money;
Closing Date	31 March 2011 unless otherwise extended by the Manager;
COBS	the FSA Conduct of Business Rules Sourcebook;
Contracts for Differences	a contract which secures a profit or avoids a loss by reference to fluctuations in the value or price of an investment or in an index or other factor designated for that purpose in the contract;
EIS	Enterprise Investment Scheme;
Elective Professional Client	a client who has been classified as a Professional Client in accordance with COBS 3.5.3 of the FSA rules;
EVCA	European Venture Capital Association;
Follow-on funding	a subsequent round of funding (into a portfolio company);
FSA	the Financial Services Authority or its successor;

FSA Handbook	The FSA Handbook sets out the FSA's legislative and other provisions made under powers given to it by the Financial Services and Markets Act 2000;
FSA Rules	the rules, guidance and evidential provisions contained in the FSA Handbook as altered, amended and added to or revoked from time to time;
Future	a right under a contract of sale where delivery is to be made at a future date at an agreed price;
Group	Braveheart Investment Group plc and, where the context permits, its subsidiaries;
Investment Business	the business of engaging in one or more of the activities which fall within Part II of the Financial Services and Markets Act (Regulated Activities) Order 2001 as amended or replaced from time to time;
Investment Objectives and Restrictions	the investment objectives and/or restrictions detailed on page 14, as amended or replaced from time to time;
Investor Agreement	the investor agreement set out in pages 25 to 33;
LSE	the main market of the London Stock Exchange plc;
PLUS	the market operated by PLUS Markets plc;
Qualifying Company	a company having the meaning given to it by section 180 of the Income Taxes Act 2007;
Qualifying Investment	an investment by an individual eligible for relief under Part 5, Income Tax Act 2007 in shares of a Qualifying Company;
Realised Investment	an investment that has been sold or written off;
Retail Client	an individual or other entity deemed to be a retail client in accordance with the FSA Rules; and
Writing	a letter sent by post, or a facsimile or email.





Investor agreement

Introduction

This Agreement (the 'Agreement') sets out the terms and conditions of your participation in the Viking Growth Fund (the 'Fund'). By completing and signing the Application Form on pages 35 and 36 you agree to the formation of an agreement between you and Braveheart Ventures Ltd incorporating these terms.

Braveheart Ventures Ltd (the 'Manager') is authorised and regulated by the Financial Services Authority with Firm Reference Number 228345.

The Manager is entitled in its discretion to reject (in part or in full) your application to invest in the Fund. The deadline for applications for the Fund is 31 March 2011, though the Manager in its discretion may extend the last date on which it will accept applications.

1. Interpretation

1.1. In this Agreement words or expressions defined in the Glossary shall have the meanings given to them, unless there is something in the subject or context inconsistent therewith.

2. Commencement

2.1. This Agreement shall commence as at the date on which the Manager notifies you that your application in respect of the Fund has been accepted (in part or in full).

3. Subscriptions

3.1. The minimum subscription that you may make in the Fund in accordance with this Agreement is £10,000. The maximum subscription that you may make in the Fund is £500,000 or £1m where an application is made by a married couple or registered civil partners. You may make more than one application in respect of the Fund before the Closing Date.

4. The Fund

4.1. The Fund will be managed by the Manager exercising the investment powers set out below. The subscriptions of all investors into the Fund will be aggregated together for purposes of making investments through the Fund.

4.2. By entering into this Agreement you and every other investor who enters into the same form of agreement grant to the Manager the right to select and manage investments that correspond to the Investment Objectives and Restrictions. The number of shares in any portfolio company allocated to you will be calculated by the Manager by reference to your pro rata investment in the Fund, provided that minor variations may occur to avoid issuing fractions of shares to you. The decision of the Manager as to the allocation of shares shall be binding except in the case of manifest error.

4.3. Any transactions carried out by the Manager on behalf of you that affect the Fund shall be accounted for in the periodic statement to be supplied to you in accordance with Clause 15 hereof.

5. Investment Objectives and Restrictions

5.1. For the duration of this Agreement the Manager shall, subject to the Investment Objectives and Restrictions, have full power, authority and right to exercise the functions, duties, powers and discretion exercisable by you in managing the Fund, either itself or wholly or in part through its authorised agents or delegates.

5.2. Any amendments to the Investment Objectives and Restrictions shall make due allowance for the time within which the Manager shall have to come into compliance with them.

5.3. The Investment Objectives shall not be deemed to have been breached as a result of changes in the price or value of certain assets of the Fund brought about solely through movements in the market.





6. **Investment powers**

- 6.1. Without prejudice to the generality of Clause 5, and except as provided for elsewhere in this Agreement, the Manager shall have full discretion, without prior reference to you, to buy, sell, retain, exchange or otherwise deal in investments and other assets or securities, make deposits and to manage the assets of the Fund in such manner as the Manager may determine upon, with no restriction on the amount or proportion of any investment or on the market or kind or type of investment.
- 6.2. The Manager shall not effect transactions in Futures or Contracts for Differences.
- 6.3. The Manager may not commit you to supplement the Fund either by borrowing on behalf of you or by committing you to a contract the performance of which may require you to supplement the Fund.
- 6.4. In effecting transactions in listed securities for the Fund the Manager shall seek Best Execution at all times.
- 6.5. Subject to the FSA Rules, the Manager may aggregate transactions for the Fund with those of other clients and of its employees and of employees of an Associate. You acknowledge it is possible that aggregation may on occasion be to your disadvantage.

7. **Regulatory status**

- 7.1. The Manager will notify you immediately if it ceases to be authorised and regulated by the FSA. The Manager will at all times comply with the FSA Rules and nothing in this Agreement shall exclude any liability of the Manager to you under the Act or the FSA Rules.

8. **Categorisation as Elective Professional Client**

- 8.1. The Manager may categorise you as an Elective Professional Client in accordance with the FSA Rules if:
 - 8.1.1. it has taken reasonable care to determine that you have sufficient experience and understanding to be classified as an Elective Professional Client;
 - 8.1.2. it has given you written warning as to the protections under the FSA Rules that will not apply; and
 - 8.1.3. it has obtained separate written consent or is otherwise able to demonstrate that informed consent has been given. This consent is set out in the Application Form.
- 8.2. Eligibility to participate in the Fund and the services to be provided by the Manager are provided on the basis that you are or are deemed to be an Elective Professional Client and the Manager shall be entitled in its absolute discretion to refuse any application from an individual who does not fall into this category of client.

Warning notice

By signing the declaration set out in the Application Form, you confirm that you are, and acknowledge that you are being treated as, an Elective Professional Client under the FSA Rules.

As such, the Manager believes that you have sufficient knowledge, experience and understanding of investment in unquoted securities, and are of such financial standing, to waive the protections provided for Retail Clients. As a consequence of being treated as an Elective Professional Client the Manager warns you that certain regulatory protections afforded under the FSA Rules will be lost or limited or modified as follows:

Regulatory protections that will not apply

Risk warnings: You will be deemed to have sufficient experience and knowledge of the risks involved when investing in the types of securities outlined in the Investment Objectives and Restrictions and the Manager will not be obliged to warn you of the nature of such risks.





Disclosure of charges, remuneration and commission: The Manager shall not be obliged to disclose to you the basis of or the amount of its charges for any of the services provided by the Manager in the course of carrying out business with you or on your behalf or the nature or amount of any other income the Manager receives from third parties.

Financial promotions: The Manager will not be obliged to set out any of the prescribed contents, disclosures or risk warnings required for Retail Clients in any prospectuses, marketing brochures or other non real-time financial or promotional material.

Direct offers: The Manager will not be required to comply with the FSA Rules relating to the restrictions on, and the content of, direct offer communications.

Best Execution: The Best Execution provisions of the FSA Rules do not apply to the Fund as an unregulated collective investment scheme in which no participant is, or was on admission, a Retail Client.

Regulatory protections that will be limited or modified

Financial promotions: The majority of the FSA Rules in relation to the form and content of financial promotions will not be applicable in respect of any financial promotion communicated or approved by the Manager.

Reporting: The Manager shall not be required to set out any of the prescribed information required for Retail Clients in its periodic statements nor will it be obliged to provide you with a periodic statement where you have requested the Manager not to do so or the Manager has taken reasonable steps to establish that you do not want them.

Financial Ombudsman

In addition, you will lose the right of access to the Financial Ombudsman Service (except in relation to the advice of any intermediary).

Communications and Suitability

The Manager may have regard to your expertise when complying with requirements under the regulatory system that communications with you must be clear, fair and not misleading and when assessing the suitability of any investments.

8.3. Prior to the Manager acting as such for you, the separate consent set out in the Application Form must be signed by you and returned to the Manager.

8.4. Where you exercise any such right to be treated as a Retail Client, the Manager may decide at its sole discretion that it is unable to act or continue to act for you. In the event that you are reclassified as a Retail Client you shall not be entitled to Best Execution in respect of your assets comprised in the Fund and in any event the Manager shall continue to be entitled to treat all investors in the Fund as Professional Clients.

9. **Warranty/Undertaking**

9.1. You warrant that:

- 9.1.1. you have full power to appoint the Manager;
- 9.1.2. that application is being made upon your own account and that the information supplied to the Manager is true and accurate; and
- 9.1.3. no part of the Fund has/have been granted by way of security or is otherwise subject to any claim by a third party.

9.2. You undertake:

- 9.2.1. not to deal, except through the Manager, with any of the assets in the Fund or to authorise anyone else so to deal; and
- 9.2.2. if so directed you shall promptly arrange for the execution or production of any documents necessary to carry out transactions effected in accordance with this Agreement. Where a delay or failure to deliver such documents is envisaged you shall notify the Manager immediately.





10. Safe-keeping of Client Assets

10.1. The Manager will be responsible for the:

- 10.1.1. safe-keeping of investments;
- 10.1.2. the settlement of transactions;
- 10.1.3. the collection of income; and
- 10.1.4. the effecting of other administrative actions in relation to investments.

10.2. The securities held in the Fund will be held by and registered in the name of a nominee that is controlled by the Manager. Such securities may be pooled (held in an omnibus account) with those belonging to other clients of the Manager. This means that individual entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic records. Any entitlements to shares or any other benefits arising from a corporate event in respect of any security shall be distributed pro rata among all clients whose interests in such securities are pooled.

10.3. The Manager accepts that you will, at all times, be the beneficial owner of all the securities held in the Fund on your behalf.

11. Voting rights

11.1. The Manager shall be free to exercise or refrain from exercising the voting and other rights or privileges conferred by investments held in the Fund as it thinks fit.

11.2. The Manager is not obliged to forward to you any circulars, notices or proxy cards received in respect of the Fund.

12. Lending and borrowing

12.1. The Manager will not permit any documents of title or documents evidencing title to investments comprised in the Fund to be lent to any third party and will not permit any money to be borrowed on behalf of the Fund using such documents as security.

13. Client Money

13.1. Uninvested cash, forming part of the Fund, will be held by the Manager in accordance with Client Money Rules.

13.2. The Manager will operate a segregated client bank account(s) for each client (the 'Client Account'). The Manager will hold money on your behalf and such money (including sums credited to the capital account and income account referred to below) will be credited to the Client Account or such other client bank account or accounts as the Manager may from time to time maintain.

13.3. The Manager will, in its books, operate a capital account and an income account in your name. The capital account will be credited or debited with all sums arising from changes in the Fund notified to you and may be debited with the fees and charges referred to under Clause 17. The income account will be credited with interest and dividends received or collected by the Manager in respect of the Fund and other income amounts received on behalf of you. Interest, dividends and other income amounts held in the income account will be capitalised twice yearly.

13.4. All income in respect of the Fund will be credited to the income account on the date of receipt of cleared funds.

13.5. Interest will be calculated on the daily balance of the uninvested cash shown in the capital account and the balance of the income account at the prevailing rate applied to the Client Account or such other rate as the Manager may negotiate from time to time. The Manager shall not be required to account to you for any interest accrued on funds held in a pooled account before a transfer to, or after a transfer from, your Client Account.





14. Instructions

- 14.1. All instructions by you to the Manager shall be in writing provided that the Manager may, at its discretion, accept instructions given orally and shall acknowledge any such instructions in writing.
- 14.2. Where you are more than one person, the Manager will be entitled to act on the instructions received from any one of those persons and any notice or communication given by the Manager to any one of those persons will be deemed to be a notice or communication to each of those persons.
- 14.3. You may authorise the Manager to accept instructions from an authorised signatory in such form as the Manager may reasonably require.
- 14.4. The Manager may refuse to act upon any instruction received where it is reasonably believed to do so would not be in your best interest or where the Manager by carrying out the instruction would be in breach of a FSA Rule or other regulatory or statutory provision. The reasons for refusing to carry out an instruction shall be given in writing.

15. Documentation

- 15.1. The Manager will forward to you a periodic statement, dispatched within 60 calendar days of both 31 March and 30 September, which will include the following:
 - 15.1.1. cash receipts and payments;
 - 15.1.2. cash balances;
 - 15.1.3. cash reconciliation from the previous periodic statement where applicable;
 - 15.1.4. interest and dividends received;
 - 15.1.5. the book cost, market price and valuation of each holding;
 - 15.1.6. total value of the investment in the Fund based on the then current International Private Equity & Venture Capital Valuation Guidelines as published and amended from time to time or such other guidelines as otherwise recommended by the BVCA or the EVCA;

- 15.1.7. any management fee, calculated in accordance with Clause 17, deducted from the capital account; and
- 15.1.8. confirmation that the Manager holds the relevant Fund investments in safe custody for you in the nominee name.

16. Communications

- 16.1. In the interests of the proper administration of the Fund and for related investment purposes an employee of the Manager or an Associate may call upon you by telephone, visit or otherwise communicate orally with you without express invitation.
- 16.2. You agree that such telephone calls, visits or other communications referred to in Clause 16.1 may be made.
- 16.3. Your attention is drawn to the fact that you will forfeit any right conferred by Section 30 of the Act to treat as unenforceable any investment agreement entered into in the course of or in consequence of such a communication.

17. Fees and charges

- 17.1. The fees and charges which you agree to pay to the Manager are set out on page 22. All fees and charges are expressed exclusive of VAT.
- 17.2. The fees and charges as stated are subject to periodic review by the Manager, who reserves the right to increase them on giving you not less than three months' prior written notice.
- 17.3. You understand and agree that the Manager may in addition to the fees and charges receivable from you in terms of this Agreement receive various other fees and commissions from portfolio, or potential portfolio companies and that the receipt of such fees by the Manager shall not in any way affect the parties rights, duties and obligations under the Agreement.





17.4. In the event of there being an insufficient amount of cash held within the Fund when any fees and charges are applied, the Manager reserves the right to sell any assets in the Fund at that time in order to provide the sum necessary to meet the amount outstanding.

17.5. Other than as stated in the Memorandum and/or in this Agreement the Manager will not receive any other remuneration in connection with transactions effected by the Manager on your behalf.

17.6. You agree that the Manager shall have a lien over your assets in the Fund to the extent that any fees or other amounts for which you are liable in terms of this Agreement remain unpaid and the Manager shall be entitled to either (i) dispose of your investments and apply the proceeds or (ii) appropriate to itself investments of an equivalent amount (based upon the most recent valuation) in discharging such liability.

18. Conflicts of interest

18.1. The Manager may, without prior reference to you, effect transactions in which the Manager or an Associate has, directly or indirectly, a material interest or a relationship with another party, which may involve a potential conflict with the Manager's duty to you. In particular, but without limitation, such potential conflicting interests or duties may arise because the Manager or an Associate undertakes Investment Business for other clients.

18.2. Unless otherwise stated, the Manager shall not be liable to account to you for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions and the Manager's fees and charges shall not be abated thereby.

19. Liability

19.1. The Manager shall use all reasonable care and skill in the performance of its duties under this Agreement. The Manager accepts responsibility for loss to you to the extent that such loss is due to the gross negligence, wilful default or fraudulent act of the Manager or its employees.

19.2. If any counter-party should fail to deliver any necessary documents, or to account for any transaction or securities, the Manager will take all reasonable steps on behalf of you to recover such documents or securities, or any sums due, or compensation in lieu thereof, but subject thereto (and to Clause 19.1 above) shall not be liable for any such failure. All reasonable costs and expenses properly incurred by the Manager may be charged to you.

19.3. Subject to Clauses 19.1 and 19.2 above, the Manager shall not be liable for any default of any counter-party, bank or other person or entity whom holds money, investments or other documents of title on behalf of you.

19.4. No warranty is given by the Manager as to the performance or profitability of the Fund or any part thereof.

19.5. The Manager will generally endeavour to select investments that are tax efficient in terms of the Enterprise Investment Scheme and other such schemes. Notwithstanding, you acknowledge that after an investment has been made, such investment may cease to qualify for tax relief under these schemes for reasons outwith the Manager's control.





20. Indemnity

20.1. You shall indemnify the Manager against all claims by third parties which may be made against the Manager in connection with the services under this Agreement, except to the extent that the claim is due to the gross negligence, wilful default or fraudulent act of the Manager or its employees.

20.2. The Manager shall inform you, as soon as possible, of any such claims in respect of which an indemnity is sought under this Agreement and shall give such assistance as you may reasonably require in defending or resisting the same. The Manager shall not admit liability or offer any settlement without your prior written consent. You may, if you desire, take over the defence of such action or pursuit of any such claims in your own name or the name of the Manager.

21. Confidentiality

21.1. Neither the Manager nor any Associate is obliged to disclose to you or take into consideration information either

21.1.1. the disclosure of which, by them to you, would or might be a breach of duty or confidence to any other person; or

21.1.2. which comes to the notice of an employee, officer or agent of the Manager or of an Associate, but does not come to the notice of the individuals managing the Fund.

21.2. The parties to this Agreement will, at all times, keep information acquired in consequence of it confidential, except for information which they may be entitled or bound to disclose under compulsion of law, or where requested by regulatory agencies (including HMRC), or to their professional advisors where reasonably necessary for the performance of the services.

21.3. Information sent by email is first routed to the sender's internet service provider's computers. It is then sent by various routes selected by the internet messaging protocol to the recipient's service provider. It is thereafter forwarded to the recipient. Neither the sender nor the recipient is in control

of the links that enable the email to take place, so it can be intercepted. If an email is intercepted and the contents used by a third party, the parties agree that neither the Manager nor you will be deemed to have breached the confidentiality terms of this Agreement.

21.4. In respect of Clause 21.3 above, neither party shall be liable to the other for any losses, costs, claims, proceedings or demands suffered or incurred as a direct or indirect result of a third party interception of email, save to the extent that such losses or claims are as a direct result of the fraud or negligence of the other party.

22. Force majeure

22.1. The Manager will not be liable to you for any failure to meet its duties hereunder, or for any costs incurred where such loss or failure is caused directly or indirectly by nationalisation, the act of any government or other competent authority, breakdown, failure or malfunction of any telecommunication or computer service or systems, storm, accident, fire, lock out, strike, currency restrictions, riot, civil commotion, rebellion, acts of war or enemy action or terrorism, insurrection, revolution, act of God or any other cause beyond the control of the Manager provided the Manager shall use all reasonable efforts to minimise the effects of the same.

23. Assignment

23.1. This Agreement is personal to you and shall not be capable of assignment or transfer by you. The Manager may, upon giving one month's written notice, appoint another person (who is authorised and regulated by the FSA and who has permission to carry on its Investment Business under FSMA) as manager in its place and shall then transfer to such appointee all the benefits of this Agreement and all the duties and obligations of the Manager.





24. Termination

24.1. The Manager shall notify you on the date on which the Fund will terminate (if termination has not already occurred following the sale, or transfer to you, of your investments). This is likely to be 31 March 2016.

24.2. This Agreement will continue until the termination of the Fund or otherwise terminated by either:

24.2.1. the Manager giving you three months' written notice or, if so required by any competent regulatory authority, notice of immediate termination; or

24.2.2. you giving the Manager three months' written notice.

24.3. Termination will be without prejudice to the obligations of the Manager to complete transactions already initiated or acted upon in respect of the Fund.

24.4. Upon termination the Manager shall be entitled to:

24.4.1. the accrued amount of fees and charges referred to under Clause 17 to the date of termination, including performance fees (if any) which shall be calculated based on the most recent valuations or such other later date as the Manager may determine, at its discretion;

24.4.2. any additional expenses necessarily incurred in terminating the Agreement; and

24.4.3. compensation for any losses necessarily realised in selling or concluding outstanding obligations.

24.5. Termination will not affect any rights, existing commitments or contractual provisions intended to survive termination.

25. Whole agreement and amendments

25.1. This Agreement, the Application Form and the Memorandum constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous agreements or understandings between the parties with respect thereto.

25.2. This Agreement may be amended only if the parties so agree in writing (such agreement not to be unreasonably withheld).

26. Notices

26.1. Any notices hereunder shall be in writing and shall be served by post, fax or email and sent:

26.1.1. in the case of you, to the last address notified to the Manager (or such other destination as is notified to the Manager from time to time for this purpose); and

26.1.2. in the case of the Manager, to the address set out at the end of this Agreement (or such other destination as is notified to you from time to time for this purpose).

26.2. Any notice or information given by post shall, unless returned undelivered, be deemed to have been given two business days after sending. Any notice or information given by fax or email shall be deemed to be received the day of transmission. Service of legal proceedings may only be served by post.

27. No waiver

27.1. No failure on the part of either Party to exercise, and no delay on its part in exercising any right or remedy under this Agreement, will operate as a waiver thereof nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.





28. Anti-money laundering

28.1. The Manager is under a statutory obligation to:

- 28.1.1. maintain procedures for forestalling or preventing money laundering, which includes the process of verifying your identity; and
- 28.1.2. report any knowledge or suspicion of money laundering to the appropriate law enforcement agencies and make available to them all relevant Client records.

28.2. You agree to provide the Manager with such evidence of identity as may be requested. The Manager shall not be entitled to remit any sums to you until the verification procedure is complete.

29. Data protection

29.1. The Manager will act as Data Controller (and in certain circumstances as the Data Processor) within the meaning of the Data Protection Act 1998 (the 'Data Protection Act'). You hereby consent to the processing and use by the Manager and its agents and Associates of personal data (as defined in the Data Protection Act) insofar as necessary to enable them to provide the services set out in this Agreement. Such data may also be used by the Manager, its agents or Associates to update client records and to advise you of other financial products and services which the Manager reasonably considers may be of interest to you, unless you have indicated otherwise in writing.

30. Complaints

30.1. Any complaint relating to the Manager should, in the first instance, be notified in writing to the Manager's Chief Executive Officer who will make due investigations and report his findings, in writing, to you. Once a complaint has been responded to in writing the Manager may treat the complaint as settled and resolved if, within 2 months from the date of the response, no indication has been received from you that you are not satisfied with the response.

30.2. In the case of an unresolved complaint you shall have no right of access to the Financial Ombudsman Service.

31. Dispute resolution - valuations

31.1. Any dispute or difference arising out of or in connection with any valuation of the Fund, or any constituent part thereof, referred to in this Agreement shall be finally resolved by arbitration. It is agreed that:

- 31.1.1. the tribunal shall consist of one arbitrator (who is to be a member of the Institute of Chartered Accountants of Scotland);
- 31.1.2. in default of the parties' agreement as to the arbitrator, the appointing authority shall be the Chief Executive of the BVCA;
- 31.1.3. the place of the arbitration shall be Scotland;
- 31.1.4. the language of the arbitration shall be English.

32. Governing law

32.1. This Agreement and, save as provided in Clause 31, all matters relating hereto shall be governed by the laws of Scotland and the parties submit to the exclusive jurisdiction of the courts of Scotland.

Braveheart Ventures Ltd
The Cherrybank Centre
Cherrybank Gardens
Perth
PH2 0PF

20 December 2010





Notes





Application form

To Braveheart Ventures Ltd, The Cherrybank Centre, Cherrybank Gardens, Perth PH2 0PF

1. I wish to invest £_____ in the Viking Growth Fund subject to and on the terms of the Investor Agreement commencing on page 25 of the Memorandum.

I understand that the minimum subscription is £10,000 and that maximum subscription for an individual is £500,000 (or £1m per couple).

I attach a cheque made payable to 'Braveheart Ventures Ltd Client Account' in respect of the full amount of the subscription.

2. Personal details

Name(s): _____

Address: _____

Town: _____

Postcode: _____

Daytime telephone: _____

Mobile telephone: _____

Email address: _____

3. Tax information

Tax District: _____

Tax Reference Number: _____

National Insurance Number: _____

4. For new clients applying directly

To comply with anti-money laundering regulations, please attach either a certified true copy/likeness or originals (which will be returned to you) of one of the following identity documents:

Passport (photo page)/Photocard driving licence/Firearms certificate/
National identity card

And one of the following documents showing your name and address and not more than three months old:

Utility bill/Bank statement/Mortgage statement/Insurance policy

5. I declare that:

- I have read, understood and accepted the terms, conditions and risk warnings set out in the Memorandum and the Investor Agreement;
- I will notify the Manager of any investment by the Fund in any company with which I am connected as set out within sections 166 to 171 of the Income Taxes Act 2007;
- I will notify the Manager if, within three years of the date of issue of shares by a Qualifying Company in which I am invested through the Fund, I become connected or received value from such company.

I understand that the return of this Application Form duly completed and signed will, subject to acceptance by the Manager, constitute a binding client agreement and incorporate the terms and conditions set out in the Investor Agreement and the Memorandum. I confirm that I am applying on my own behalf.

Please note: in the event that you are applying as an individual investor directly to the Manager, rather than through an intermediary, you may be required to provide further information as to your investment experience.

Signature of applicant: _____

Date: _____





6. Consent to categorisation as an Elective Professional Client

I declare that I have read and understood the notice on pages 26 and 27 of the Investment Agreement. I confirm that I consent to being categorised as an Elective Professional Client. I have read and understand the warnings of the protections under the regulatory system that I will lose or which will be limited, modified or capable of modification as a consequence of consenting to such categorisation.

Signature of applicant: _____

Date: _____

Do not complete if applying to the Manager directly

7. To be completed by an authorised intermediary acting as adviser to the investor:

I confirm that we are authorised by the FSA to advise on investments in EIS investment funds (EIS managed portfolios or funds) and have so advised the applicant.

I hereby certify that we have carried out appropriate checks on the applicant in accordance with the UK Money Laundering Regulations 2007:

YES/NO

Signature: _____

Name of adviser: _____

Name of firm: _____

Address: _____

Postcode: _____

Telephone number: _____

FSA Firm reference number: _____

Stamp of authorised adviser:



Braveheart Ventures is a member of the following organisations:





Braveheart Ventures Ltd
The Cherrybank Centre
Cherrybank Gardens
Perth
PH2 0PF

mail@braveheart-ventures.co.uk
T: +44 (0)1738 587 555
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www.braveheartinvestmentgroup.co.uk