Lightning Ventures LLP

Investing in UK Engineering Businesses

Through the

Amersham Corporate Development Capital EIS Fund ("ACDC")

Lightning Ventures LLP – Selected Company Investment

IMPORTANT INFORMATION

Investment in any Amersham Corporate Development EIS Fund portfolio company carries substantial risk and any such investment should be regarded as being of a medium to long term nature.

This document constitutes a financial promotion pursuant to section 21 of the Financial Services and Markets Act 2000 (FSMA) and its contents have been approved by **Amersham Investment Management Ltd (the "Manager") which is authorised and regulated by the Financial Conduct Authority in the United Kingdom with FRN number 507460 and whose registered office is at 25 Lexington Street London W1F 9AH with contact details T: 020 7734 7524 E: info@amershaminvestment.co.uk.**

Lightning Ventures LLP is not an FCA authorised firm and will not be providing any investment services or undertaking any regulated activities in connection with ACDC.

The tax treatment referred to in this document depends on the individual circumstances of each investor and may be subject to change in the future. In addition, the availability of any tax reliefs depends on the Companies in which the Fund invests maintaining their qualifying status. Past performance is not a guide to future performance and may not be repeated. The value of an Investment may go down as well as up and an Investor may not get back the full amount invested.

Investors' money subscribed for new EIS-qualifying shares in limited liability Companies formed as special purpose vehicles for acquiring businesses selected by Lightning Ventures LLP ("Lightning Ventures") via a 'channel' in the Amersham Corporate Development EIS Fund ("ACDC" or the "Fund") will be committed to an investment which may be of a long term and illiquid nature. The Companies in which the Fund invests will not be quoted on any regulated market and accordingly, there will not be an established or ready market for any such shares. It may be difficult to obtain information regarding how much an investment is worth or how risky it is at any given time and the Manager may experience difficulty in realising the investments (for value or at all).

An investment in the Fund may only be made on the basis of the Fund's Information Memorandum and the Investment Agreement which are available to eligible investors or their duly authorised advisers upon request. Prospective Investors should not regard the contents of this document as constituting a recommendation or advice relating to any legal, taxation, regulatory or investment matters and are advised to consult their own professional advisers before contemplating any investment. Amersham Investment Management Ltd, its directors, officers, employees and agents do not accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with an investment in the Fund except where such liability arises under FSMA, regulations made under FSMA or the FCA's Handbook of Rules and Guidance and therefore may not be excluded. The Manager has taken all reasonable care to ensure that the factual content hereof is accurate and that statements of opinion herein are reasonably held. This document is only intended for release in the United Kingdom and does not constitute an offer, or the solicitation of an offer, in any jurisdiction in which such offer or solicitation is unlawful. It is the responsibility of any person outside the United Kingdom wishing to make an application to invest in the Fund to satisfy themselves as to full observance of the laws of any relevant territory in connection therewith.

Prospective investors should be aware that the arrangements for the Fund represent a portfolio service subject to the terms of its Investment Agreement. Investors appoint the Manager to invest their subscription monies on a discretionary basis but may request the Manager to consider investing them only in Companies sourced by Lightning Ventures LLP. All investments made by the Fund will be held in the name of a nominee which enables each Investor's entitlement to be separately identified.

The Fund is not treated as an unregulated collective investment scheme (as defined in section 235 of FSMA) but is an alternative investment fund as defined in the Alternative Investment Managers Directive 2011. The Fund has not been approved by HMRC under section 251 of the Income Tax Act 2007.

The Manager reserves the right to update this document from time to time.

FACT SHEET

Lightning Ventures LLP
Investing in UK Engineering Businesses

STRUCTURE:
A series of private limited company investments comprising:

a) Non- EIS qualifying subscriptions to be used for the acquisition of non-qualifying assets (eg goodwill, intangibles etc)

and

b) a component of EIS-qualifying investment via the Amersham Corporate Development Capital EIS Fund (structured as an Alternative Investment Fund).

FUND MANAGER:
Amersham Investment Management Ltd which is authorised and regulated by the Financial Conduct Authority as an investment management firm and Alternative Investment Fund Manager with firm reference number 507460.

CUSTODIAN:
Woodside Corporate Services Limited which is authorised and regulated to hold client assets by the Financial Conduct Authority with firm reference number 467652.

INITIAL RAISE:
Non-EIS qualifying: up to £10 million
EIS qualifying: up to £2m subject to EIS rules.

MINIMUM SUBSCRIPTONS: £15,000.

INVESTMENT OBJECTIVE for Lightning Ventures projects:
Investing in existing UK engineering businesses to increase their value by enhancing their performance over a period of up to five years.

QUALIFYING STATUS:
Each EIS investee Company will seek and have received EIS Advanced Assurance from HMRC prior to investment.

CLOSING DATES:
Initial closes planned for 28 February 2018 and 27 March 2018.*

*NOTE: Closing date is subject to the Manager's discretion. This document is not an invitation to invest. Investments may be accepted only under the terms of the Information Memorandum and Application Form for the Amersham Corporate Development Capital EIS Fund, available upon request to eligible investors.

Defined terms are as set out in the ACDC Information Memorandum.

The Opportunity

Lightning Ventures LLP has been established to acquire, through a series of special purpose vehicles ("SPV"), profitable, small to medium size enterprises ("SMEs") with the intention of increasing the value of these companies whether by increase in turnover, efficiency savings or developing and establishing an enhanced operating level beyond that achievable by current owners or management.

The Lightning Ventures team have considerable experience in company acquisitions, specifically in manufacturing and engineering, and are looking to capitalise on this experience through the use of a series of tax advantaged portfolio investments.

As the SPVs will be acquiring existing profitable businesses, only certain aspects of the acquisition and development of the acquired companies funding will be available for Investors seeking Enterprise Investment Relief (EIS). The EIS qualifying element of each transaction, which will differ for each underlying investment, will be maximised for investors' benefit. Subscriptions not requiring EIS-relief will be applied to the non-EIS qualifying component of the transactions, again through one or more separate SPVs.

The Investment Opportunity

There can be many reasons for a privately-controlled company sale:

- The next family generation may not want to own or run the business
- The current owners may wish to retire and sell their holding
- There might be either or both a lack of management ability, risk appetite or the availability of funds to raise the business to a higher operating performance.
- Corporate disposal

These are just some and the opportunities upon which the Lightning Ventures Team are seeking to capitalise.

The Lightning Ventures team will seek to identify profitable business prospects in the UK engineering and manufacturing sectors, this being their focus of experience.

The Fund's goal is to make four to five investments in a six month period following the closing of the Fund.

Candidate investments will likely share characteristics which may include the following:

- UK Based Company
- Privately owned with fewer than four shareholders
- Manufacturer of goods
- B2B contracting
- Infrastructure related, for example power generation, building services, rail, aerospace, distribution or property protection
- Public company or group, non-core business disposal
- £2.5m - £10m turnover
- All must exhibit a profitable current and sustainable future EBIT
- Cash positive at the operating level
- Own or generate IP through design or product development process
- Have an imbalance in management resource – they will be either product, production or sales led. Lightning Ventures have a bias toward companies that are strong in product and process, have a good repeat order book and are less developed in sales and marketing skillsets.
- Companies that are owner-led with long standing supply chains in place. Lightning Ventures' experiences show that there are good cash and margin-improving opportunities to be had through reviews of the supplier base.
- Companies that are not a straightforward trade sale to the highest bidder.

The team's focus is to lift all of the underlying investments to a new operating level through growth. It should be noted that in order to reduce outright cash levels in portfolio investments, wherever possible, any underlying property assets owned by an investee Company will not be included as a part of the underlying purchase by the acquiring SPV.

The Lightning Ventures team plan to select Companies and Businesses they understand, feel there is growth potential and where they have relevant experience.

Investment Process

There are three components that the Lightning Ventures team members believe give them a competitive edge, namely:

- Deal sourcing and origination
- Ability to assess a proposition and act quickly
- Experience in managing and growing this type of underlying Company

Origination

Relationships and corporate dealings that have been established over the last twenty years with several key investment banks and other financial institutions by the principals of Lightning Ventures mean that the Lightning Ventures team are shown many opportunities that are no longer necessarily a "good fit" for such institutions. In addition, two of the Lightning Ventures team operate their own corporate finance consultancies and are well connected with other practices which are able to provide access to SMEs for sale. Finally, one member of the Lightning Ventures team has extensive contacts within the Engineering sector with plc's and multinationals and is often in receipt of advance knowledge of potential non-core corporate disposal plans.

Due Diligence

The majority of commercial due diligence will be conducted in house by Lightning Ventures using the strengths of the team's broad range of skills. Any areas outside the Lightning Ventures team's scope of competence will be outsourced. As many acquisitions will entail third party institutional financing, parallel due diligence will be expected to be carried out by the lender, providing a comparator exercise.

Transaction

Once a candidate opportunity has been confirmed, the Lightning Ventures Working Group will convene to review the financial data, management and assets of the target Company. This will include testing the strategic fit within the Lightning Ventures portfolio, the quality of the cashflow, the robustness of the financials, growth assumptions and the market sector potential. From this assessment, a business case will be made and presented to the Commercial Advisory Committee for consideration. Once a subsequent investment proposal is signed off by this Committee, it will be presented to the Manager for its approval. Only then, the process moves to completion of the Fund's investment and release of funds from the regulated custodian.

Monitoring

Once the target opportunity Company has been acquired, the Lightning Ventures working group will start to implement any necessary changes highlighted in the original review. This may involve a change in management, the incentivisation of key staff, a review of business routes to market, addressing new market opportunities and strengthening marketing. The composition of this working group may vary from target to target as required and will report regularly to the Commercial Advisory Committee.

Exit Process

The Lightning Ventures goal is to sell off the SPV investments made in the first six months of the programme after five years from completions and returning net cash proceeds to the Investors. The exit process and route to market will commence at the end of the EIS three-year qualifying period for each tranche of investments.

Asset realisation will be achieved by any one the following methods:

- Individual Company sale where an appropriate price is achieved
- Group Company sale achieved at increased multiple of earnings
- A new investment management team buyout of the Group of Companies at a price determined by an independent third party
- A possible AIM listing

The Lightning Ventures Team

The Lightning Ventures team comprises a mix of skills with expertise in company acquisitions and disposals, engineering and manufacturing and fund management.

Timothy Hobbs – CEO – a member of the Commercial Advisory Committee

Tim has in excess of 25 years experience running and growing SMEs. A graduate Engineer with an MBA, Tim was responsible for integrating acquisitions for a large multinational Company before becoming involved in a highly acquisitive engineering group which was subsequently sold to an AIM listed group.

He has also held a divisional MD role for a UK engineered products plc. Since 2003 he has been involved in a number of successful MBOs/MBIs in the manufacturing/engineering sector in particular the acquisition, growth and sale to Private Equity of a storage systems Company.

In recent years, Tim has raised Bank and private funds for a number of projects and for a period, was CFO during the expansion stage of a London based retailer which was recently sold to Private Equity.

Mark Fairchild – a member of the Commercial Advisory Committee

Mark has worked within the finance industry since the mid-eighties which has included managing a derivatives business for a subsidiary company of Cargill, Investment Banking at HSBC and since 2003, working for a Family Office.

His experience has included research and due diligence on Hedge Funds particularly within the Asset Finance and Commodities space. Mark acted as Investment advisor to an internal fund of funds ultimately managing US$200 million of assets.

Andrew Moorhouse – Lightning Ventures Working Group

Andrew has excess of 20 years experience at Director level in both large organisations and SMEs. A qualified Engineer, his early career was focused on the design and manufacture of engineered products for the demanding offshore oil and gas sectors.

Andy then segued in to a more commercially orientated role negotiating multi-million dollar global contracts within the oil and petrochemical sectors. He also worked at director level in product sales and marketing and was responsible for appointing distribution networks for technical products within the UK and internationally.

In 2002 Andy founded a successful design and manufacturing business which grew to export engineering products globally and was subsequently sold to management.

Lee Alderson – Lightning Ventures Working Group

Lee has 30 years of Corporate Banking experience in origination, structuring, execution and credit committee roles across several major UK/European Banks.

His most recent roles have included Head of a Structured Finance for a niche European Bank, responsible for a loan book of c £500m financing UK & European Leveraged Buyouts.

Since 2010, Lee has worked for a major International Bank looking to establish a foothold in the UK SME market. His Director responsibilities include deal origination, structuring and execution of high growth UK SMEs (typical revenue £3m - £50m) as part of a dedicated £200m Mezzanine Fund.

Lee's role involves diligent assessment of business plans, financial information and management teams in order to deliver profitable growth and ultimately a profitable exit for all stakeholders.

Ronald Cowley – Lightning Ventures Working Group

Ronald spent 30 Years in the role of CEO for a number of large multinational manufacturing companies specialising in mergers and acquisitions. An engineer with a PhD and MBA, Ronald has held the roles of Managing Director of SPTS Technologies, Group Managing Director of Mastergear Worldwide and Managing Director of Curtiss Wright.

Ronald's expertise is in growing engineering businesses through technology development and mergers and acquisitions.

Tax Benefits where available

The following is a short summary of some of the key tax advantages that may be claimed by Investors depending on their individual circumstances. Such tax advantages are based on current legislation which may change from time to time, and include:

The Enterprise Investment Scheme

The Enterprise Investment Scheme ("EIS") was introduced by the UK Government in 1994 to enable smaller companies to raise finance by offering various tax benefits to those investors purchasing new shares in qualifying companies.

Lightning Ventures believe the quality of the underlying company is the most important factor when investing; however the tax benefits afforded by the EIS scheme allows a means to achieve tax advantaged returns for the Investor.

The current EIS rules for investing are strict and well defined, including a minimum three year investment period in any qualifying company. In addition, qualifying funds must only be used for working capital and development purposes.

The Lightning Ventures proposition is to find medium term investment opportunities with therefore, a minimum three year "lock-in" expectation for investors.

An investment objective will be to exit the underlying investments after a five year period from the respective SPVs[1] investment into each underlying investee Company. EIS relief will be available in respect of the development and expansion of the acquired Companies while, wherever possible, banking finance and non-EIS qualifying monies will be used to acquire any underlying Company's assets which are non-EIS qualifying.

The Lightning Ventures approach is that all underlying investee Companies, prior to acquisition, will be required to seek and receive HMRC Advance Assurance regarding eligibility for EIS relief. The Manager believes it is of prime importance that Investors be able to claim EIS relief back as soon as possible.

[1]SPV – Special Purpose Vehicle, a series of newly formed and registered UK private limited liability Companies created as the acquirer of each opportunity to be invested in under the Lightning Ventures proposal.

Income Tax Relief

Investors may be able to claim income tax relief of up to 30% of any qualifying EIS investment made into the Lightning Ventures SPVs. The current individual maximum allowable EIS investment relief for the tax year 2017-2018 is £1 million per annum.

Capital Gains Tax Deferral

Investors who have made a capital gain on previous investments or property transactions, in any of the three years preceding or one year post their EIS investment can defer their Capital Gains Tax liability on such capital gains via an EIS investment, provided this investment is held for the duration of the investment. The CGT liability that has been deferred will come back into charge when the shares are sold at the main rate of Capital Gains Tax which is 10%/20% for 2017/18.

Business Property Relief/Inheritance Tax Relief

The value of qualifying investments in Portfolio Companies held through investments made by Lightning Ventures SPVs for two years or more at the date of death of an Investor, will qualify for IHT Relief which would reduce the IHT liability on a transfer of the Qualifying Shares to £nil, provided the Portfolio Company continues to meet the business property relief conditions.

Under current legislation, proceeds received on exit from the Portfolio Companies can be re-invested into IHT qualifying companies to maintain the IHT free status.

Capital Gains Tax-Free on Disposal

Lightning Ventures intend that between 20% to 30% of monies invested by each SPV in acquiring the underlying business will be of an EIS qualifying nature. This would allow Investors to be free of any CGT liability on any gains from the disposal of the shares held in the EIS qualifying component. Such relief is subject to EIS Income Tax Relief being retained for the qualifying period of three years and the disposal occurring after the end of the three year holding period required under EIS investment rules. Any non-qualifying component of an investment (70% to 80%) held in equity shares in qualifying companies will be subject to a Capital Gains Tax charge on any capital gain on exit according to Investor Relief, which currently is 10% for the tax year 2017/2018.

Loss Relief

Any shares in an EIS Qualifying Company disposed of at a loss (net of any EIS Income tax relief already claimed) will allow an Investor to claim loss relief at the marginal rate of tax (up to 45%).

Please note that CGT deferral relief and IHT Relief are not limited other than by personal circumstances and time restrictions.

The timing of income tax relief and CGT deferral relief is based upon the date that the Fund makes the Qualifying Investment and not when the Fund receives your Investment.

This "Tax Benefits" section sets out a very brief summary of the current UK EIS tax reliefs. Further details are set out in Part 6 of the Information Memorandum to which this promotion applies. The value of the tax reliefs will depend on personal circumstances, which may change. References to tax are based upon current legislation and HMRC practice, which might be subject to change in the future. In addition, the availability of tax reliefs depends on the Qualifying Companies maintaining their qualifying status. Please refer to the HM Revenue & Customs website for further guidance on the tax reliefs available on EIS investments or consult your tax adviser.

Target Returns

The targeted average return is 8% per annum which after five years amounts to £1.40 for each £1 share. Where the share is a qualifying EIS share held by EIS qualifying Investors any monetary gain on the Investment will be free of Capital Gains Tax at the rate ruling at the date of investment. If this target return is achieved within a five-year time period, the approximate compound return to EIS qualifying Investors will be 34.27% per annum tax free, which is the equivalent to 57.11% per annum gross to a 40% taxpayer or 62.31% per annum gross to a 45% taxpayer.

The target returns are for illustrative purposes only and no forecast (guaranteed or otherwise) is implied nor should one be inferred. The value of investments in the Fund may fall as well as rise.

No warranty as to future outcome is implied nor should one be inferred. Investors' attention is drawn to the important information set out at the front of the ACDC Information Memorandum and the specific Risk Factors referred to therein.

The gross equivalent return upon exit proceeds is calculated by grossing up the exit proceeds for the equivalent proceeds that a 40% or 45% tax payer would have to receive in order to achieve the same net after tax.

The gross equivalent return upon net tax free return is calculated by dividing the net tax-free return by 0.60 for a 40% taxpayer and 0.55 for a 45% taxpayer

Key Risks

The attention of Investors is drawn to the information set out in the Risk Factors section of the Information Memorandum available for this Investment which sets out the principal risk factors associated with an investment in the Lightning Ventures opportunity and the SPVs which will form the investment assets for the Fund.

The tax treatment referred to in the Information Memorandum and this summary depends on the individual circumstances of each Investor and may be subject to change in future. In addition, the availability of any tax reliefs depends on the Investee Companies maintaining their qualifying status.

Prospective investors are advised to consult their professional advisers before contemplating an investment in the Fund.

Fund Charges and Ongoing Management Fees

The Manager will pay all costs of establishing the Fund, including all legal, receiving agent and taxation costs incurred in creating the Fund, the preparation and issue of this document and any other direct expenses wholly incurred in establishing the Fund. In return, the Manager will receive an Initial Charge of 1.35% (plus VAT, if applicable) of the amounts invested in each Lightning Ventures Investee Company, to a maximum of £4 million and at the rate of 0.75% of the amounts invested thereafter.

The Manager will seek to recover this Initial Charge from the Fund's Lightning Ventures Investee Companies, thus Investors should be able to obtain tax relief on the maximum possible amount of their Subscription.

Annual and Arrangement Fees and Other Charges:

Administration Fee: 1.5% per annum of the amount invested in each Portfolio Company and payable to the Manager by deduction from each Portfolio Company through the Fund. These fees are payable on an annual basis, payable on the initial investment quarterly in advance and

thereafter. At termination the Portfolio Companies will also be charged an additional administrative fee of 0.65% per cent of the value of the Fund, for 3rd party costs and services incurred by the Fund Manager during the termination of the Fund.

Performance Fee: there is a performance fee levied on Investors on realised amounts in excess of aggregate Subscriptions made to the Fund above the targeted hurdle rate. If the targeted hurdle return is met Lightning Ventures LLP will then participate in surplus returns so that the Investor continues to benefit from 80% of all surplus above the hurdle rate while the remaining 20% is apportioned to Lightning Ventures LLP. The Manager will receive an option over 2% of the issued ordinary shares in the investee companies exercisable at the same price per share as at the investment.

Other Fees: The Manager estimates the Portfolio Companies will incur an aggregate initial fee of £4,500 in respect of the Custodian's role as Receiving Agent in relation to Investor Subscriptions and an aggregate first year fee of £5,000 also payable to the Custodian, which will be charged pro-rata to all Portfolio Companies in the Fund. Thereafter the annual fee to Portfolio Companies for nominee and custodian arrangements and services amounts to £100 per Investor plus VAT.

Additional costs: to be agreed in advance, which may be payable by Portfolio Companies include Fund administration, due diligence, abort fees and reasonable fees incurred in managing the Fund.

Where support services are provided to an Investee Company, Lightning Ventures LLP, will charge each Portfolio Company, on terms to be agreed, an appropriate fee commensurate with the role to be supported.

The Manager's annual fee is payable from each close of each investment and any subsequent investment into a Portfolio Company.

VAT
The fees and charges described above are exclusive of VAT, which will be charged as applicable.

Please note:
No fees or charges will be payable directly from Investors' Subscriptions (other than introducers' facilitated charges, where applicable) as these will be payable by the Portfolio Companies. This should enable Investors to claim tax reliefs on the maximum amount possible of their invested Subscriptions, dependent on roundings and the share price of the investment subscriptions. Although fees and costs are payable by the Portfolio Companies and not by Investors in the Fund directly, they will, in effect, reduce the returns generated by the Portfolio Companies for Investors

For further information and to receive a copy of the ACDC Information Memorandum for the Lightning Ventures LLP channel, eligible investors or their duly authorised professional advisers should contact
Nicola Snelling on +44 (0) 20 7734 7524, email: info@amershaminvestment.co.uk

Amersham Investment Management Limited
25 Lexington Street, London W1F 9AH
telephone: +44 (0) 207 734 7524
fax: +44 (0) 1494 434 245
www.amershaminvestment.co.uk

AMERSHAM
INVESTMENT
MANAGEMENT

Registered in England & Wales. Company No: 06974140.
Authorised and regulated by the Financial Conduct Authority, firm reference number 507460.