



Round Corner Brewing Limited

Information Memorandum (IM) For Prospective Investors



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**ROUND CORNER BREWING LIMITED
INFORMATION MEMORANDUM (IM) FOR PROSPECTIVE INVESTORS**

8 FEBRUARY 2018

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Offer for Subscription by Round Corner Brewing Limited to raise up to £1.5 million in return for up to 60% of its issued share capital to build and operate the business which will be engaged in the brewing and sale of beer and related products.

For further information please contact Combie Cryan at columbacryan@yahoo.co.uk or 07585 792494 or Colin Paige at colin.paige@gmail.com or 07957 590463 or info@roundcornerbrewing.com

Date: 8 February 2018

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The UK Beer Market

- The UK craft and independent beer market has been doubling in size every two years for a number of years now, notwithstanding the context of an overall shrinking UK beer market. The British Beer and Pub Association's statistics show that since 1980, the beer market by volume has contracted by 35%. So, there is a clear trend toward drinking smaller volumes of higher quality beer.
- The growth in craft and independent beer is off a low base and, despite aggressive expansion (where there are now over 2,000 breweries in the UK), craft beer still represents less than 3% of overall beer sales by value, versus about 20% in the US.
- The Company believes that the East Midlands is currently under-represented by aspirational independent breweries and, whether related or not, the proportion of drinkers consuming craft and independent beer materially lags behind hot spots like Scotland, the South East and the South West.
- There is material room for growth in the craft and independent beer market in the East Midlands region, should it follow ongoing national trends. There is no reason to believe that it won't.

The Brewery

- Round Corner will be an independent, craft brewery producing world-class beers from its home in Melton Mowbray Market, in the East Midlands.
- Round Corner is led by Combie Cryan, who has a 20 year history of running, growing and materially increasing the value of both large and small start-up businesses globally. Combie has also been involved in the transformation of Melton Mowbray Market, which is now the biggest town centre livestock market in the UK.
- Round Corner's head brewer, Colin Paige, has been brewing for multinational groups and transforming craft and independent breweries for over 20 years. He builds champion breweries on time and budget, wins global and local beer awards (the latest being a Gold for Butcombe Original in 2017's World Beer Awards), and develops innovative and commercially successful beer brands (including Macs in New Zealand and Stone & Wood of Australia). Colin not only ensures his beers taste great but also designs the process around them to ensure they are consistently produced and that production matches demand. This is why his breweries were not only best in class (both Thunder Road and Stone and Wood were champion Australian Breweries in Colin's time with them) but highly commercially successful (Colin built Mac's Gold into a £15M annual sales power brand for Lion Nathan in New Zealand alone).
- Combie and Colin have known each other for the past 15 years and have been discussing brewery plans for much of that time.

Why Melton Mowbray and the market?

- In Melton Mowbray Market, the Company believes it has found a unique home which will root the business and attract visitors from around the UK and overseas. It is a site with a 1,000 year association with food and drink; the 350,000 annual visitors are drawn to the weekly Tuesday market, on-site pub and events venue, and over 20 artisanal food businesses plus 4 national food festivals annually. The importance of the Market to the town is signified by the '70p in every pound spent in Melton on a Tuesday comes from people who come to town for the Market' driver behind Melton Borough Council's investment in a new £5.5M cattle shed for Melton Mowbray Market.
- Melton Mowbray calls itself the "rural capital of food and drink", with protected geographical status for its pork pies and stilton cheese. It provides an ideal back drop to our broader aspirations of creating a destination and an iconic home, along with partner businesses for us to jointly market with and learn from. This includes a Council who will be our ultimate landlord and is one of our biggest supporters.

How we intend to succeed?

- The Company intends to grow value for shareholders by:
 - Brewing beers of global significance and quality, starting at 170,000 litres in year one up to 1.6 million litres in year five.



- Actively marketing, selling and distributing to the 11 million people living within 60 miles of Melton Mowbray. To develop loyalty, we will target customers directly via social and mainstream media as well as the pubs and off license sales channels, and visibility promoting events wherever possible.
 - Initially focusing on draught on-premise sales where experimentation is higher and, with 50% of UK pubs being independent and another 30% being non-brewery pub companies, the freedom to stock independent beer is clear.
 - Developing a national and international following and reputation – distribution here is readily available, and we have had queries already.
- The key performance indicators (“KPIs”) for the Company will be:
 - Operational** – capital spend, cost of goods sold, inventory, cost of acquisition (both drinkers and distribution routes), delivery format (keg, cask, bottle, can), on versus off sales;
 - Financial** – cashflow, sales incorporating distribution outlets and sales per venue, revenue per litre and margin per litre; and
 - Strategic** – beer awards, own venues (including proportion of sales), regional, national and export sales breakdown, social media impact and following, local partners, community support and engagement (us to community and vice versa).

Specific Returns for Shareholders

The operational KPIs are also the same KPIs that potential acquirers would apply to the business. Specifically, they include the following:

- Sales volumes – through growth both in new sales routes and sales through existing outlets
- Growth in new drinkers and repeat customers;
- Profitability and margin including price retention as we scale and cost synergies;
- Brand strength including visibility in on and off venues and direct relationships with drinkers; and
- Beer quality and reputation including awards and followers.

We anticipate that after year three, provided we meet our targets, we will be a well-capitalised and fast growing medium sized brewer with a loyal customer base in a fast growing and likely still underserved region. We will start to receive serious and attractive propositions from potential acquirers or merger prospects which we will update shareholders on, alongside our recommendations for future phases of organic growth as they occur.

In addition, to help ensure you are well stocked with your beers, all shareholders will receive 10-20% off all beer purchased for your own consumption on site and in time via our own venues or website.

Following up on the ‘we want to see you’ theme, we will also host a launch event later in 2018 to sample our launch range of beers and meet some of our foodie friends, neighbours and followers on site. We will make it so that you will want to come to this come hell or high water. In addition, through to the end of 2019, Colin is happy to offer tutored tastings for you and your friends, subject to agreement on dates and numbers.

In addition, a core part of brewing is market analysis, including visiting inspirational peer breweries both in the UK and overseas. As we have done through the planning process for Round Corner, our intent is to bring friends along with us on these trips in order to enthuse them about the product and the industry. We intend to offer investors who love their beer a couple of places on these trips over the first few years, so shout out if this is something that interests you and we’ll sign you up.

The fundraise and what the proceeds will be spent on

Round Corner is seeking to raise £1.5 million of equity via subscription for 60% of the shares in the Company.

The proceeds will be fully invested in the business:

- Half of the fundraise will be spent on the brewery equipment and brewery building fit-out (including an on-site tap room);
- Half will be for the operational costs - including raw materials, marketing and employee wages over the start-up period of two to three years.



Working capital, and its use as evidence of ability to pay, will help secure a long term lease on the site from Melton Mowbray Market and Melton Borough Council.

The Founders, Combie and Colin, will receive below market rate salaries for working in the business.

Pre-fundraise start-up costs have been minimised and will likely amount to no more than £40,000, including legal, financial and some planning costs like architects and planning specialists. The Founders will leave these costs in the business as a non-interest bearing debt to be repaid after three years or when the business becomes profitable, whichever is earlier.

Unless specifically agreed otherwise, the minimum investment per investor is £50,000.

The minimum raise is £1 million. Below that raise level, alternative funding options will be examined.

Details on forecast spend contained in Round Corner Brewing Forecast excel spreadsheet of February 2018.

BUSINESS TIMELINE AND OFFER DETAILS

We have been working on Round Corner for over two years. The key dates for investors for the coming period

Road to Round Corner

- FEBRUARY 2018** Issue investor pack
- 15TH MARCH 2018** Financial investments due
- END MARCH 2018** Order brewery
- APRIL 2018** Start pilot brewing (commencement date for SEIS / EIS purposes)
- MAY / JUNE 2018** Complete civils – new floor, roof, drainage
- JULY 2018** Utilities installation
- AUGUST 2018** Equipment starts arriving for installation
- SEPTMBER 2018** SEIS / EIS certificates issued
- SEPTEMBER 2018** Commissioning complete and brewing first batch
- OCTOBER 2018** Round Corner Brewing first beer in market and launch party

All dates are subject to change and are indicative only. The Company reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, to withdraw the Offer or to accept late Application Forms, either generally or in particular cases, without notifying any recipient of this Information Memorandum or any applicant.

The Articles of Association, a summary of which is contained in Appendix A and a full copy of which is available on request, contains details of how investors can exit the investment and the Company will aim to facilitate exits for investors that wish after the three year qualifying period for SEIS/EIS relief. The Company does not intend to pay dividends and returns are envisaged as capital growth.

THE FIVE YEAR FINANCIAL PROJECTIONS FOR THE COMPANY



	Year 1	Year 2	Year 3	Year 4	Year 5
SALES VOLUME	170,000 L	300,000 L	480,000 L	900,000 L	1,600,000 L
BEERS IN CORE PORTFOLIO	3	4	5	5	5
PRICE PER LITRE	£3	£3.09	£3.18	£3.28	£3.38
REVENUE	£510,000	£948,300	£1,597,517	£3,119,522	£5,835,587
COSTS	£587,712	£972,383	£1,518,412	£2,839,150	£5,102,826
EBITDA	-£77,712	-£24,083	£79,194	£280,371	£732,760
CASH BALANCE @YEAR END	£546,341	£276,902	£188,237	£199,069	£600,259
OTHER ASSETS @YEAR END*	£721,184	£940,184	£1,031,184	£1,148,184	£1,208,184
DEBT	£0	£0	£0	£0	£0
STAFF	6	7	9	14	16

*Accumulating (not allowing for depreciation)

ROUND CORNER BREWING STRUCTURE

The Company is a start-up brewery headed by:

- **Combie Cryan, CEO** incorporating Business Development, Sales & Marketing:
<https://www.linkedin.com/in/combiecryan/>
- **Colin Paige, COO** incorporating Operations and Product Development and Distribution:
<https://www.linkedin.com/in/colinpaige/>

Combie is focused on setting up the Company and securing funding and managing shareholders. He will also be driving sales, brand positioning and distribution channels and increasing Round Corner's visibility with customers and within the brewing industry regionally, nationally and internationally. Combie has a background in sales, marketing, account management, business leadership and M&A. Combie will have done his job when the business is profitable, cash generative, fast growing and with a clear history of delivering on its growth plans. This also means Round Corner will be well respected within the industry and by its loyal drinkers and will be the subject of not only significant amounts of inbound and repeat beers orders but queries from larger breweries, food/drink businesses or private equity on the availability of the brewery for partnerships, merger or sale.

Colin will be focused on brewery operations and the production and distribution of our beers. Initially, this means delivering the brewery and tap room on time and budget. And simultaneously creating amazing beers which win national and international awards and fans, and building out a portfolio of beers which are accessible and leave the customer wanting more. Finally, Colin will ensure that wherever people want our beer and we can profitably deliver it, they will get the great beer they want.

Once the business is up and running, both will be full time roles, each paying an annual salary of £45,000 per annum for at least the first 3 years. Both Founders' returns are therefore concentrated on the performance of their equity stakes in the Company.

The Board

Combie and Colin are the current directors of the Company. Going forward, post raise, they will be joined on the Board by:

- Hugh Brown <https://www.linkedin.com/in/hughprofile/>, a Round Corner shareholder and CEO of Melton Mowbray Market; and
- An independent director and shareholder representative to be appointed once final shareholders are confirmed.



We will also be searching for another non-executive Board member, ideally with retail-side drink, food or leisure sector expertise to help drive and challenge customer understanding and strategy in that area. We expect this role to be filled later in 2018.

Board members can be appointed and terminated as laid out in the Company's Articles of Association.

Post raise, through their Founder shares, Colin and Combie, while holding a minority of issued shares, will retain control of the business with responsibility and authority to make all day to day operational and investment decisions.

Others involved in the business and also driven by equity stakes, rather than fees, are:

- **Dan Calderwood** (<https://www.linkedin.com/in/daniel-calderwood-79618949/>) and **Joel Biswas** (<https://www.linkedin.com/in/joelbiswas/>) – the Brand, Creative and Marketing team for Round Corner.
- **Simon Allam** (<http://meltonmowbraymarket.co.uk/auctioneers-profiles/>) - Land agent, Chairman of Melton Mowbray Market and leading property and building work for Round Corner.

Finally, we have benefited greatly from guidance and challenge of the following advisors who have selflessly given their time and expertise (for nothing more than beer):

- **Tom Broughton** (https://www.youtube.com/watch?v=Sc0Rh7t_r_g), Founder and CEO of Cubitts, Leicester Native – assistance on brand and retail strategy
- **Blake Nixon** (<https://www.linkedin.com/in/blake-nixon-16254873/>), Activist Investor and Founding Partner at Worsley Associates: Mentor and challenger of our business and financial plans.

Staff will be hired as business needs dictate. The most critical initial hires will be in sales and then in brewing and distribution. The envisaged staff growth is outlined in the accounts.

Advisers

EIS Tax & Financial Advisers

Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Corporate and commercial
solicitors to the Company

Gannons
20 – 21 Jockey's Fields
London WC1R 4BW
England
Tel: +44 20 7438 1060

HOW THE OFFER IS STRUCTURED

The Company pre-raise

- The Company was incorporated as Round Corner Brewing Ltd and registered in England and Wales on 8 June 2017 under the Companies Act 2006: <https://beta.companieshouse.gov.uk/company/10810613>
- “Round Corner” is a registered UK trademark for beer and brewery products, alcoholic beverages and provision of food and drink: <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003206017> and, enabling a move into developing our own beer and food outlets, we have also trademarked the name “Melton Embassy” for use in general classes of food, alcohol and related services: <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003228775>. Both trademarks to be transferred to the Company upon successful fund raising.



- The principal legislation under which the Company operates is the Companies Act 2006 together with the regulations made thereunder.
- The Company's registered office is 26 Southey Road, Wimbledon, London SW19 1NS. Upon completion of the formal lease this office will be transferred to Melton Mowbray Market.
- The liability of the shareholders of the Company is limited.
- There are two shareholders, being the two Founders, each currently holding one Ordinary A share each.
- Combie and Colin will have incurred up to £40K in out of pocket spend on the raise and business planning including professional fees (lawyers, accountants, architects and builders), travel and website, marketing and sales promotions fees. They will leave these expenses in the business as an interest free loan to be returned to them after three years, subject to the Company's ability to pay.

Share Capital post raise

The Company is seeking to raise £1.5 million via subscription for 60% of the equity shares in the Company. The Offer closes on 8 April 2018.

If you invest and are issued with your share certificate prior to 5 April 2018, if available, your SEIS and EIS benefits will relate to the 2017/18 tax year and if you invest and are issued with a share certificate on or after 6 April 2018 then your EIS only benefits will relate to the 2018/19 tax year. It is possible to structure investments so they are made over both tax years. Upon close, if the Offer is fully subscribed, the following will be the post raise ownership structure of the Company (on a fully diluted basis):

Shareholder	% Shareholding	Shares	Post Raise Valuation (£)	Role
Combie Cryan	17.00	1,700*	425,000	Founder, CEO
Colin Paige	17.00	1,700*	425,000	Founder, COO
Hugh Brown	4.65	465	116,250	Founder & Future Non-Executive Director
Simon Allam	0.45	45	11,250	Property Consultant
Dan Calderwood	0.45	45	11,250	Marketing Consultant
Joel Biswas	0.45	45	11,250	Brand Consultant
SEIS/EIS Raise Shareholders**	60.00	6,000	1,500,000	N/A
TOTAL	100.00	10,000	2,500,000	

*A Ordinary shares issued to Founders.

Ordinary shares issued to Hugh Brown, Simon Allam, Dan Calderwood and Joel Biswas

**SEIS AND EIS Shareholders: each £10K invested gets you 0.4% of Company, So, £100K investment would get you 4%.

Key Points on Offer:

- Founders will subscribe for shares in SEIS and EIS rounds alongside other prospective new shareholders on identical terms.
- The EIS round will also include a £150,000 SEIS tranche which, in compliance with HMRC rules, will be issued at least one day before any EIS shares are issued. Specifically investors subscribing for SEIS and EIS shares will have their SEIS shares allocated first and then once holdings are registered, the EIS shares will then be allocated. Only EIS investors in tax year 2017/18 will receive an SEIS allocation. The Company envisages that this will be on a proportional basis to all 2017/18 EIS qualifying investors.
- If the Offer is oversubscribed, the Founders reserve the right to allocate shares to applicants however they see fit, with the default being a reduction pro-rata in proportion to the amount subscribed for.
- If the Offer is under-subscribed with funds raised between £1 million and £1.5 million, the number of shares issued will be reduced on a pro-rata basis (so if the investment is £1 million the number of shares will be 4,000).



- If the Offer is under-subscribed and below the floor of £1 million, the offer will be withdrawn unless an alternate approach can be agreed between the Founders and those subscribing.
- The Company has no security in issue not representing share capital and there are no outstanding convertible securities issued by the Company.
- The Ordinary Shares are to be issued at a price of £250 per £1 Ordinary Share

Share Rights Summary:

Class of Shares	Issued to:	Nominal Value:	Voting Rights	Dividend Rights, Rights on Winding Up and on an Exit
Ordinary Shares	Investors	£1	1 vote per share (subject to A Shares minimum of 51%)	Equal rights per share
Ordinary A Shares	Founders	£1	Equal rights per share (subject to A Shares minimum of 51%)	Equal rights per share
Ordinary B Shares	Employees	£1	No voting rights	Equal rights per share

Key points post offer:

- All shares rank equally for disbursements and winding up.
- Future fund raises may well be necessary as the Company grows. These would typically be based around large capital investments in, for example, a new or larger scale brewery and/or the potential build of our own venues. While we cannot guarantee this, we do not envisage this being necessary before year 3, when forecasted revenue is £1.6M and forecasted EBITDA is positive and so we envisage being in a position to raise money at a higher valuation. If those volume numbers are not being hit, then the drivers for a raise will be less and it would likely be delayed or not undertaken.
- An employee share scheme will be implemented over the Ordinary B shares, as set out below.

Employee share scheme:

- The Board will be authorised to grant share options over the Ordinary B shares, up to a maximum of 5,000 shares under options. Options may be granted to any employees, but the intention is that grants will be made to the Founders and senior or key appointments to the business. The options can be granted with a nominal value exercise price.
- The options will be structured so that they can only be exercised where there is an exit event that meets stretching performance targets (such as a sale or listing that values the Company at a minimum of £12.5 million) or the revenue of the Company exceeds £4 million in a financial year. This will incentivise the Founders and other option holders to work to significantly increase the value of the business and deliver this value back to all shareholders.
- The options will be structured to be tax-efficient where possible.
- The issue of the Ordinary B shares on exercise of the options will dilute the value of the Ordinary Shares, but this will be more than offset by the significantly increased value of the business.

RETURN ON INVESTMENT INCLUDING THE EXIT

Under the terms of the SEIS and EIS, an investment in the Company must be held for a minimum of three years from the later of the date of first trade or the date of the issue of the shares in order for shareholders to qualify for the tax reliefs available under the schemes. While we will aim to commence trading as soon as possible in order to trigger this status, on a conservative basis, if HMRC deem the start of those three years to be when the first beer is sold then the restrictions could be in place from end 2018 until end 2021. So shareholders should not expect significant corporate activity before then.

Until then, Round Corner will be run to sell beer, win fans and awards and ultimately to generate substantial returns for its shareholders by attracting and retaining and growing a market of people who appreciate great tasting beer. It will take this time to achieve our vision of an iconic East Midlands



beer with a loyal local following and a strong national and international audience seeking out our beer in bars and outlets far and wide.

Shareholders should expect all earnings and profits within the first five years, when and if they arise, to be reinvested in the business to drive further growth.

The KPIs against which we will measure operational success and strive towards from Day 1 of selling our beer, are also the same operational, financial and strategic criteria which investors would assess us as an acquisition target.

The targets for Round Corner for year three are:

- Sales Volumes of just below 500,000 litres (keep below duty threshold)
- Price per litre of £3.29
- Revenue of £1.6 million
- Costs of £1.26 million (with no debt)
- Margin of £136,000

Moving into year four, the intention is to accelerate through the 500,000 litres threshold (exceeding the higher excise rate) onto 900,000 litres, with raw materials, hiring and sales and marketing efforts scheduled around this. We will know in year two whether we are ready for this boost and we can plan and then execute it.

There are a range of other metrics which will speak to how our business will scale in the future, including:

- new drinkers and venues;
- drinker and venue retention;
- social media followers;
- brand awareness;
- recognition through winning beer awards; and
- partners and collaborators.

All will be targeted, tracked and reported on an ongoing basis.

The sales, price point and direct relationships with drinkers and brand resonance are all the key elements of what any acquisition (particularly one at a premium price) would be based off.

The potential acquirers who Round Corner will aim to establish relationships with during the first three years in operation include the following:

1. AB InBev
2. Heineken
3. Kirin
4. Asahi
5. Carlsberg
6. Molson Coors
7. Mahou San Miguel

There are a range of additional private equity companies focused on the leisure and drinks sector including Risk Capital Partners, Griffin Group, Halewood International and Business Growth Fund. alongside other brewers with assets in this area. A list of potential acquirers and their existing portfolio of assets is available on request.

Given the scale of opportunity for Round Corner in organically growing, it is not considered likely that we will purchase any businesses during our initial years in business. However, we will be watching for breweries, pubs or leisure businesses with attractive assets (whether that be brewing kit, venues or even loyal drinkers) who may be at risk of closing, resulting in assets potentially becoming available at attractive rates.

The directors anticipate that, at some point in the future, there will be an opportunity for shareholders to realise their investment in the Ordinary Shares.

Possible routes for a realisation include:



- a trade sale of the Company's business and assets to a larger brewer, private equity company or trade buyer wishing to benefit from the unique brand and business we will have created;
- a sale of the Company's shares to a third party (including during a fundraising or crowdfunding) or back to the Company;
- a flotation of the Company on a listed or unlisted stock market;
- a matched bargain facility, such as <http://www.assetmatch.com> or <https://www.seedrs.com/secondary-market>; and
- a refinancing by the Company utilising significant bank debt as a means of returning funds to investors.

Combie and Colin will report on the general conditions and opportunities for the Company and its shareholders on an ongoing basis. Based on experiences of breweries who have achieved what we are targeting, we consider it likely that offers for the business may emerge in or about year three. Again we will assess and report on these on a transparent basis but we deem a sale before the SEIS and EIS three year lock down has expired and before the accelerated growth in years 4 onwards to be unlikely unless the premium outweighs the downside for our SEIS and EIS shareholders.

RISK FACTORS – GENERAL

- The attention of prospective investors is drawn to the fact that an investment in the Ordinary Shares involves a variety of risks. All prospective investors should consider carefully the entire contents of this Information Memorandum, including, but not limited to, the risk factors described below. As at the date of this Information Memorandum the directors consider the following risks to be the material risks of which they are aware and the most significant for potential investors, but the information below does not necessarily comprise all those risks associated with an investment in the Company, nor have such risks been set out in any order of priority. Additionally, some considerations may be unknown to the directors and other considerations, currently believed to be immaterial, could turn out to be material. The Company's business, financial condition or results of operations could be materially adversely affected by any or all of these considerations. Prospective investors should consider carefully whether an investment in the Company is suitable for them, in light of the matters referred to in this Information Memorandum, their personal circumstances and the financial resources available to them.
- As with most investment products, prospective investors should be aware that the value of the Ordinary Shares, and the income from them, might go down as well as up and an investor may not get back the amount originally invested. Ordinary Shares will rank behind any Loan Notes on any winding up or insolvency event.
- There is no assurance that the forward statements provided by the Company will be reflected in the actual operating results of the Company. It is emphasised that any projections or statements relating to the financial future of the Company are illustrative only.
- The availability of the tax reliefs described in this document depends upon the Company maintaining SEIS and EIS status. No guarantee can be given that the Company will maintain such status.
- Rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HMRC practice. These may change from time to time and are not guaranteed. SEIS and EIS relief are only available to tax payers with a sufficient income tax liability in the relevant period.
- Investors should be aware that there will be no immediate market quotation for the Ordinary Shares in the Company. Therefore until such time as such a market quotation is secured, there may not be proper information available for determining the value of an investment in the Company.
- The investment described in this document may not be suitable for all recipients of this document. Before making an investment decision, prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this kind. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of personal circumstances and the financial resources available.

Specific Risk Factors and mitigating actions



Category	Risk	Impact / Likelihood	Impact	Mitigation
Implementation	Long terms lease at fair economic terms not in place.	High impact Low likelihood	If no lease is secured or terms are unattractive we will not site the brewery inside the Market or, if we do, there is risk of upheaval should conditions in future years prove unattractive and we decide to re-locate.	Already addressed: Letter of Comfort from Melton Mowbray Council and Market promised re long term lease @ market rate.
	Site Build & planning	Medium impact Low likelihood	If we do not secure planning permission to convert existing shed into a brewery we will have to design brewery to fit within existing shed or choose a new location. Potential cost impact or small risk of not siting brewery in market.	Addressed: Planning application process commenced even before formal lease. No reason to believe that the building in the centre of an industrial site, with other food producers located adjacent, that we won't receive permission. In terms of building works themselves, we have received quotes from a large roster of builders and we envisage the total cost will be no more than £200,000.
	Brewhouse Cost	High impact Low likelihood	Brewhouse represents up to £1.5M in capital spend on both brewing and production equipment in the first year alone	Have range of brewhouse options and quotes form brewery manufacturers and access to brewery brokers for 2 nd hand equipment. Minimise cost subject to minimum quality standards. We are currently targeting a UK brewhouse which should reduce the cost to less than £500K. We envisage no impact on quality of beer nor on ability to scale purely through fermentation/storage tanks for first 5 years based on forecast plans.
	Delay in lead time to first liquid	Medium impact Low likelihood	If we lose time between fund raising, brew house commissioning and producing liquid for sale we may miss a market opportunity.	We have taken our time in both the brewhouse procurement and in the fund raising. We have been busy using this time to de-risk the lease and building site and to plant the Round Corner message within the market and the region. We believe the extra time spent now and in particular on the brewhouse scoping and choice of a UK brewer will reduce the order to install time for the brewery. If raise closes in April 2018, we hope to commence brewing by September 2018.
Beer Market	Peak craft beer – over 2,000 breweries targeting a fast-growing market	High Impact Medium Likelihood	There has been an explosion in breweries from as few as 200 in the 1980s to over 2000 and growing now.	We have specifically chosen a regional craft beer market which still has room to grow. The East Midlands is still at one-third of the market penetration of Scotland and 1/15 of the US. It is a market that has not seen an explosion in great new breweries (in fact with Everards moving to Burton, the locally produced beer market has shrunk) and so regionally, the market is more open than other hot spots in the UK.
	Revenue maintenance – sales volumes and wholesale prices	High Impact Medium Likelihood	Related to the above, there is a risk of both price pressure, of a squeeze on sales volumes and/or a lowering of quality as breweries struggle to survive.	At just over £3 per litre wholesale price (with some additional volume discounts for scale thereafter) our revenue model per unit is conservative. At these levels we believe our beer can be profitably sold in the same price bracket as premium lagers in local pubs and still yield attractive 40%+ gross profits for the publican. For off sales we expect retailers to be able to achieve similar or better price points to that which they sell other craft beers – specifically, £2-



				£3 per 330ml, depending on the beer style and strength. This is a long established and relatively stable price point for the category.
	Brexit and impact on export of beer and import of raw materials in a tariff environment	Medium Impact Medium Likelihood	Brexit has two main impacts: 1. Low value of GBP increases the cost of imported plant, equipment and raw materials. 2. Tariffs on exports will make our product relatively more expensive if we sell into European markets (somewhat offset by cheaper GBP if it stays that way).	On 1, we have specifically mitigated this risk by deciding, after much deliberation, to purchase a UK manufactured and GBP denominated brewhouse. The cost of grains and other operational inputs are manageable at current EUR/GBP rates. On 2, we are initially focused on UK sales and specifically sales within the East Midlands. This way we can build up a critical mass of loyal and supportive followers. As our name and reputation grows we expect export opportunities will soon follow but this is not a fundamental part of the core plan or our forecast numbers.
	Regulations	High Impact Low Likelihood	The beer market is highly regulated. Including health and safety legislation, tax and duty rates, licensing legislation, permits and approvals and more. Delays or failures in getting approvals for activities can be financially costly and/or lead to missed opportunities. Related to this there is also the risk of health campaigns focused on the drinks sector and especially any focus on abstinence.	Colin has extensive experience across multiple markets and regulatory regimes and his compliance mindset will ensure Round Corner operates at the very highest of standards regarding regulatory compliance. Areas of particular emphasis will be: <ul style="list-style-type: none"> Delivering licenses and planning approvals to commission the brewery on time and budget. Health and safety of both our workforce and our guests will always be a top priority. Financially it will also enable us to best manage overheads such as insurance costs. Duty payments and obligations including using the existing progressive duty system to cost effectively scale the business and our margins. With our emphasis on taste and quality, we will emphasise consumption of our beers on a responsible basis.
SEIS, EIS & Tax	SEIS and EIS advance assurance status does not equate to tax advice for investors.	Medium Impact Low Likelihood	Some investors will provide funds via tax efficient SEIS and EIS investments. We must be a qualifying business by virtue of size, activities, age of business and size of SEIS and EIS funds sought. Investors must invest within their limits and for the entirety of the qualifying period of three years.	The Company was granted advance assurance on its SEIS and EIS eligibility in September 2017. Given Round Corner will not commence brewing until later in 2018, it will likely be late 2018 or even into 2019 before S/EIS tax relief certificates (Forms EIS3 and SEIS3) will be issued to investors. Investors must declare themselves to be 'sophisticated investors' or 'high net worth individuals' in their application form and be unconnected with the business. Investors' tax affairs are their own but if they claim back taxes on the back of the investment then in order to retain these benefits, they should ensure they hold the shares, conservatively, until three years after business commences trading. Likewise, the Company will make reasonable endeavours to continue to comply with SEIS and EIS qualification



				criteria through this initial three year from launch term but the directors must always act in the best interests of the Company.
Capital Finance	Insufficient Funds Raised to Proceed with Brewery	High Impact Low Likelihood	Constructing and operating a brewery requires significant capital - both to build the brewery and to handle the cashflow involved in sales, credit terms and HMRC duty payments where outgoings can and will precede incomings.	<p>We have sought out the best value brewhouse we can that will deliver the beer we feel will sell for the right price and margin and in sufficient quantity. We require at least £700K+ to build the brewing equipment and brewhouse and at least the same again to fund the operations of the business for the first 2.5 years. We feel the operating capital cushion is vital to long term growth and sustained profitability of the business. We want to sell hard but via pub and off license channels that give us sustained and "sticky" business at the right margin versus desperately seeking volume deals with less loyal customers.</p> <p>If we raise less than £1.5 million but more than £1 million we will assess the plans and revert to investors on whether we feel we can proceed on this basis. At the very least this would remove our ability to sell beer in cans or bottles that we produce which would mean we are selling in keg/cask only for longer, potentially missing completely or generating poor margin on off sales business which requires cans or bottles. It would also increase the pressure to do cashflow driven deals with clients who might pay less for the product thus harming long term margins.</p> <p>If pledged funds are less than £1 million we will not proceed with the raise and any funds pledged will be returned to prospective investors.</p>
	Employee share incentives may dilute existing shareholders	Medium Impact Medium Likelihood	The Board will grant share options over Ordinary B shares to the Founders and other key employees to incentivise them to grow the business. The exercise of the options will require new shares to be issued, diluting existing shareholders.	The options terms will be set with sufficiently stringent performance conditions so that exercise will not be possible until the value of the Company has grown sufficiently. The options will only vest on an exit event that values the Company at a minimum of £12.5M million, or on the Company's annual revenue exceeding £4 million.
	Future capital raisings may dilute existing shareholders	Medium Impact Medium Likelihood	We envisage, but cannot guarantee, that the initial capital raise will see Round Corner through the first three years of its start up period and into profitability. Beyond that, in order to scale further and improve the quality and breadth of offering even further, significant additional investment will be necessary. In addition, many craft breweries seek to incentivise fans through offering them equity stakes, often with beer discounts and other benefits. New shareholders will dilute existing shareholders.	<p>The Company is seeking to raise £1.5 million for 60% of the business which will fund it for 2.5 years on the terms outlined in the business case. On this basis, the post raise valuation of the Company will be £2.5 million.</p> <p>If the Company performs to projections we can continue to grow organically. If more aggressive growth is possible, another round of fund raising in year three may be pursued when the Company will be profitable and the model will be proven. This may either take the form of a crowdfunding campaign selling a small proportion of the company to fans and small investors or a more significant raise if the business has the potential to grow beyond the level forecast.</p> <p>Existing shareholders at that point will have pre-emption rights on shares as outlined in the Articles of Association.</p>



				The Articles include a director authority to allot of £15,000 A resolution of the Shareholders will be required to approve an increase in the directors authority to allot shares.
	Debt Funding	Medium Impact Low Likelihood (in first three years)	While the Company has no immediate intentions to use significant debt funding, this is a logical financial tool that the Company will consider. If it does use debt, the holders of such debt will rank above equity shareholders in any dilution of the Company's assets and the cost of such debt may vary with changes in interest rates.	Subject to raising the full £1.5 million, it is our intention to rely on equity funds for the first few years until such time that our revenue stream is sufficiently predictable to efficiently use debt funding, where appropriate. We have already cultivated relationships with a range of banks and finance companies (recommended by peers) and intend to keep these relationships going such that they can be accessed if needed.
Operational Control	While all shares rank equally for distributions and winding up Founder shares will have the ability to carry motions and exercise operational control of the business.	Medium Impact Low Likelihood	Risk that Founders' operational views will diverge from some or all other investors.	The Articles set out restrictions on the Company requiring the affirmative vote of 65% of the Ordinary and A Shareholders before undertaking certain actions such as granting any loans or disposing of assets other than in the ordinary course of business.
Operations and sales	Cost of inputs if there are is a scarcity or import tariffs	Medium Impact Low Likelihood	As well as sourcing many of our raw materials within region (e.g. malt from Grantham, Lincolnshire), we will source both grains and equipment from overseas as the business requires.	We have already invested in having multiple suppliers of all inputs such that we can ensure any preferred suppliers are price competitive. We will source from overseas (and expose ourselves to foreign exchange risk) only if the benefit outweighs the risk. Cost of inputs are c.10% of the end sale price and so some inflation can be consumed before being passed on. In the critical early stages of the business the biggest risk (and least flexible cost) is beer duty to HMRC and we have explicitly planned our expansion around maximising duty breaks and where we burst into higher duty categories, we smash through those bands. For example, see the exponential growth intended between years three and four of the forecast.
	Route to market for craft beer in the region is not well defined and sales may not occur at the rate or in the areas planned for.	Medium Impact Low – Medium Likelihood (based on options open to us)	If we cannot sell in volume via regional pubs, we may have to seek out large "pubco" or supermarket deals or discount or sell further afield, all of which poses risk to revenue per unit and potentially increases packaging and distribution costs.	We have a unique and heavily visited site on which we will be very visible and which will be attractive for drinkers to visit. We will be visible and vocal locally and regionally. Our priority hire will be a great sales person to drive the on and off premise sales of Round Corner beer. In our favour we have: <ul style="list-style-type: none"> • A beer that will taste amazing. It sounds easy. It isn't and people who like beer will literally taste the difference in our offering versus others. • 80% of UK pubs can stock our beer (being not tied to a particular brand). • More mature third party distributors and lines due to increase in number of breweries and drinkers so we



				<p>can get our stock out quickly and efficiently.</p> <ul style="list-style-type: none"> • More taste and trial-oriented customers who will try our new beers. • More focus on social experiences versus 'local' pubs. • Growth in off sales and online purchasing which will drive our small pack offerings from year two onwards. <p>Long before the brewery is fully commissioned we will be building our brand and getting people trialling (and, we predict, loving) our beers and connecting directly to us via social media for updates on 'what's next from Round Corner?'</p>
	Consumer Trends	<p>Medium Impact</p> <p>Low Likelihood</p>	<p>Competition for people's leisure time comes from activities like gym and internet usage vying for social time spent in pubs or restaurants. Temperance and initiatives like 'Dry January' are also prominent.</p>	<p>People are drinking less alcohol, Specifically 35% less beer by volume than in 1980. Beer is less about quantity, but premium independent craft is well positioned against this trend. It is about taste and balance including flavour matching with food. It is about premium pricing, moderation and experience, rather than volume purchases of branded goods. Round Corner is well positioned against these trends and will remain focused on how we continue to cater to future tastes and trends.</p>
The Investment including any Exit	Interest from potential acquirers	<p>Medium Impact</p> <p>Medium Likelihood</p>	<p>While we are targeting investors who wish to help us grow a brewery of national and international importance, we are aware that all investors are financial investors and the most likely exit route is a sale at a logical point where outside investors provide more attractive and/or more immediate returns. While the Founders are fully aligned with this outcome, such approaches may not occur if the business does not perform to revenue, margin, drinker growth and retention and brand visibility targets in the first three years.</p>	<p>Funds raised will enable us to ride out early stage potential bumps of perfecting the beer for the market, on-boarding sales channels and pubs, growing the brand and direct relationship with drinkers. We have financial, business and growth management expertise and brewing expertise.</p> <p>We will keep shareholders well informed through regular communications on the business and the beer market in general.</p>
	Shares are not listed	<p>Medium Impact</p> <p>Medium Likelihood</p>	<p>The Company is not subject to the same listing and disclosure obligations as listed companies and shareholders do not have the rights or protections available to shareholders in listed companies. In addition, as a small start up, there is no guarantee of a liquid or indeed any market in the Company's shares should you wish to sell your shareholding.</p>	<p>To qualify for SEIS and EIS the shares must be unlisted, full risk ordinary shares.</p> <p>See earlier section for review of future 'exit' options for shareholders.</p>



HOW TO INVEST

Application Pack

If you want to invest in the Company you must complete and return an Application Pack. See Appendix C for full details.

The Application Pack comprises:

1. Application Form – The Application Form must be completed by all investors.
PLEASE CHECK YOU HAVE SIGNED AND DATED THE APPLICATION FORM.
An e-mail address must be provided in accordance with the Company's Articles of Association to enable the Company to deliver shareholder notices and communications by e-mail.

PLUS

2. Statement for Self-Certified Sophisticated Investor.
PLEASE CHECK YOU HAVE SIGNED AND DATED THIS CERTIFICATE.

OR

3. Statement for Self-Certified High Net Worth Individual
PLEASE CHECK YOU HAVE SIGNED AND DATED THIS CERTIFICATE.

OR

4. Restricted Investor Statement
PLEASE CHECK YOU HAVE SIGNED AND DATED THIS CERTIFICATE.

PLUS

5. Payment - you must make payment of the amount you wish to invest either by sending a cheque or banker's draft which should be made payable to Round Corner Brewing, or confirm that you have made a bank transfer to the Round Corner Brewing account with HSBC Melton Mowbray Branch - sort code 40-32-14, account number 31678434 (reference: Round Corner Share Offer).

Completed Application Packs and your payment (if made by cheque or banker's draft) for the amount you wish to invest should be sent to:

Share offer

Round Corner Brewing Ltd
26 Southey Road
Wimbledon
London
SW19 1NS



APPENDIX A: CORPORATE STRUCTURE AND GOVERNANCE

ARTICLES OF ASSOCIATION

Documents available for inspection

The following documents are available for inspection on the website and at the registered offices of the Company or via email from the contacts at the top of this document:

- Articles of Association of the Company that will be adopted prior to the issue of Ordinary Shares; and
- Confirmation of advance assurance from HMRC in relation to satisfaction of the conditions required to obtain SEIS and EIS reliefs received in a letter dated 28 September 2017.

The Articles will be adopted prior to the issue of the Ordinary Shares to include, amongst other things, provisions to the following effect:

Rights Attaching to the Ordinary Shares

Voting

Save in respect of matters which under the Companies Act require approval of a specific class of shareholders, the Ordinary A Shareholders shall be entitled to a minimum of 51% of the votes. Thereafter, the holders of the Ordinary Shares have full voting rights of one vote per share held. The holders of the Ordinary B Shares shall not have any voting rights.

The investors also have an additional protection, which is that the prior written approval of Voting Shareholders holding at least 65% of the Ordinary A and Ordinary Shares is required prior to the Company undertaking certain actions, namely: altering the rights of the shares, creating new classes of shares, buying back shares, listing the shares on any stock exchange, pledging security interests over any assets, entering into any transactions with related parties, disposing of assets other than in the ordinary course of business or granting any loans. For the first two years, any resolution for winding up or administration will also require this approval (unless the Company has become insolvent).

Dividends

Dividends will be paid to the Ordinary Shareholders, the Ordinary A Shareholders and the Ordinary B Shareholders equally per share held.

Return of capital

On a winding up, or sale or disposal of assets, all shareholders shall receive any remaining funds equally per share held.

Anti-Dilution; New Issue of Shares

If new shares are being issued, the Company is required to offer those new shares to each existing shareholder on a pro-rata basis.

However, as an exception to these pre-emption rights, the Board may grant share options to employees of the Company (including the Founders) over up to 5,000 Ordinary B shares.

Transfer of Shares

Prior to any other transfer of shares other than to existing Ordinary A Shareholders, privileged relations or a Company owned by an investor, each shareholder is required to offer those shares first to each existing Ordinary A shareholder pro-rata and then to each existing Ordinary Shareholder pro-rata.

The shares are subject to drag along provisions, which would enable third party purchasers to take full control of a Company. Under a drag along provision where one shareholder or a number of shareholders acting together and holding 51% of shares sell shares to a third party, the remaining minority shareholder(s) must also sell their shares on (substantially) the same terms to the third party.



The articles also provide for tag along provisions, which protect minority shareholders. Under a “tag along” provision, a shareholder, or a number of shareholders acting together, holding 51% of shares cannot sell their shares to a third party unless the seller procures that the third party buyer buys the shares of the other shareholders at the same price.

There will be a compulsory sale of shares held by the Shareholders upon certain events including where an individual shareholder becomes bankrupt.

If an Ordinary A Shareholder or Ordinary B Shareholder is no longer employed by the Company or becomes mentally incapacitated there will be a compulsory sale of the shares held by such person. Other than the Founders, if an employee or director ceases to be employed he or she shall receive nominal value or price paid on subscription if higher. If a Founder ceases to be employed or any other shareholder dies, the Founder shall be entitled to the higher of the subscription price paid or Fair Value as determined by an independent expert.

Directors

The directors make decisions based upon majority vote. If there are equal votes, any Founder who is a director shall have a casting vote. Any Ordinary A Shareholder holding at least 40% of the Ordinary A Shares is entitled to appoint two directors (one of which may be themselves). Directors shall otherwise be appointed according to the Model Articles.

Alteration of Capital

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken up.

Subject to and in accordance with the provisions of the Act and subject as provided in the Articles, the Company may purchase its own shares (including any redeemable shares).

Insurance

The Directors have the power to purchase and maintain in force an insurance policy for any director, officer or auditor of the Company effecting cover against any such liability as is referred to in sections 232(1) and (2) or 532(1) and (3) of the Act.

SEIS and EIS

The directors undertake in the articles to endeavour so far as commercially reasonable to conduct business in accordance with the SEIS and EIS qualifying status and cooperate with the Shareholders to provide necessary SEIS and EIS certification.

Observer

Investors holding at least 10% of the Ordinary Shares have the right (but not the obligation) to appoint an Observer to attend Board Meetings.

Reporting To Shareholders

The Company will issue an annual report to each shareholder, informing them of the progress of the business and the financial position of the Company, which shareholders will have the opportunity to discuss with the directors at Annual General Meetings.

Summary of Directors' Remuneration

Combie and Colin will be salaried, when they join the business, with an initial compensation package including a base salary of £45,000 p.a. plus rental of a flat in the area and use of a car. A performance related bonus may also be included.

Other directors will receive their expenses.

The above is intended as a guide only and the Company reserves the right to amend its remuneration policy as circumstances require. It does not intend to pay any director or employee more than £100,000 base salary in the first three years following the conclusion of the fundraising.



Interests in Ordinary A Shares

The directors' interests in Ordinary A Shares are set out on page 9 of this document.

Other than in respect of the Ordinary A Shares, no director has any interest, beneficial or non-beneficial, in the share capital of the Company, nor are they aware of any persons who, directly or indirectly, jointly or severally exercise or could exercise control over the Company. Neither Combie Cryan nor Colin Paige are eligible for SEIS or EIS relief.

Following the fundraising, it is envisaged that employee share options will be grant to the Founders, along with any key hires. The options will be structured to take advantage of favourable tax treatment where possible, such as EMI status.

Neither of the directors has any unspent convictions, had a bankruptcy order made against him, being publicly criticised by any statutory or regulatory authority or being disqualified as a director.

TERMS AND CONDITIONS

1. The contract created by the acceptance of applications under the offer to subscribe for Ordinary Shares of £1 (the "Offer") will be conditional upon the allotment of Ordinary Shares or issue of Loan Notes comprising no less than the Minimum Subscription becoming effective by not later than [DATE] in respect of the Offer.

2. The right is reserved by the Company to receive payments on account and to retain application monies pending clearance of successful applications. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned to the Applicant (electronically to the payer account, and if by cheque through the post in favour of the Applicant, in each case at the risk of the person entitled thereto).

3. By completing and delivering an Application Form and in consideration of the directors agreeing that they will consider and process Applications for the Ordinary Shares in accordance with the procedure referred to in the Information Memorandum and as a separate contract with the Company which will become binding on dispatch by post of this Application Form, you (as the applicant):

3.1 Offer to subscribe for the number of Ordinary Shares specified in your Application Form (or such lesser number for which your application is accepted) at the price of £250 per Ordinary Share on the terms of and subject to this Information Memorandum, including these terms and conditions, and the Articles of Association of the Company;

3.2 Agree that, in consideration of the Company agreeing that it will not issue prior to this raise or allot any shares which are subject to the Offer to any person other than by means of the procedures referred to in this Information Memorandum and this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, (in the case of delivery by hand) on receipt by the Company of your Application Form;

3.3 Warrant for the benefit of the Company that your remittance will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a share certificate from the Company in respect of the Ordinary Shares applied for unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company, it may (without prejudice to other rights) avoid the agreement to allot such Ordinary Shares and may allot such Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such Ordinary Shares;

3.4 Agree that acceptance of your application shall be constituted by notification to that effect by the Company in respect of those Ordinary Shares in respect of which your application is successful;



3.5 Agree that any monies returnable to you may be retained by the Company pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and that such monies will not bear interest;

3.6 Subject as provided above, authorise the Company to send a share certificate in respect of the number of Ordinary Shares for which your application is accepted and/or to make electronic payment (or send a crossed cheque by post) for any monies returnable at the risk of the person entitled thereto, to the payer account or address of the person named as the Applicant in the Application Form;

3.8 Agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with the laws of England, and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

3.9 Confirm that in making such application you are not relying on any information or representation in relation to the Company other than the information contained in this Information Memorandum and accordingly you agree that no person responsible solely or jointly for this Information Memorandum or any part thereof or involved in the preparation thereof shall have any liability for any such other information or representation;

3.10 Authorise the Company, or any persons authorised by the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by you into your name or into the name of any person in whose favour the entitlement to any such Ordinary Shares has been transferred and authorise any representative of the Company to execute any document required therefore;

3.11 Agree that, having had the opportunity to read this Information Memorandum, you shall be deemed to have had notice of all information and representations concerning the Company, and in particular the Risk Factors, contained therein and acknowledge that you are aware of the speculative nature of any investment in the Company and that difficulties may arise in selling or otherwise disposing of your interest in the Company;

3.12 Confirm and warrant that you have read and complied with paragraph 4 below;

3.13 Warrant that you are not under the age of 18 and that you fall within Articles 19(5), 48(2), 49(2) or 50(1) 50(A), 50(A)(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or other relevant exemption under which this Information Memorandum may lawfully be communicated as a financial promotion;

3.14 Agree that all payments made, and documents and cheques sent by post, to, by or on behalf of the Company will be sent at the risk of the person(s) entitled thereto; and

3.15 Represent and warrant that the information contained in the Application Form is true, accurate, complete and not misleading in any respect.

4. No person receiving a copy of this Information Memorandum or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

5. Applicants are encouraged to submit their Application Forms early in order to be confident that their applications will be successful. In the event that applications are received for an amount in excess of the maximum subscription under the Offer, the directors reserve the right to exercise their discretion in the allocation of successful applications although the allocation will usually be on a first come first served basis. The right is also reserved to reject in whole or in part any application or any part thereof



and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.

6. Save where the context otherwise requires, words and expressions defined in this Information Memorandum have the same meaning when used in the Application Form and any explanatory notes in relation thereto.



APPENDIX B: SEED ENTERPRISE INVESTMENT SCHEME (SEIS) AND ENTERPRISE INVESTMENT SCHEME (EIS) TAX RELIEF SUMMARY INCLUDING SEIS/EIS SPECIFIC RISK FACTORS

DISCLAIMER: This is a summary only of the main provisions of certain relief schemes in respect of taxation in effect as at the date of this Information Memorandum. The SEIS and EIS guidance below is illustrative. The Company does not guarantee its accuracy nor its applicability for each investor's circumstances. This document does not set out the relevant provisions in full and does not constitute or purport to offer advice in respect of taxation. Accordingly, investors are strongly advised to seek professional advice as the tax relief that their particular investment will attract and the tax consequences of selling or otherwise disposing of their shares.

The Company received confirmation from HM Revenue and Customs in a letter dated 28 September 2017 that proposed investments in its Ordinary Shares will qualify for Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS) relief and that its trade is a qualifying trade. It is therefore intended that investors in the Company shall benefit from a number of tax reliefs which have the effect of greatly increasing the return and reducing the risk of an investment.

In terms of timing, the SEIS and EIS scheme will function as follows:

Commencement of trade date + 4 months	Submission of form SEIS1 and EIS1 to HMRC to confirm SEIS and EIS status at least four months after commencing trade
SEIS1 and EIS 1 date + 1-2 months	SEIS3 and EIS3 certificates expected to be available for investors

The Articles of Association contain details of how investors can exit the investment and the Company will aim to facilitate exits for investors that wish after the three year qualifying period for EIS relief. The Company does not intend to pay dividends and returns are envisaged as capital growth.

Kingston Smith is advising the Company in this respect.

SEIS

This is a summary of the main provisions of the SEIS as far as relevant to the Company as set out in the Income Tax 2007 and other relevant legislation.

Income tax relief for subscriptions

Income tax relief is available to individuals in respect of the amount subscribed for qualifying shares at 50%, up to a maximum of 50% of £100,000 for any one tax year. Where income is insufficient to obtain relief at 50%, relief will be given to the extent that it reduces the tax liability to nil. Individuals who invest in the relevant shares in a qualifying Company can elect to treat any number of the shares issued to them as if the shares had been issued in the previous year, and claim relief accordingly.

Capital gains deferral relief for subscriptions

SEIS provides an exemption for 50% of any chargeable gain, or any part of such a gain, which arises within the period of three years before or one year after the issue of the relevant shares in a qualifying Company. Where an investor has received SEIS income tax relief on the subscription for shares, the subsequent disposal of those shares will be exempt from capital gains tax if those shares have been held for 3 years and SEIS income tax relief has not been withdrawn within that period.

Example

Amount Invested	50% SEIS Income tax relief	28% capital gains tax deferral*	Combine both SEIS Income tax relief and CGT deferral	Net cost
£10,000	£5,000	£2,800	£7,800	£2,200
£20,000	£10,000	£5,600	£16,600	£3,400
£50,000	£25,000	£14,000	£39,000	£11,000
£100,000	£50,000	£28,000	£78,000	£22,000

*This is a deferral not an exemption.



EIS

This is a summary of the main provisions of the EIS as far as relevant to the Company as set out in Part 5 of the Income Tax Act 2007, Schedule 5B of the Taxation of Chargeable Gains Act 1992 and other relevant legislation.

Income tax relief for subscriptions

Income tax relief is available to individuals in respect of the amount subscribed for qualifying shares at 30%, up to a maximum of 30% of £1,000,000 for any one tax year from 2014/15. Where income is insufficient to obtain relief at 30%, relief will be given to the extent that it reduces the tax liability to nil. Individuals who invest in the relevant shares in a qualifying Company can elect to treat any number of the shares issued to them as if the shares had been issued in the previous year, and claim relief accordingly. Based on the assumption that an investor has made no investments to which EIS relief is claimed in the current and preceding tax year, relief could therefore be claimed for an investment up to a maximum of £2,000,000 by claiming £1,000,000 in respect of the previous tax year and claiming relief for up to £1,000,000 in the current tax year.

Capital gains deferral relief for subscriptions

A claim may be made to defer the assessment of any chargeable gain, or any part of such a gain, which arises within the period of three years before or one year after the issue of the relevant shares in a qualifying Company. The gain, up to the amount subscribed for those shares, may be deferred until the relevant shares are disposed of or, if earlier, until certain events occur.

Example

Amount Invested	30% EIS Income tax relief	28% capital gains tax deferral*	Combine both EIS Income tax relief and CGT deferral	Net cost
£10,000	£3,000	£2,800	£5,800	£4,200
£20,000	£6,000	£5,600	£11,600	£8,400
£50,000	£15,000	£14,000	£29,000	£21,000
£100,000	£30,000	£28,000	£58,000	£42,000
£200,000	£60,000	£56,000	£116,000	£84,000
£500,000	£150,000	£140,000	£290,000	£210,000

**This is a deferral not an exemption.*

LOSS AND INHERITANCE TAX RELIEF

Loss Relief

Tax relief is available for loss realised net of income tax relief, upon a disposal of Shares in an SEIS or EIS Qualifying Company. This can be set off against gains in the tax year of the disposal, or if not fully utilised, 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 Relief

Once held for at least 2 years, the investments in SEIS and EIS Qualifying Companies should qualify for 100% business property relief under the Inheritance Tax Act 1984.

SEIS and EIS SPECIFIC RISK FACTORS

A holder of both SEIS and EIS Qualifying shares must not be connected with the Company during the period which begins two years before EIS Qualifying shares in the Company are issued to him and ends three years afterwards (or three years after the commencement of the Company's trade, if later) if he is to obtain and retain Income Tax Relief. A shareholder will not be connected with the Company if he passes the following tests:

(i) neither the shareholder nor he and his associates together may control the Company, or directly or indirectly, possess or be entitled to acquire, more than 30 per cent of the ordinary share capital or loan capital and issued share capital or voting powers in the Company, or rights carrying entitlement to more



than 30 per cent of the assets available for distribution on a winding-up or in any other circumstances. Control means the power of a person to secure by means of shareholding, voting power, the articles of association or any other document (whether relating to the Company or another Company) that the affairs of the Company are conducted in accordance with his wishes;

(ii) neither the shareholder nor any associate of his may be an employee, partner, employee of a partner or for EIS only, a paid director of the Company (subject to the paragraph below) or its subsidiaries. An unpaid director is not disqualified if he is reimbursed travel or subsistence expense which would otherwise be allowable for taxation; and

(iii) a shareholder may become a paid director of the Company following the issue to him of EIS Qualifying shares, provided that at the time he subscribes for the shares he was not, and had not previously been, connected with the Company nor with the trade carried on by the Company. Any remuneration paid to a shareholder director in these circumstances must be reasonable for the services rendered to the Company. The rules are slightly different for SEIS however it is not intended that any directors will seek SEIS relief.

Share Subscriptions

The Company must not raise more than £150,000 from SEIS and more than £5 million from EIS or Venture capital trust sources in any period of twelve months, and all of the money raised from the share issue must be employed for the purposes of the Qualifying Trade within two years.

Qualifying Trade

The Company must carry on a Qualifying Trade for SEIS and EIS relief to be available to its shareholders. HMRC has given advance assurance that the proposed brewery should be a Qualifying Trade for this purpose. Although shareholders are expected to obtain SEIS and EIS relief on their investment as appropriate, neither the directors nor the Company can provide any warranty or guarantee in this regard or any warranty or guarantee that, if SEIS or EIS relief is given, such SEIS or EIS relief will not be withdrawn. Investors must take their own advice and rely on it. If the Company does not satisfy the criteria for maintaining a Qualifying Trade throughout the relevant period, then this could prejudice the SEIS and EIS qualifying status of the Company and therefore, the tax benefits available to the shareholders under the SEIS and EIS.

Gross Assets

For SEIS, the gross assets of the Company must not exceed £200,000. For EIS, the gross assets of the Company must not exceed £15 million immediately before the issue of EIS Qualifying shares and £16 million immediately afterwards.

Withdrawal of EIS Relief

If the Company ceases to carry on its Qualifying Trade before the end of the expected minimum period of trade, EIS relief obtained by the shareholders of the Company may be withdrawn. EIS relief will also be wholly or partially withdrawn if, for example, the shareholder receives value from the Company (dividends which do not exceed a normal return on investment do not constitute a receipt of value for this purpose), or if he disposes of the EIS Qualifying shares during the relevant Period in relation to those EIS Qualifying shares (a transfer of EIS Qualifying shares between spouses is not deemed to be a disposal for these purposes). EIS relief will also be withdrawn if a shareholder takes out a loan under special terms connected in any way with the subscription for EIS Qualifying shares.

EIS Relief Certificate

Following the issue of the EIS Qualifying shares, but no earlier than four months after commencement of its trade, the Company will need to apply to HMRC for authorisation to issue tax relief certificates (Form EIS3) to investors. These certificates will enable investors to claim the EIS reliefs to which they are entitled. Although the time taken by HMRC to grant authorisation cannot be controlled by the Company, every effort will be made by the directors to expedite the process and, as soon as authorisation is given, Form EIS3s will be distributed to shareholders.

Any person who is in doubt as to his taxation position, or is subject to taxation in a jurisdiction other than the UK, should consult an appropriately qualified professional adviser without delay.

There can be no certainty that HMRC will agree that the investors' or the Company's tax position is as described in this Information Memorandum, although there is no reason, as far as the directors are aware, to expect that they will not do so. Changes in the financial and tax position of either the investor or the Company may also affect their respective returns from the Company.



The taxation benefits described are dependent upon investor's personal circumstances, and so may not be available to all shareholders. The directors' have taken all reasonable steps, based on the information available to them, to ensure that the taxation benefits described will be available to investors. However, the eligibility for such reliefs cannot be guaranteed, and it is the responsibility of prospective investors to obtain their own independent taxation advice to confirm that they are eligible, and will continue to be eligible, to benefit from the EIS reliefs.

Income tax relief is only available for the tax year during which shares are issued to a subscribing shareholder (subject to the carry-back provisions) "issue" takes place when a share application is completed by entry of the shareholding in the applicable share register of the Company.

If an investor disposes of EIS Qualifying shares within the relevant Period applicable to those EIS Qualifying shares, such shareholder may be subject to claw-back by HMRC of any income tax relief originally claimed and, in addition, any deferred capital gains will crystallise and the benefit of any CGT Exemption may be lost. Accordingly, investing in the Company may not be suitable as a short-term investment.



APPENDIX C: APPLICATION AND SELF CERTIFICATION FORMS

APPLICATION FORM

Title:	<input type="text"/>
Forenames:	<input type="text"/>
Surname	<input type="text"/>
Address:	<input type="text"/>
	<input type="text"/>
Postcode:	<input type="text"/>
Telephone:	<input type="text"/>
Mobile:	<input type="text"/>
Fax:	<input type="text"/>
E-mail:	<input type="text"/>
Date:	<input type="text"/>

* Unless otherwise agreed with the Company, applications must be for a minimum of 200 Ordinary Shares and thereafter in multiples of 20 Ordinary Shares.

PLEASE NOTE THAT ONCE SUBMITTED THIS APPLICATION IS IRREVOCABLE; YOUR SUBSCRIPTION WILL NOT BE RETURNED UNLESS THE OFFER IS EITHER OVER SUBSCRIBED, THE MINIMUM SUBSCRIPTION IS NOT RAISED, OR THE DEAL WITH MMM IS NOT CONCLUDED IN WHICH CASE YOU MAY CHOOSE TO HAVE YOUR INVESTMENT REFUNDED.

This Application Form, together with your cheque or banker's draft made payable to Round Corner Brewing Ltd should be sent to:

Share offer

Round Corner Brewing Ltd
26 Southey Road
Wimbledon
London
SW19 1NS

The Offer for 2017/18 tax year and for SEIS portion will close on 15 March 2018. The closing date is for 2018/19 is 8 April 2018, or as amended.

The period during which the Offer is open may be extended by the Directors subject to the Minimum Subscription having been raised by the Company no later than 5 p.m. on 8 April 2018.



Offer for subscription of up to XXXX Ordinary Shares payable in full on application

To: The Directors, Round Corner Brewing Ltd.

I/We hereby confirm that I am/we are a certified high net worth individual (in relation to stock or shares in an unlisted company)/a high net worth company/ a certified sophisticated investor/ a certified restricted investor as described overleaf.

I/We hereby offer to subscribe for the number of fully paid Ordinary Shares on the terms of the document dated 8 February 2018 (the "Information Memorandum") and subject to the Terms and Conditions set forth therein and the articles of association of Round Corner Brewing Ltd.

I/We enclose a cheque/banker's draft for the amount specified above, made payable to Round Corner Brewing or confirm that I/We have made a payment by bank transfer to the bank account of Round Corner Brewing and agree to accept the same or such lesser number of such Ordinary Shares in respect of which my application may be accepted.

I/We request and authorise you to register any Ordinary Shares for which this application is accepted in the name(s) set forth above.

Number of shares applied for:

Amount enclosed, or paid direct to account at
£250 per share:

CHECKLIST - Proof of identity and address

Photocopy of front and back of
Passport

**Signature of
the
Applicant***

Attested photocopy Proof of address
(utility bill, bank statement)

OR

Attested photocopy of Driving
Licence or ID card or equivalent

Date

*All joint applicants must sign

(Note: joint applicants may not be able to claim EIS Relief or EIS Deferral Relief in the desired ratios and should consider seeking professional advice before making a joint application).

If your application is made through your agent, please complete below:

Agent's name:

Reference

FCA Authorisation no.

Address:

Postcode:

Telephone:

E-mail:

Signature:

Date:



**SUBMITTING THIS APPLICATION DOES NOT GUARANTEE THAT YOUR APPLICATION WILL
BE ACCEPTED.**



STATEMENT FOR SELF-CERTIFIED SOPHISTICATED INVESTOR

Notes

Before signing the Certificate below it is vital that you have read the Information Memorandum as a whole.

Provided that you meet the criteria set out in the Certificate below, please sign and date the Certificate and return it with your Application Form and remittance in accordance with the terms of the Information Memorandum.

I hereby declare that I am a self-certified sophisticated investor for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. I understand that this means:

- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Conduct Authority;
- (b) the Content of such financial promotions may not conform to rules issued by the Financial Conduct Authority;
- (c) **By signing this statement I may lose significant rights;**
- (d) I may have no right to complain to either of the following-
 - (i) The Financial Conduct Authority; or
 - (ii) The Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a self-certified sophisticated investor **because at least one of the following applies:**

- (a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;
- (b) I have made more than one investment in an unlisted company in the two years prior to the date below;
- (c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;
- (d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature..... Date.....

Print Name.....



STATEMENT FOR SELF-CERTIFIED HIGH NET WORTH INDIVIDUAL

Notes

Before signing the Certificate below it is vital that you have read the Information Memorandum as a whole.

Provided that you meet the criteria set out in the Certificate below, please sign and date the Certificate and return it with your Application Form and remittance in accordance with the terms of the Information Memorandum.

I declare that I am a certified high net worth individual for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. I understand that this means:

- (a) I can receive financial promotions that may not have already been approved by a person authorised by the Financial Conduct Authority;
- (b) The content of such financial promotion may not conform to rules issued by the Financial Conduct Authority
- (c) **By signing this statement I may lose significant rights;**
- (d) I may have no right to complain to either of the following –
 - (i) The Financial Conduct Authority; or
 - (ii) The Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a certified high net worth individual **because of at least one of the following applies:**

- (a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more;
- (b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more. Net assets for the purpose do not include:
 - (i) The property which is my primary residence or any loan secured on that residence;
 - (ii) Any rights of mine under a qualifying contract of insurance within the meaning of the Financial Services and market Act 2000 (Regulated Activities) Order 2001; or
 - (iii) Any benefits (in the form of pensions or otherwise) which are repayable on the termination of my service or on my death or retirement and to which I am (or my dependents are), or may be, entitled.

I accept that I can lose my property and other assets from making investments decision based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature..... Date.....

Print Name.....



RESTRICTED INVESTOR FORM OF STATEMENT

This statement must be signed within the period of twelve months ending with the day on which the Information Memorandum was received:

I am a certified restricted investor is an individual who has signed, within the period of twelve months ending with the day on which the Information Memorandum was received, a statement in the following terms:

RESTRICTED INVESTOR STATEMENT	
I make this statement so that I can receive promotional communications relating to non-readily realisable securities as a restricted investor. I declare that I qualify as a restricted investor because:	
(a)	in the twelve months preceding the date below, I have not invested more than 10% of my net assets in non-readily realisable securities; and
(b)	I undertake that in the twelve months following the date below, I will not invest more than 10% of my net assets in non-readily realisable securities.
Net assets for these purposes do not include:	
(a)	the property which is my primary residence or any money raised through a loan secured on that property;
(b)	any rights of mine under a qualifying contract of insurance; or
(c)	any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be entitled.
I accept that the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open to me to seek advice from an authorised person who specialises in advising on non-readily realisable securities.	

Signature..... Date.....

Print Name.....