par equity

Kuber VENTURES
Opening the door to EIS investment

Par Syndicate EIS

Investment Objective

The Fund invests in unlisted shares in EIS Qualifying Companies whose business is the development, commercialisation and sale of innovative technologies, or whose business model and strategy involve the use of innovative technologies as a way of securing a competitive advantage the Fund is intended for investors who want to build a diversified portfolios of holdings in such companies.

The Fund invests in innovative small and medium-sized EIS qualifying companies, sometimes pre-revenue, with high growth potential that are assessed by Par Equity as offering a good prospect of delivering returns through exits Par Equity generally participates in investment rounds of at least £0.5 million per Investee Company.

The Fund co-invests with Business Angels. Usually, this is through the Par Syndicate but occasionally the Fund co- invests with other angel groups Par Equity believes that this collaborative approach benefits Investors, as investment decisions are informed by the views of experienced Business Angels with domain knowledge.

Exit Strategy

Exits are generally expected to come in the form of trade sales, although return of capital and IPOs can't be ruled out Absent an exit event, liquidity is likely to be extremely limited. Should the Investment Agreement between Par Equity and an Investor come to an end, through termination or expiry, the Investor can have shares transferred to them from the nominee.

Fund Manager/Provider

Par Equity is an Edinburgh-based venture capital firm, formed to provide intellectual and financial capital to innovative young companies with high growth potential Par Equity benefits from a strong flow of investment opportunities, partly because the management of young companies recognise the power of Par Equity's model to add value and partly because Par Equity operates in the equity gap where young companies struggle to find finance.

The members of the Investment Team have, collectively, a broad range of experience in investment, business management, transaction execution, commercial negotiation, deal structuring, strategy, corporate turnaround and corporate restructuring They work with the Par Syndicate and the Advisory Panel in evaluating potential investments and have a significant network of professional and personal contacts that they can call on in assessing opportunities Par's collaborative model. with the active involvement of a network of investors and other contacts, allows it to access opportunities that may not be available to the general market .

To Find out more www.parequity.com

Fund at a glance

Scheme Categorisation

The scheme is structured as a Alternative Investment Fund and the Information Memorandum can be found at;

www.Parequity.com

Target Return

IRR of 15% per annum

Scheme Strategy

Venture capital EIS

Investment Sector

Technology

Target Diversification

5 positions

Nominee & Custody Arrangements

Share Centre Is the Custodian and Nominee - investments are held in the names of Share Nominees on investors' behalf

Fees

Investment Management Fees

A retention of 4% of an investor's subscription is being made to cover the following fees (the Investment Management Fees") This reduces the amount of EIS qualifying investment that can be made to 96p in the £:

> Initial charge of 1% (inc VAT);

> Annual Management Charge of 0 75% (inc VAT) per year (4 years · worth taken at outset)

The value of the Investor's Subscription will, for the purposes of calculating the quarterly instalments of Annual Management Charges, be reduced pro rata to reflect exits for example, if a £20,000 Subscription has been invested in six companies in equal amounts, and there have been two exits, the Subscription would be adjusted down by a third to £13,333 and the resultant Annual Management Charge would be reduced from its initial £150 to £100 thereafter subject to sufficient funds being available, the Management Charge will be charged to an Investor's EIS Share Account should there be insufficient funds in the EIS Share Account, the Manager will accrue the Management Charge until such time as Exit Proceeds are credited to the EIS Share Account .

Dealing Fee

A dealing fee of 0 35% of the transaction value is also payable on any sale of shares - i.e. from exit proceeds .

Performance Fee

The Performance Fee is set at 20% of aggregate exit proceeds received by the investor in excess of the Subscription and any other Investment Management Fees or charges paid, in other words, no performance fee is payable until an investor has had 100% of their money back, without taking EIS Reliefs into account.

In exceptional circumstances, the Manager may make a decision that leads to the loss of EIS Reliefs in respect of a specific Investee Company - for example, the Manager may decide to accept an offer for an Investee Company that results in an Exit within three years of the original investment.

Where this happens, not only would EIS Relief need to be repaid, but CGT would be payable on any capital gains. The Manager will therefore apply an Equalisation Adjustment to reduce any Performance Fee due. This is done by applying a notional increase of 40% to that part of a Subscription invested in the Investee Company concerned.

For example, where £5,000 of a Subscription is invested in an Investee Company that is subject to an Exit Event two years after the investment is made (resulting in EIS Relief being lost) and Exit Proceeds of £15,000 are generated, the Equalisation Adjustment would be £2,000, giving a notional cost of investment of £7,000 Subject to the performance of the remainder of the Subscription, therefore, the maximum Performance Fee in respect of this Exit Event would be £1,600 (20% of the notional gain of £8,000), rather than £2,000 (20% of the actual gain of £10,000).

Professional Fees

The Manager generally recovers professional fees from Investee Companies on completion of an investment, but where it is unable to do so, it bears these costs itself and does not recover them from the Fund

The Manager also expects to recover professional fees in connection with an Exit Event from Investee Companies, but where it is unable to do this it reserves the right to apportion some or all of the fees incurred to the various parties on whose behalf its acting in connection with the Exit Event (including the Fund). These costs would be apportioned pro rata to Exit Proceeds realised.

Fees and Other Costs Recovered from Investee Companies

The Manager also recovers certain fees and costs from Investee Companies. These fees and costs are not specifically related to the Fund and the Manager does not receive in the capacity of agent for Investors or any other party and is under no obligation to account to Investors for these fees and cost recoveries.

As both the percentage shareholding that the Fund will have in any given Investee Company and the financial circumstances of the Investee Company will vary, the national impact of such fees and charges on an Investor cannot be readily quantified.

The maximum fee charged to an Investee Companys 5% of the capital subscribed via Par Equity, which would include capital subscribed by the Fund.

No fees are charged to Investee Companies by the Manager or its Associates for matters including but not restricted to: company secretarial, accountancy, human resources, recruitment or other services, nor does the Manager (or its Associates) have any arrangements whereby it receives payment in connection with the provision of services to Investee Companies by third -party service providers Investee Companies may, however, voluntary contract with connected companies of Par Equity's principals from time to time, on an arms' length basis.

Kuber Specific Arrangements

Kuber receives a fundraising fee of 1.0% from the manager.

Kuber will return this fee to Investors by applying it to their Subscription amount thereby increasing their investment.

For further information please do not hesitate to

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