

# Great Point Ventures EIS

Information Memorandum



**GREAT POINT**  
INVESTMENTS

# Important notice

An investment in the Great Point Ventures EIS (the **Fund**) will not be suitable for all recipients of this Information Memorandum. If Investors are in any doubt about the content of this Information Memorandum (**Information Memorandum**) and/or any action they should take, they are strongly recommended to seek advice immediately from an Intermediary authorised under the Financial Services and Markets Act 2000 (**FSMA**) who specialises in advising on investment opportunities of this type. Nothing in this Information Memorandum constitutes investment, tax, legal or other advice by Great Point Investments Limited (**GPI**, the **Manager** or the **Promoter**) and attention is drawn to the section headed “Risk Factors” on page 22.

This Information Memorandum constitutes a financial promotion pursuant to Section 21 of the FSMA and is issued by GPI, 3rd Floor, 14 Floral Street, London WC2E 9DH; registered in England and Wales as a limited company with the registered number 08653224 and authorised and regulated by the Financial Conduct Authority in the United Kingdom (with firm reference number 606798). The Manager is unable to give investment or taxation advice or to advise on the suitability and appropriateness of the Fund.

This Information Memorandum relates to investments in non-readily realisable securities, is an alternative investment fund (**AIF**) for the purpose of the AIFMD (defined below) and is only intended for existing clients of authorised firms that will confirm whether the investment is suitable for the Investor in accordance with COBS 4.7.8(2), or persons who meet the criteria for being a professional client in accordance with COBS 4.7.7(1). For clarity, the Fund does not constitute a collective investment scheme by virtue of meeting the definition in paragraph 2 of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 and it is not a non-mainstream pooled investment.

By accepting this Information Memorandum, the recipient represents and warrants to GPI that they are a person who falls within the above description of persons in respect of whom GPI has approved it as a financial promotion. This Information Memorandum is not to be disclosed to any other person or used for any other purpose. Any other person who receives this Information Memorandum should not rely on it.

An investment in the Fund may not be suitable for all recipients of this Information Memorandum. A prospective Investor should consider carefully whether such an investment is suitable for him in light of their personal circumstances and the financial resources available to them.

The Manager has taken all reasonable care to ensure that the facts stated in this Information Memorandum are true and accurate in all material respects and that there are no material facts in respect of which omission would make any statement, fact or opinion in this Information Memorandum misleading. Delivery of this Information Memorandum shall not give rise to any implication that there has been no change in the facts set out in this Information Memorandum since the date hereof or that the information contained herein is correct as of any time subsequent to such date. The Manager accepts responsibility accordingly. This document is not intended to constitute a recommendation or provide advice of any sort to any prospective Investor.

Any references to tax laws or rates in this Information Memorandum are subject to change. Past performance is not a guide to the future performance and may not be repeated. The value of an investment can go down as well as up and an Investor may not get back the full amount invested. A prospective Investor should consider an investment in the Fund as a medium to long-term investment. Investments made by the Fund are likely to be illiquid.

No person has been authorised to give any information or to make any representation concerning the Fund other than the information contained in this Information Memorandum or in connection with any material or information referred to in it and, if given or made, such information or representation must not be relied upon. This Information Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase securities and, in particular, does not constitute an offering in any state, country or other jurisdiction where, or to any person or entity to which an offer or sale would be prohibited.

This Information Memorandum contains information relating to an investment in the Fund. An investment may only be made on the basis of this Information Memorandum and the Fund Management Agreement. All statements of opinion or belief contained in this Information Memorandum and all views expressed and statements made regarding future events represent the Manager's own assessment and interpretation of information available to them as at the date of this Information Memorandum. No representation is made, or assurance given, that such statements or views are correct or that the objectives of the Fund will be achieved. Prospective Investors must determine for themselves what reliance (if any) they should place on such statements or views and no responsibility is accepted by the Manager in respect thereof.

# Parties

## **Custodian**

Woodside Corporate Services Limited  
4th Floor  
50 Mark Lane  
London  
EC3R 7QR

## **Nominee**

WCS Nominees Limited  
4th Floor  
50 Mark Lane  
London  
EC3R 7QR

## **Manager & Promoter**

Great Point Investments Limited  
3rd Floor  
14 Floral Street  
London  
WC2E 9DH

## **Compliance Adviser**

BWB Compliance  
10 Queen Street Place  
London  
EC4R 1BE

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# Key Facts

## Investment Opportunity

The Manager anticipates deploying the proceeds of the Fund into shares qualifying for the Enterprise Investment Scheme (EIS) and will ensure that a potential investee company (**Company**) has received advance assurance that it is carrying on an EIS Qualifying Trade from HM Revenue & Customs (**HMRC**) prior to investment being made by the Fund.

Fund Type: Alternative Investment Fund (AIF) – evergreen

Fund Manager: Great Point Investments Limited (GPI, or the **Manager**)

Sector focus: Media / Intellectual Property

Target deployment timeframe: up to 18 months from the relevant quarterly fund close date (**Close Dates**)

Minimum number of portfolio companies: four per Investor

Minimum investment: £10,000

Fund Close Dates:



## Risks

Investment in the Fund involves a high degree of risk. Past performance is not a guide to future performance and may not be repeated. The value of investments can go down as well as up and an Investor could lose part, or all of their capital invested. Investors should consider the Fund to be a medium to long term investment and that the investments made by the Fund are likely to be illiquid and hard to value due to their unquoted nature. They are strongly advised to seek independent legal, financial and tax advice before making a decision to invest. Full details of the risk factors and associated mitigation strategies can be found in the “Risk Factors” section on page 22 of this Information Memorandum.

## Benefits of the EIS

The Enterprise Investment Scheme (EIS) comprises a variety of tax benefits available to UK tax paying individuals, subject to investments complying with the relevant conditions and requirements.

### 30% income tax relief

on investments of up to £1 million reducing the net cost of investment to **70p per £1**

Unlimited deferral of  
**capital gains tax liabilities**

### Tax Free Growth

– no capital gains tax payable on disposal after three-year qualifying period



### 100% relief from inheritance tax

– for investments held for more than two years, or immediately if investment qualifies as replacement property



Tax relief on shares disposed at a loss. This means that a 45% taxpayer with sufficient income in the year of disposal may

**reduce their capital at risk to 38.5p per £1 invested**



## Costs

The value of the tax benefits will be contingent on each Investor's personal circumstances and may be subject to changes in those circumstances or to changes in tax law.

Upfront Initial Fee of 2% of subscription amount

Annual Management Fee of 2.5%

Annual Custodian Fee of 0.125%

Dealing Fee of 0.35% of transaction value per investment into a Company

A Performance Fee equal to 20% of the amount by which an Investor's return exceeds 120%

The Initial Fee will be deducted prior to investment in a Company and therefore **at least 97p per £1 subscribed will be invested and should attract EIS relief.**

See page 20 for full details of the charges and fees.

## How to Apply

If after reading the Information Memorandum and Fund Management Agreement, and having consulted an Intermediary, an Investor considers this investment suitable to their personal circumstances, please complete the relevant Application Form and send by email to: [applications@woodsidesecretaries.co.uk](mailto:applications@woodsidesecretaries.co.uk) or hard copy by post to: John Rowe, Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London EC3R 7QR.



# Why Great Point?<sup>1</sup>



GREAT POINT

## Proven track record

in making growth focused investments



2.8x  
to date



2x  
to date

## Investment Team expertise

implementing business strategy and creating value. The following transactions achieved a return on investment of over 20x for original investors:

TARGETMEDIA

IVAS  
GROUP

OPTIMUM  
RELEASING

STUDIOCANAL

Brass Tacks  
Media

CHIME™

Matching Hat

incisivemedia

## Strong industry relationships



creative  
england

## Market leaders

in high quality content production



BBC



sky



itv



amazon



NETFLIX

Investment Team extensive financial, operational and commercial experience

Bank of America

VIACOM

Hallmark

citi

NBC UNIVERSAL

Disney

TimeWarner

SONY

COMCAST

WARNER MUSIC GROUP

News Corp

facebook.

<sup>1</sup> Past performance of Great Point and the Investment Team is not a reliable indicator of future results.

# The Offer

## 1. About Great Point

The Fund will benefit from the experience, infrastructure and industry network of both the Great Point Media group of companies (the **GP Group**) and a select committee of media-specialist venture capital consultants (the **GP Consultants**), (together the **Investment Team**). The Investment Team offers a unique combination of:

Expertise in the management of EIS qualifying businesses and funds

Expertise in media-specific venture capital and corporate finance

Access to off-market media opportunities and sector-specific influencers

The GP Group is a specialist media business whose senior management team have over 60 years' of experience, successfully investing in the global media and entertainment sector. The team specialises in the management of EIS qualifying media businesses, having managed over £250 million of investment into EIS qualifying companies in recent years. The GP Consultants offer a further 70 years' of experience of investing and building value in media businesses, as well as bringing a wealth of industry relationships and opportunities.

Through the Investment Team, the Fund is expected to benefit from:

A pipeline of high quality investment opportunities

A rigorous and proactive investment framework

Market-leading service for delivery of EIS specific certificates and reporting

The GP Group specialises in the design, implementation and management of alternative investment opportunities. GPI currently manages seven AIFs which qualify for reliefs under the EIS and the Seed Enterprise Investment Scheme (**SEIS**).

## 2. Investment Criteria

The Fund has a targeted focus on the valuable media sector but has a broad sub-sector approach designed to offer diversification. The Investment Team believe the following sub-sectors present the most attractive opportunities for the Fund.



**Content Creation**



**Content Distribution and Marketing**



**Production Facilities and Services**



**New Media and Technology**

The Fund aims to seek out high growth companies in the above target sub-sectors that in the Investment Team's assessment meet the following criteria:

Offer potential for rapid growth and development

Are led by entrepreneurial management teams with unique talents and a proven track record of achievement

Offer potential to address large new markets or disrupt existing ones

Could develop into attractive candidates for acquisition

Offer potential to generate returns that are multiples of the invested capital for Investors

The Manager will only invest the Fund across Companies which have been granted advance assurance from HMRC that they should qualify for the benefits of EIS relief.

The Fund will accept subscriptions every quarter in tranches that close on the last business day of January, April, July and October (each a **Close Date**). Each Investor will receive a pro-rata interest in at least four Companies and the target is to invest subscriptions within 18 months of each Close Date.

The Manager intends to identify a portfolio of Companies to ensure that the Fund delivers a diversified approach, with all Companies carefully selected for their ability to deliver an attractive risk/return profile. The business model of each Company must present ambitious goals to expand and be run by experienced management teams with specific knowledge in the area their company will operate in.





### 3. Why Media?

Across the globe, a growing population is consuming more entertainment media than ever before, creating a huge value opportunity for businesses in the supply and delivery of that entertainment.

The creative industries have made a record contribution to the UK economy in the last few years and have grown at twice the rate of the economy (Department for Digital, Culture Media & Sport – DCMS Sectors Economic Estimates 2016: Gross Value Added), representing over 5% of UK GVA and generating £91.8 billion a year for the UK economy. Between 2010 and 2016 the economic contribution of the creative industries in the UK grew by over 44% and in total the UK creative industries employ almost 2 million people (Creative Industries Council). This illustrates how this growing sector represents extensive opportunities for growth and returns.

## Media Sector

Content producer M&A activity increased from

**42 deals in 2013**  
to **102 in 2017** 

(Variety, 8 March 2018)

### Notable acquisitions

in the media world include:



VR industry is projected to be worth

**£45 billion**  
by 2025 

(Creative SkillSet, 2014)



Subscription revenue growth forecasted at

**6.8% to 2021**  
and digital cable subscribers at  
**9.6% per year globally to 2018**  
making production one of the most  
promising sectors to invest in

(Producers Alliance for Cinema and Television, UK television exports 2015/16, February 2017)

Portion of film budgets allocated to

**VR has grown**  
from 10% to between  
**20-50%\***

making VR one of the highest  
growing sectors in the  
entertainment industry



\*(Creative SkillSet, 2014)

2017 saw record spend of

**£1.69 billion**  
on inward investment into film and  
television production in the UK with  
**68 major inward**  
**investment films**

basing themselves in the UK

(BFI, 2018)

## 4. Target Sectors



### Content Creation

Content is King - it is the asset on which the media value chain is built. The demand and scale of the market for new, quality entertainment content has never been higher and new platforms continue to drive up this demand. Consequently, businesses that fulfil this voracious demand for content have both sustainable value as well as exponential revenue growth if they can create and own any 'hit' content, and entrepreneurial producers continue to spring out of larger ventures to set up their own independent companies that are in need of start-up or growth capital to take advantage of this demand.

UK production companies are able to retain ownership and control for the programmes they make. This, coupled with the increased M&A activity for production businesses, means that the Manager believes this proves the robust commercial argument for investing into this sub-sector and demonstrates the opportunity for significant capital returns.

The Fund intends to target content creation businesses across filmed entertainment, gaming and music which have the talent access and management teams to deliver such hits. The Manager is also working with Creative England to source the brightest emerging talent in the industry.



### Production Facilities and Services

Companies providing production facilities, services and equipment are intimately related to the content creation process. With the volume and quality of filmed entertainment ever increasing, the demand for specialist production facilities and services is proportionally in huge demand. Moreover, with more productions attracted to the UK through attractive tax credit incentives and skilled UK crews, competition for finite resources has driven up the value for certain facilities and services. The Manager therefore feels there is an exciting opportunity for businesses fulfilling the growing demand for such services, including studio facilities, post-production and visual effects businesses as well as providers of specialist equipment.

Moreover, there has been a growth in investment and acquisitions in this space, and in particular, production companies acquiring post-production companies to expand their services and provide access to the production facilities that are in such high demand. The Manager believes opportunities are available in smaller, local businesses that may add value and create a more complete service to established companies, as well as larger scale propositions, thereby taking advantage of the forecast growth in production budgets over the coming years. Recent M&A activity in this space, including the acquisition of Pinewood Studios by Aermont Capital (Guardian, 2016), demonstrates the potential value that can be created for Investors in this sub-sector.





## Content Distribution and Marketing

Local distribution and marketing companies are a key part of the value chain in the monetisation of entertainment content. In a crowded marketplace, the ability to market to and reach the intended audience is critical to financial success and requires deep knowledge of the local market and skilful exploitation of a bespoke strategy for each unique piece of content. Distribution and marketing businesses that are able to expand the audience universe and drive value for content are increasingly important to content owners and creators, who are willing to spend large budgets marketing their content as well as sharing revenue on a performance basis. Companies that are able to reach the widest possible audience and skilfully exploit the local market will be in a strong position to attract further quality content and participate in the monetisation of that content, driving the opportunity to participate in hit content and deliver long term value to Investors.

Recent activity in the acquisition space for these types of businesses include Sony who acquired a 51% equity stake in The Orchard for an estimated \$50-55 million (Billboard, 2015).



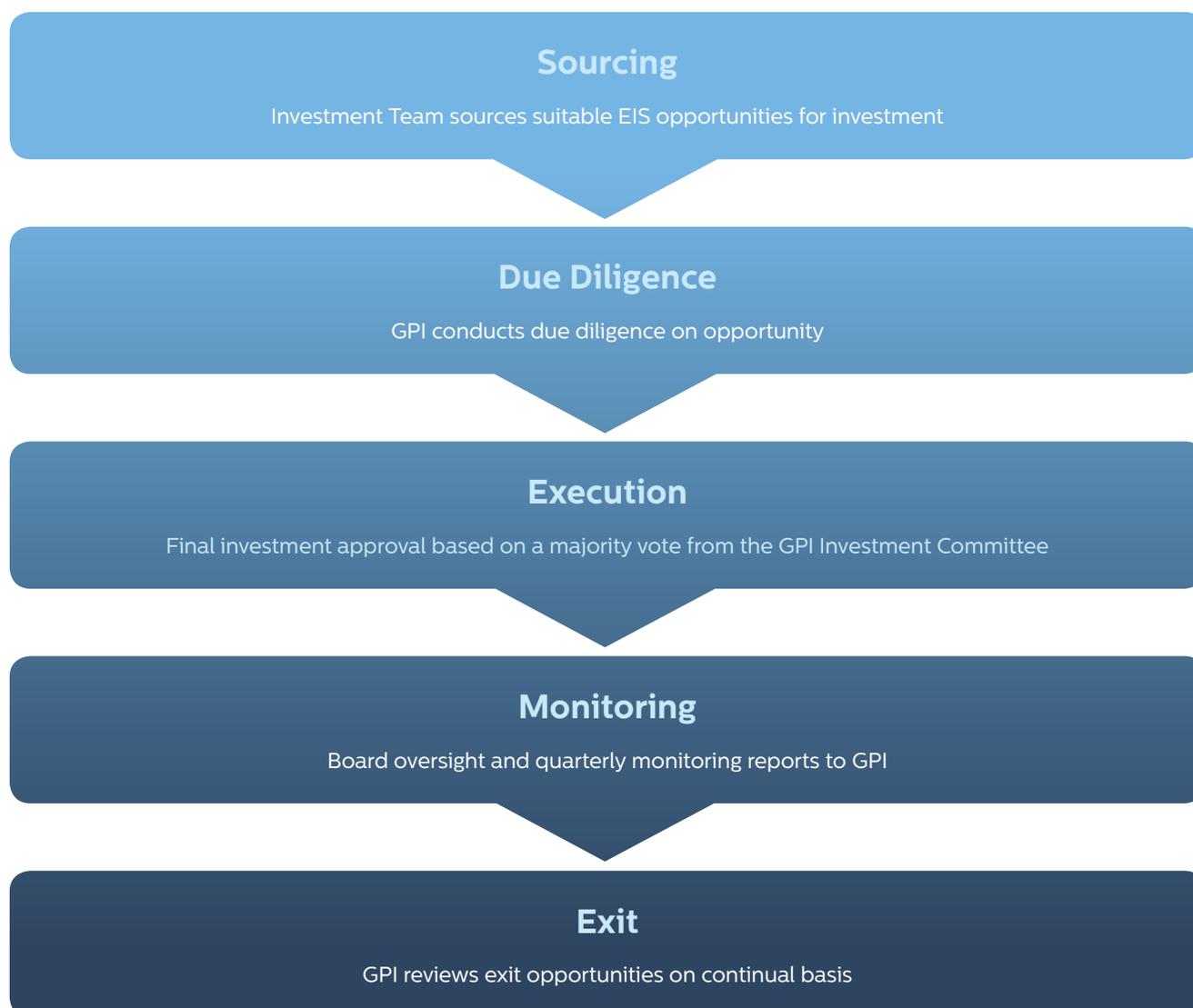
## Future Media and Technology

Methods of creating, delivering and consuming entertainment media are changing rapidly. The market is constantly looking for new experiences and towards the latest technology to provide those new experiences, such as augmented reality, virtual reality and advanced interactive media. The Manager believes this presents an exciting opportunity for investing in growth businesses in a market sub-sector where media meets new technology.

With the lines between media and technology continuing to blur, the Manager sees academia as a key driver in providing talent to this sector, since there is now a need to blend creative skills with digital capability (Alliance, 2017). As such the Manager has secured a relationship with a leading university's business department to review exciting new opportunities being created at their centre of excellence with the view to investing in emerging tech and media start-ups.



## 5. Investment Process



## 6. Monitoring of Investments

The Fund aims to manage risk for Investors and maximise potential returns by investing across a portfolio of Companies in the media sector.

The Manager will play an active role in monitoring the performance of the Companies and in ensuring that the rights and interests of the Fund are appropriately preserved and exercised, where applicable. The Manager will also use its robust professional infrastructure, consulting and operational experience to provide the Company with guidance to help support its growth and development objectives and maximise value for Investors.

To achieve this, the Manager will receive quarterly reporting from the Companies setting out progress against the initial business plan and tracking the development of the Company against measurable milestones and objectives. Any significant deviation from the initial business plan must be brought to the Manager to ensure the changes still accord with the mandate of the Fund. The Manager may appoint a representative to the board of a Company as part of the initial investment into the Company.

In order to qualify for EIS Relief, the shares in each Company (the **EIS Qualifying Shares**) will need to be held by Investors for a minimum of three years from the later of the date shares are issued by the Company to the Fund, or the date each Company commences trading (the **Expected Minimum Period of Trade**). Once this period has elapsed, the Manager will consider all commercial options for realising value from these investments, although the life of the Fund is expected to be at least four to six years.

## 7. Tax Reliefs

An investment in the Fund is expected to benefit from the tax advantages offered by the EIS. Shareholders in EIS qualifying companies can, depending upon their individual circumstances, enjoy all, some or none of the following benefits:

30% income tax relief, reducing the initial cost of investment to 70p per 100p invested. Relief may be claimed in the financial year in which the Fund invests in EIS Qualifying Shares. Alternatively, an Investor may elect to treat EIS Qualifying Shares as though subscribed for in the previous financial year

Exemption from capital gains tax (**CGT**) on gains made from the disposal of EIS shares, provided that income tax relief has been claimed in respect of those shares

Unlimited deferral of capital gains realised in the three years prior to, or up to 12 months after, subscription for shares, up to the amount subscribed

Income tax or CGT relief for any loss (net of the initial income tax relief obtained) made on the disposal of EIS shares, either in the year of the loss or the previous tax year

Business property relief from inheritance tax (**IHT Relief**) if shares are held at the date of IHT charge, providing the shares have been held by the Investor for more than two years while each Company is trading. There is no limit on the amount of investment qualifying for this exemption

**For every £1  
subscribed  
at least 97p  
will be invested**  
(after deduction of the Initial  
Fee)

This means Investors should be able to avail themselves of a minimum of

**29p income  
tax relief  
for every £1  
invested**  
(depending on personal  
circumstances)

The maximum amount of investment upon which an Investor may claim income tax relief by virtue of investment in EIS qualifying companies is £1 million in the current tax year. There is no limit to the amount of gains that can be deferred for CGT purposes. The above section provides only a brief summary of the tax reliefs available under the EIS. A more detailed explanation of the tax advantages and conditions pertaining to the EIS is set out in pages 25-27. The value of the tax benefits will be contingent on each Investor's personal circumstances and may be subject to changes in those circumstances or to changes in tax law. **The Manager does not provide tax advice and potential Investors are strongly recommended to seek independent tax advice.**

## 8. Liquidity

It is anticipated that Investors' returns from the Fund will be derived through either a sale to third parties, management, other shareholders or another investment fund following a period of at least four to six years from when the investment was made in each Company. Investors will receive their investment funds from each investment at different times so should expect their portfolio exit to be staggered.

Investors should be aware that the Fund will be invested in unquoted companies and consequently, the shares are likely to be highly illiquid, since there is currently no active market in such securities and one is unlikely to develop. An investment in the Fund should, therefore, be considered a long-term and illiquid investment.

## 9. Target Market

This opportunity is likely to be appropriate for individuals looking for a medium to long-term investment and whose personal circumstances allow them to access the EIS Reliefs, such that they are able to avail themselves of income tax relief and/or capital gains deferral relief.

The target is to invest subscriptions within 18 months of each Close Date. Each Investor will be invested into a portfolio of at least four Companies. The Manager will, following each investment made, apply for EIS3 certificates by making the relevant submission to HMRC.

The minimum investment in the Fund is £10,000 and the opportunity is only aimed at informed investors who have received advice from an FCA-authorized adviser as to the suitability of the investment.

# The Manager

## 1. GP Group Team



**Robert Halmi**

Robert is an Emmy Award and Golden Globe Award winning film and television producer, with in excess of 250 production credits to his name, including Lonesome Dove, which earned seven Emmy Awards and a Golden Globe for best mini-series. He has been the Chief Executive Officer of four publicly listed entertainment conglomerates, alongside serving as Chairman of Crown Media, Inc. where he founded the US television network, Hallmark Channel, now broadcast to over 80 million homes.



**Jim Reeve**

Jim is an Emmy Award winning producer with over 25 years' experience in the development, production, financing and distribution of television programmes and films, with credits including Foyle's War and Jack Higgins' On Dangerous Ground. Jim has worked extensively in media EIS and SEIS businesses over the past decade and has managed over £300 million worth of EIS investment.



**Kok-Yee Yau**

Kok-ye, a qualified chartered accountant, has been managing and evaluating suitable EIS opportunities within the media sector since 2009. Kok-ye previously worked at Grant Thornton, focussing on the audit and assurance of companies in the media and financial services sectors. She has also previously worked at the global investments manager, Man Group, within their structured products team.



**Dan Perkins**

Dan is a qualified chartered accountant with significant experience in the management and capital raising for alternative investment opportunities, including Corporate Venturing, EIS and BPR investments. Prior to joining GPM, Dan was an Investment Director with a leading media investment boutique responsible for investment and distribution strategy. Previously, Dan spent four years at a Big Four accountancy firm providing tax advisory and transactional services to companies across a broad range of sectors.



**Laura Macara**

Laura is responsible for sourcing and evaluating suitable EIS opportunities within the media sector. She is qualified as a chartered secretary and has managed over £350 million of EIS funds, overseeing the corporate governance and company secretarial matters for over 200 companies, including providing advice on structuring new funds, returning funds to investors and share capital changes.



**Matt Stevens**

Matt is a qualified chartered accountant and chartered business valuator and has an MBA from the London Business School. Matt qualified as a chartered accountant at a Big Four accountancy firm and subsequently spent three years working in Corporate Finance and Business Valuations on a wide range of projects in both buy and sell-side M&A, financing, tax planning, and litigation.



**Ellen Fraser**

Ellen qualified as a barrister in July 2000 and later as a solicitor and was previously a senior lawyer at a leading media investment boutique. Ellen has over 12 years' experience in media legal and business affairs, working alongside content creators, financiers and distributors on all matters relating to the businesses of independent production companies and their content production and exploitation.



### Taryn Strong

Taryn qualified as a lawyer at Freshfields, and since then has had over 6 years' experience as a corporate lawyer, including at Olswang and most recently as a commercial lawyer at Channel Four Television where she advised the broadcaster on their Commercial Growth Fund (media for equity) and Indie Growth Fund, making investments into a wide portfolio of media businesses, ranging from production businesses through to distribution platforms and companies looking to exploit the exciting world of virtual reality.

## 2. GP Group Consultants



### Paul Higgins

Paul Higgins is a serial entrepreneur and investor in the media sector. Over the past 30 years he has been involved in launching, building, acquiring and/or selling over 60 businesses in the fields of publishing, television production, web design, advertising, film production and film distribution. Paul started his career at N M Rothschild and after 5 years working in corporate finance with Rothschild and a number of other specialist corporate finance boutiques, Paul left the City and started launching and investing in businesses on his own account and via his consultancy company Fields Park Limited.



### Fehmi Zeko

Fehmi Zeko has a proven record of helping global technology, media and telecom (TMT) clients build great companies and deliver profitable growth through landmark M&A, turnaround and growth initiatives. Fehmi has had consistent success providing financial and operating advice and capital to drive the completion of hundreds of transactions and raising hundreds of billions in equity and debt capital. Prior to his current advisory work, Fehmi was Vice Chairman of the Global TMT Investment Banking Group for Bank of America Merrill Lynch in New York where he helped create and execute the strategic plan to drive the global TMT franchise for large cap coverage. Previously, he served as Senior Managing Director at Macquarie Capital, where he led the firm's Global TMT Investment Banking and Principal Investing Practice. In addition, Fehmi was Vice Chairman and Co-Founder of the Foros Group, where he led the firm's Media and Communication Advisory Practice.



### Sachin Dosani

Sachin co-founded Wonderhood Studios with former Channel 4 CEO David Abraham in 2018 and is the Group Managing Director. He was previously a co-founder of ACF Investment Bank in 2010 and served as a Managing Director. ACF is a business specialising in the M&A field within media and entertainment. During his tenure at ACF, Sachin was involved in numerous industry leading deals including the sale of Left Bank Pictures (producers of The Crown) to Sony, Love Productions (producers of The Great British Bake-Off) to Sky Plc, the \$360 million sale of Leftfield Entertainment to ITV and Jeremy Clarkson's share in Top Gear to BBC Worldwide amongst many others. Prior to ACF, Sachin spent seven years at Grant Thornton from 2003, most prominently in M&A where he began specialising in the media and entertainment sector and is a qualified chartered accountant.



### Fergus Haycock

Fergus has over 10 years' experience investing in, and managing, EIS qualifying media companies primarily in the film & television sector. Initially qualified as a solicitor, Fergus moved into media investment in 2007 and has managed the investment of over £500 million into television, documentary and film production, including hit titles The Fall, Line of Duty, King Lear, Little Women and Kingdom of Us. Fergus now specialises in start-up entertainment businesses, sourcing investment and consulting for a range of clients.

# Portfolio Structure, Offer Details and Fees

## 1. Offer Details

Launch Date:	1 October 2018
Fund Type:	AIF - evergreen
Close Dates:	last business day of January, April, July and October each year
Minimum investment:	£10,000
Minimum number of portfolio companies:	four per Investor

## 2. Portfolio Structure

The Fund is an AIF pursuant to the EU Alternative Investment Managers Directive (**AIFMD**). GPI is authorised to act as an AIF manager (**AIFM**) and, accordingly, is the AIFM of the Fund. The Fund will be the client of the Manager for the purposes of the rules of the AIFMD. Prospective Investors' attention is drawn to the fact that GPI is exempted from the full requirements under the AIFMD pursuant to Article 3(2)(a) of the AIFMD (the so-called 'de minimis exemption'). Therefore, prospective Investors shall not benefit from any rights from the AIFMD, nor will GPI be obliged to comply with any obligation thereunder, except to the extent provided under Article 3(2) of the AIFMD. The Fund is not a collective investment scheme, and nor is it approved by HM Revenue & Customs. Investments in the Companies will be managed in accordance with the terms of the Fund Management Agreement.

The proceeds of the Fund will be aggregated for the purposes of making investments and the Manager will instruct the Custodian to subscribe for shares in Companies on behalf of Investors. Consequently, Investors will be the beneficial owners of EIS Qualifying Shares in each Company pro-rata to their subscriptions to the Fund at the relevant Close Date. The shares will be held by the Nominee. The Manager may not invest an equal amount into each Company into which the Fund invests, depending on each Company's particular capital requirements. The Manager will be responsible for discretionary decisions in relation to the selection of, and exercising the rights in relation to, such investments. The Manager will select investments to be made by the Fund, identifying and evaluating opportunities.

An Investor will not be able to require the Manager to dispose of their interest in a Company prior to realisation of the Fund's overall holding.

## 3. Subscriptions

The minimum individual subscription in the Fund is £10,000. While there is no limit on the maximum investment into the Fund, it should be noted that an Investor may only claim income tax relief on investments of up to £1 million in any single tax year. Each spouse has their own annual limit of £1 million and they are not aggregated. The limit applies to the aggregate EIS investments made by an Investor within the tax year. The Manager intends to invest the Fund in EIS qualifying companies within 18 months of the applicable Close Date.

It may therefore be possible to claim income tax relief on subscriptions to the Fund of up to £2m in total. If the amount of an Investor's subscription is such that, in combination with the subscription of any of their Associates, their pro-rata beneficial interest in a Company amounts to more than 30% of the capital, voting rights or assets on a winding up, he/she will be "connected" with the Company and will, therefore, not be entitled to income tax relief in respect of that investment.

There is no limit on the value of assets qualifying for IHT Relief, nor the amount of investment which may qualify for deferral relief from capital gains tax.

## 4. How to Apply

Once Investors have read the Information Memorandum and Fund Management Agreement, and having consulted with their Intermediary, they should complete the relevant Application Form which accompanies this Information Memorandum and send by email to: [applications@woodsidesecretaries.co.uk](mailto:applications@woodsidesecretaries.co.uk) or hard copy by post to: **John Rowe, Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London EC3R 7QR.**

Investors will need to include as part of their application (i) the supporting documentation as requested therein; and (ii) a cheque made out to “WCSL GP Ventures EIS Client A/C”, or a payment by bank transfer, to arrive no later than 5.00pm on the applicable Close Date.

## 5. Withdrawals

Once subscription monies have been invested, an Investor is not permitted to make a partial withdrawal of their investment from the Fund. Subject to an Investor’s right of cancellation, they may withdraw their uninvested subscription monies from the Fund. Once subscription monies have been invested, at the sole discretion of the Manager, an Investor may be permitted to make an early withdrawal of their investment from the Fund, provided that they do so in full. Early withdrawal will result in termination of the Fund Management Agreement, in which case the relevant Investor’s investments (whether EIS Qualifying Shares and/or cash), will be transferred into the Investor’s name.

However, if a disposal of EIS Qualifying Shares occurs before the end of the Expected Minimum Period of Trade, that Investor would have to repay the initial income tax relief and any capital gains deferral relief (if either or both has been claimed). The Manager’s entitlement to the Performance Fee will survive any withdrawal.

The Manager will have a lien on all assets being withdrawn by an Investor and will be entitled to dispose of some or all of the same and apply the proceeds in discharging such Investor’s liability to the Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to the Investor.

As there is no ready market for the shares which the Fund intends to hold, and as the investment should be considered to be illiquid, it may not be possible for the Manager to facilitate an early withdrawal.

## 6. Right of Cancellation

An Investor may exercise a right to cancel their adherence to the Fund Management Agreement by notification to the Manager within 14 days of the Manager accepting the Investor’s Application Form provided that money has not already been committed to investment. This should be done by sending a notification by email to: [applications@woodside-secretaries.co.uk](mailto:applications@woodside-secretaries.co.uk) or hard copy by post to: John Rowe, Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London EC3R 7QR.

On exercise of the Investor’s right to cancel, the Manager shall refund any monies paid to the Fund by the Investor, less any charges the Manager has already incurred for any services undertaken in accordance with the Fund Management Agreement (but not any initial fees paid to the Manager). Investors should check with their Intermediary whether they will refund any Intermediary fees in respect of a cancelled investment.

The Custodian is obliged to hold investment monies until satisfactory completion of checks under the Money Laundering Regulations 2017 (as amended from time to time). The Investor will not be entitled to interest on monies refunded following cancellation.

The right to cancel under the FCA rules does not give an Investor the right to cancel, terminate or reverse any particular investment transaction executed for their account before cancellation takes effect.

The Manager reserves the right to treat as valid and binding any application not complying fully with the terms and conditions set out in this Information Memorandum. In particular, but without limitation, the Manager may accept applications made otherwise than by completion of an Application Form where the Investor has agreed in some other manner acceptable to the Manager to apply in accordance with this Information Memorandum and the Fund Management Agreement.

## 7. Charges and Fees

The Initial Fee and Performance Fee is charged to the Investor and the Annual Management Fee and Dealing Fee are charged to the Companies. The first four years of custodian fees will be paid by the Companies and subsequent years by the Manager.

<b>Initial Fee</b> 2%	A one-off, upfront fee charged by the Manager on each subscription in accordance with the terms of the Initial Fee Agreement. The Initial Fee will be deducted prior to investment in a Company.
<b>Annual Management Fee</b> 2.5%	An annual fee of 2.5% of the amount invested into a Company, charged by the Manager to each Company, further to the terms of the Management Agreement. The Annual Management Fee will be payable annually in advance, commencing on investment into a Company, and continues to be payable on each anniversary of the investment for up to four years.
<b>Custodian Fee</b> 0.125%	An annual fee of 0.125% of subscriptions. Each Company will pay 0.125% annually for the amount invested in the Company by the Fund for the first four years. The Manager will pay all subsequent custodian fees.
<b>Dealing Fee</b> 0.35%	A one-off dealing fee of 0.35% of the transaction value per investment into a Company.
<b>Performance Fee</b> 20% of an Investor's return over 120%	A Performance Fee charged by the Manager equal to 20% of the amount by which an Investor's portfolio return exceeds 120% (excluding tax relief), in accordance with the terms of the Initial Fee Agreement and Performance Fee Agreement.

**Given the unique fee structure, the aim is to have at least 97% of an Investor's investment capital qualify for EIS tax relief (depending on personal circumstances).**

As a result of the fee structure, the Manager believes that its interests are aligned with those of the Investors. For the Manager to incrementally benefit from the envisaged arrangements, the Fund must first, in priority, have yielded distributions or value for Investors of 120p per 100p invested, **without taking tax relief into consideration.**

Any fees, such as an Intermediary charge, due to an Intermediary for providing investment advice to an Investor should be paid directly by the Investor or may be facilitated by the Manager on behalf of an Investor prior to subscription to the Fund.

All fees and costs are exclusive of VAT, which will be charged where applicable. Legal, transactional and due diligence costs will be incurred by the relevant Company, where applicable. The Manager or any affiliated entity shall be entitled to recover reasonable third-party expenses incurred in managing, administering and servicing the Fund through a charge to the Companies or Fund as appropriate. Should any Company engage the GP Group separately to provide any additional services, for example, accounting, company secretarial or legal services, the GP Group would expect to charge the Company a separate fee in respect of their engagement, which would be negotiated on arms' length commercial terms as set out on page 30.

No GPI appointed director will be remunerated by the Company. Other directors may be remunerated in the usual way as determined by each Company.

## 8. Realisation Strategy

To qualify for EIS Reliefs, Investors must hold the EIS Qualifying Shares acquired by the Fund for the Expected Minimum Period of Trade. The Manager anticipates that all subscription proceeds will be deployed, and EIS Qualifying Shares issued within 18 months of the applicable Close Date.

Assuming that all investments can be realised, the Fund has a target life of a minimum of four to six years, but there can be no guarantee of this and so Investors should consider the Fund a medium to long term investment. The Manager will pursue a strategy of maximising returns for Investors when considering the value and timing of EIS Qualifying Share disposals.

Post realisation of the EIS Qualifying Shares in each Company, the net proceeds will be paid to Investors. Consequently, it is possible that Investors will receive distributions from the Fund over a period of time.

## 9. The Investment Process & Communication



# Risk Factors

Investors must carefully consider all of the information contained in this Information Memorandum and whether an investment in the Fund constitutes a suitable investment for them in light of their personal circumstances, tax position and the financial resources available to them. The Fund will be investing in unquoted companies and may not be suitable for all types of Investor. Potential Investors are, therefore, strongly recommended to seek independent financial and tax advice from a suitably qualified Intermediary before undertaking an investment in the Fund. If in any doubt whatsoever, an Investor should not proceed.

This section details the material risk factors that the Manager believes could adversely impact an investment in the Fund or the availability of tax reliefs to Investors and should be considered in detail before deciding to invest. If any of the following circumstances or events arise, the financial position and/or results of the Fund could be materially and adversely affected; as could the availability of tax reliefs to Investors. In such circumstances, Investors could lose all or part of their investment. Additional risks and uncertainties not presently known, or that are deemed to be immaterial, may also have an adverse effect on the Fund and the risks described below do not represent an exhaustive list of risks factors.

## 1. Investment Risks

- The value of EIS Qualifying Shares and income from them can go down as well as up. An Investor may not get back the full amount invested and may, therefore, lose some or all of their investment.
- Assumptions, projections, intentions, illustrations or targets included within this Information Memorandum cannot and do not constitute a definitive forecast of how the Fund and/or its investments will perform but have been prepared on assumptions that the Manager consider to be commercially reasonable.
- All investments of the Fund will be in unquoted media companies. Such companies operate in a competitive market and may not produce the anticipated returns, which could affect an Investor's ability to realise their initial investment. Investments made by the Fund are unlikely to be readily realisable and due to their unquoted nature, may be difficult to value.
- Investor returns will be reliant on the commercial performance of the Companies, the contractual terms entered into with transaction counterparties and advisers, the financial health and performance of such contractual parties and changes in media trends.
- The performance of the Fund is contingent on the Manager being able to identify suitable Companies which carry on, and continue to carry on, an EIS Qualifying Trade for the Expected Minimum Period of Trade. There is no guarantee that the objectives of the Fund will be met.
- The Manager intends to invest the Fund across a portfolio of Companies. However, there is a risk that the Fund's investments will be relatively concentrated and the total return to Investors may therefore be adversely affected by the unfavourable performance of a small number of Companies. Where there is less opportunity to diversify investments across a larger range of Companies returns could be more volatile.
- The Companies will typically have small management teams and therefore will be dependent to a large degree on the abilities and experience of a small number of people.
- Each Investor should note that it is possible that other taxes or costs may arise for the Investor in connection with its investment in the Fund that are not paid via, or imposed by, the Manager.
- It may not be possible to meet the investment timetable of 18 months, which would delay the availability of EIS Relief and the financial year in respect of which a claim for EIS Relief could be made.
- The returns accruing to the Fund by way of holdings of cash deposits or money market funds will principally be affected by fluctuations in interest rates.
- Investors may find it difficult to sell their interest in the Fund as there is currently no market for the EIS Qualifying Shares in the Companies for which the Fund intends to subscribe. The realisation of value by the Fund will depend on a number of factors, including each Company's performance and the timing of such a realisation by the Fund is uncertain and may vary on a Company by Company basis. Investors are likely to find it difficult to sell their interest in the Fund and should be able to afford their chosen lifestyle without any further recourse to their investment.

## 2. Taxation Risks

- Prospective Investors should be aware that the various tax benefits described in this Information Memorandum are based on the Manager's understanding of the existing tax legislation and HMRC practice. Such interpretation may be incorrect, and it is possible that tax legislation may change in the future which would adversely affect the performance of the Fund and/or the economic position of the Investor.
- The amount of EIS Relief an Investor may gain from subscription to the Fund depends on their own personal circumstances. Therefore, EIS Relief may not be available to all Investors and/or may be lost by Investors in certain circumstances.
- Tax law is complex and prospective Investors should seek independent tax advice to determine and understand the suitability of investing in the Fund and any effect that this may have on their own position generally.
- The Manager will take all reasonable steps to ensure the Companies have obtained HMRC advance assurance that EIS Relief will be available for all investments made by the Fund, but no guarantee can be given that this will be granted. Further, tax relief could subsequently be withdrawn or modified in certain circumstances and neither the Manager nor the Custodian accepts any liability for any loss or damages suffered by an Investor or other person as a consequence of such relief being denied or withdrawn or reduced.
- An Investor may lose some or all of the tax benefits derived under the EIS if they fail to comply with the relevant legislation. Such a situation might arise, for example, if an Investor ceases to be UK tax resident during the Expected Minimum Period of Trade or an Investor receives value from a Company, other than by way of an ordinary dividend, in the period commencing one year prior to the issue of EIS Qualifying Shares to the Fund to the end of the Expected Minimum Period of Trade.
- An Investor whose pro-rata beneficial interest in a Company, in combination with that of their associates, amounts to more than 30% of the capital, voting rights or assets on a winding up will be deemed to be "connected" for the purposes of the EIS legislation and in such circumstances will not be entitled to claim income tax relief in relation to that investment.
- While the Manager will take all reasonable steps to ensure that the Fund's capital is fully invested within 18 months of the applicable Close Date, it cannot guarantee that this will be achieved. In the event that investments may not be made until after 18 months from the applicable Close date, this would postpone the ability to claim income tax relief, although an Investor can still elect to carry-back to the previous tax year.
- Where a Company ceases to carry on an EIS Qualifying Trade during the Expected Minimum Period of Trade, whether through the actions taken by the Company or otherwise, its EIS qualifying status may be adversely affected and therefore, so will the EIS Relief accruing to Investors. While the Manager will require various safeguards to be provided against this risk, the Manager cannot guarantee that all Companies will retain their qualifying status.
- Any disposal of EIS Qualifying Shares during the Expected Minimum Period of Trade will crystallise an obligation to repay the income tax relief and capital gains tax deferral relief claimed in respect of those shares and any capital gain accruing on such disposal will not be exempt from CGT.
- Companies must employ all of the EIS funding they raise in their Qualifying Trade within two years of issuing the relevant EIS Qualifying Shares. Failure to employ the funds within this time limit would be a breach of the EIS rules and result in a withdrawal of tax relief on that investment.
- A Company must submit an EIS1 form to claim that it is a Qualifying Company and therefore, to establish that EIS Relief can be claimed by Investors. This can only be done when the Company has carried on the qualifying trade for at least four months.
- If a Company fails to meet the EIS qualifying requirements: (i) Investors may, as a result, be required to repay 30% income tax relief received on a particular investment (along with any related interest); (ii) a liability to CGT may arise on the subsequent disposal of the relevant EIS Qualifying Shares; and (iii) any Investors may be required to repay capital gains deferral relief received on a particular investment (along with any related interest).

### 3. Risks Relating to the Media Industry

- The level of return to Investors will be a function of the economic performance of the Companies and the commercial terms which each Company is able to secure in respect of its trade. Therefore, any assumptions, projections, intentions or targets included within this document cannot and do not constitute a definitive or comprehensive forecast of how any Company will perform but have been prepared upon assumptions which the Manager considers commercially reasonable.
- Each Company will be responsible for operating in line with the business plan agreed upon prior to investment by the Fund. The profitability will depend on each Company's ability to operate in line with its business plan and to meet or exceed its objectives. The Manager will receive quarterly reporting from the Companies setting out their progress against their plan and will require any significant deviation from the business plan to be approved by the Manager.
- The value of each Company may go down as well as up. Investors may therefore realise less than their original investment.
- Each Company may be exposed to currency risk as a portion of its revenues earned through its trade may arise in foreign currency, the value of which may be affected by movements in exchange rates.

### 4. Risks Relating to Cash

The Custodian shall not be liable to the Investor in the event of an insolvency of any bank with which any funds held by the Custodian, on behalf of the Investor, have been deposited nor in the event of any restriction on the ability of the Custodian to withdraw funds from such bank for reasons which are beyond the reasonable control of the Custodian. This does not affect the Custodian's regulatory responsibility to Investors prior to subscription monies being invested.

### 5. Forward-Looking and Performance Statements

This Information Memorandum includes statements that are (or may be deemed to be) "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Information Memorandum based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under applicable laws and regulations, the Manager undertakes to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Assumptions, projections, intentions, illustrations or targets included within this Information Memorandum cannot and do not constitute a definitive forecast of how the Fund and/or its investments will perform but have been prepared on assumptions that the Manager considers to be commercially reasonable.

Investors should not place undue reliance on "forward-looking statements", which speak only as of the date of this Information Memorandum.

# Tax Benefits

The summary below provides an indicative guide to the tax implications stemming from an investment in the Fund and is based on current understanding of UK tax law and practice. It does not set out all of the rules or regulations that must be adhered to and should not be interpreted as the provision of tax, legal or financial advice. Investors are strongly recommended to seek independent professional advice on the tax consequences of acquiring, holding and disposing of EIS Qualifying Shares before proceeding with an investment into the Fund.

The Fund has been structured to enable Investors to claim EIS Relief and IHT reliefs on the amount of their subscription, as described below. The amount and timing of these reliefs will depend on the individual circumstances of each Investor and may be subject to change in the future.

In order to access the tax reliefs described it is necessary to be a UK taxpayer and subscribe for EIS Qualifying Shares. The summary below gives only a brief outline of the available tax reliefs and assumes that an Investor is an additional rate taxpayer.

## 1. EIS Reliefs

EIS Relief consists of a number of income tax and capital gains tax reliefs and is only available to subscribers for shares in an EIS qualifying company. Persons to whom shares are later transferred will not benefit. To qualify for EIS Relief, subscribers must be individuals, or, in respect of CGT Deferral only (see below), may be trustees of certain kinds of trust.

### (a) EIS Reliefs

#### Income Tax Relief

Investors may deduct an amount, equal to the rate of EIS income tax relief applied to the amount subscribed for EIS Qualifying Shares, from their total liability to income tax for the tax year in which the EIS Qualifying Shares are issued, subject to an overall maximum subscription of £1 million per tax year for EIS. Income tax relief is obtained at a rate of 30%.

In addition, an amount of an investment in EIS Qualifying Shares of up to £1 million may be carried back to the previous tax year to the extent that the shareholder did not utilise the full amount of EIS income tax relief to which they were entitled in that year.

Investors should note that shares are only issued when the share application is completed by entry of the shareholding in the Company's share register.

The total income tax relief claimed cannot exceed an amount which reduces the Investor's liability to nil.

#### CGT Exemption

Provided that EIS income tax relief has been claimed and not withdrawn on the EIS Qualifying Shares, no CGT is due on gains arising on disposal of the shares provided that they have been held throughout the Expected Minimum Period of Trade.

#### Loss Reliefs

Where a loss is incurred by an Investor on the disposal of EIS Qualifying Shares on which EIS Relief has been claimed, the loss, calculated after deducting any income tax relief previously claimed in respect of the investment, may be set against the Investor's taxable income of the tax year of disposal or the previous tax year. Alternatively, the loss may be offset against capital gains in the tax year of disposal. Any excess losses may be carried forward for relief against future capital gains.

#### CGT Deferral

All or part of any chargeable gain arising on the disposal of an asset may be deferred by making a claim for relief on an investment in EIS Qualifying Shares. The gains which may be deferred are those that have arisen in the three years before the EIS Qualifying Shares are issued and those which arise up to one year after that date. CGT Deferral relief is also available on a disposal of assets in certain kinds of trust, where the trustees themselves subscribe for EIS Qualifying Shares.

## **(b) Conditions Applicable to EIS**

### **Shareholders Qualifying for EIS**

A holder of 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/her and ends three years afterwards (or three years after the commencement of the Company's trade, if later) if they are to obtain and retain income tax relief. A shareholder will not be connected with the Company if they pass the following tests:

- (i) neither the shareholder nor their Associates together may control the Company, or directly or indirectly, possess or be entitled to acquire, more than 30% 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% 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 their wishes;
- (ii) neither the shareholder nor any Associate of theirs may be an employee, partner, employee of a partner or 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.

### **Qualifying Trade**

The Company must carry on a Qualifying Trade for EIS Relief to be available to its shareholders. The Manager will ensure that, prior to investment being made by the Fund, potential Companies have received advance assurance that it is carrying on an EIS Qualifying Trade from HMRC.

The Manager anticipates deploying the proceeds of the Fund into shares qualifying for the EIS and will ensure that prior to investment being made by the Fund, potential Companies have received advance assurance that they are carrying on an EIS Qualifying Trade from HMRC prior to investment being made by the Fund.

## **(c) 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, a 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 they dispose of the EIS Qualifying Shares during the Expected Minimum 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.

## **(d) EIS Relief Certificates**

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, Forms EIS3 will be distributed to shareholders.

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

## 2. Inheritance Tax

An inheritance tax liability on the estate of a deceased person, or on the transfer of assets by way of a lifetime gift, may be reduced or eliminated to the extent that the assets comprise “Relevant Business Property” (as defined in IHTA). For this purpose, “Relevant Business Property” includes shares where the company concerned is unlisted and is either a trading company or the holding company of a trading group.

To obtain the relief, the shares must have been owned during the previous two years or must have been inherited from a spouse or civil partner and, when the spouse’s or civil partner’s period of ownership is taken into account, the combined period of ownership must be at least two years.

Shares in each Company should qualify for business property relief provided that the Company continues to carry on a qualifying trade.

## 3. Stamp Duty

No stamp duty or stamp duty reserve tax will be payable on the issue of share certificates relating to EIS Qualifying Shares or on the registration of the original holder of EIS Qualifying Shares. Stamp duty will be payable by a purchaser on any disposal of EIS Qualifying Shares by the original shareholders.

## 4. Claiming EIS Relief

An Investor cannot claim income tax relief until a Company has submitted an EIS1 form and HMRC has issued a compliance certificate to confirm that it is EIS qualifying. An application will be made to HMRC once a Company has been trading for four months.

Relief must be claimed within five years from 31 January after the end of the tax year in which each investment was made by the Fund. Investors are strongly recommended to seek professional tax advice on making claims for EIS Relief as personal circumstances may differ.

A Form EIS3 is required by an Investor to claim EIS Relief for each investment made by the Fund. The Manager will distribute the forms to Investors in respect of each Company.

# Mechanics of the Fund

## 1. Nominee

While the EIS Qualifying Shares will be issued in the name of the Nominee, for EIS purposes, they will be treated as if subscribed for by, and issued directly to, the Investors who will retain the beneficial ownership over them throughout the life of the Fund. All distributions made by the Companies during the term of the Fund will be paid onward by the Nominee to the Investors. All documents of title will be held by the Nominee.

## 2. Custodian

Upon completion of the Application Form, the prospective Investor will, inter alia, be deemed to irrevocably agree to the Manager having appointed the Custodian on their behalf, to exercise the powers, and carry out the duties, on behalf of the Investor in accordance with the Custodian's Framework Agreement and the Custodian's Terms and Conditions (the **Custodian Agreement**). Investors are permitted to request a copy of the Custodian Agreement from the Manager.

## 3. Client Accounts

The Custodian will hold Investors' funds prior to investment in Companies, or ahead of any distribution of disposal proceeds upon realisation, on client account in cash or cash equivalents. The interest or return arising thereon will be paid to the Manager as an advance against its Initial Fee and/or Performance Fee. Should there be a nominal amount left in the client account after distribution of disposal proceeds from a Company due to rounding, this will be paid to the Custodian to offset against custodian fees.

## 4. Application of Funds

Investors will be allocated EIS Qualifying Shares in each investment pro-rata to their respective subscriptions in the Fund (subject to rounding). There may be small variations to this rule where, for example, this would give rise to a requirement to issue fractional shares.

Should an Investor die before their subscription is fully invested, all un-invested sums subscribed by them will be repaid by the Manager upon receipt of notice from the Investor's personal representatives. Consideration will be given to liquidating the deceased Investor's EIS Qualifying Shares, subject to the Manager's absolute discretion.

## 5. Reporting

The Manager will report to Investors on a six-monthly basis, based on 31 March and 30 September holdings. All investments will be valued in accordance with best practice as set out under the International Private Equity and Venture Capital Valuation Guidelines.

Furthermore, the Manager will distribute to Investors Forms EIS3 in respect of each Company once Forms EIS3 have been received from HMRC. A Form EIS3 is required by an Investor to claim EIS Relief for each investment made by the Fund, subject to an individual's personal circumstances.

## 6. Conflicts of Interest

The Manager is a very active investor, adviser, operator, manager and fundraiser for individuals, entities and on its own behalf within the media and entertainment sectors. Consequently, there may potentially be occasions in the future where an investment approved by the Manager is connected in some way to the commercial interests of the Manager.

The Manager may also act as manager and/or adviser to other EIS services and/or companies. The Manager shall, at all times, ensure that any decisions in their respective capacities are undertaken without prejudice to the interests of Investors and in accordance with the prescribed policies for dealing with conflict, as set out in the Fund Management Agreement.

The GP Group operates a complementary business within the media and entertainment sector. There may be instances where GPM is engaged by a Company to provide additional services in the normal course of its business which are outside of the scope of the Manager or its services to the Fund. For example, GPM possesses a strong distribution network and may wish to tender to act as distributor or sales agent in respect of a project for which one of the Companies is in some way connected. Where, as a result of a tender process, GPM acting as sales agent or distributor represents the best commercial opportunity for a Company, GPM may be engaged separately by the Company in this role. In such circumstances GPM would expect to charge the Company a separate fee or commission in respect of their engagement, which will be negotiated on arms' length commercial terms resulting from the tender process. Where a Company is considering entering into a separate legal agreement with GPM via a tender process, any GP Group director, employee, contractor or other party with a financial interest in the GP Group who is a director of the Company will not vote in respect of the Company's decision.

The directors not representing GPI on the board of each Company are independent and will be remunerated for work undertaken on a commercial basis. Where any director may benefit from a contract into which the Company enters, either directly or indirectly, they will not be entitled to vote on the matter, in line with the Company's Articles of Association.

## 7. Complaints

The Manager has established procedures in accordance with FCA rules for consideration of complaints. Details of these procedures are available from the Manager upon request. Should an Investor have a complaint, they should contact the Manager. If the Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service.

## 8. Financial Services Compensation Scheme

The Manager, the Custodian and the Investor's Intermediary participate in the Financial Services Compensation Scheme (**FSCS**). The Investor may be entitled to compensation from the FSCS if the Manager, the Custodian or the Intermediary cannot satisfy any successful claim made against it by the Investor, as described in greater detail in the Fund Management Agreement.

# Glossary of Terms

Term	Definition
<b>Annual Management Fee</b>	an annual fee equivalent to 2.5% of an amount invested into a Company, charged by the Manager to each Company and payable on investment into a Company and on each anniversary up to four years in accordance with the Management Agreement
<b>Application Form</b>	an application form to invest in the Fund which is completed by the Investor and their Intermediary in the form set out in this Information Memorandum
<b>Associate</b>	any person or entity, which (directly or indirectly) controls or is controlled by another party or is under common control with that party. For the purpose of this definition “control” shall be deemed also to encompass any power to significantly influence the operating and financial policies of any person or entity
<b>CGT</b>	Capital Gains Tax
<b>Close Dates</b>	the applicable Close Date being the last business day of January, April, July or October in each year
<b>Company</b>	a company in which the Fund is invested, which is a qualifying company for EIS purposes
<b>Custodian</b>	such person as the Manager may appoint to provide, and with which the Manager has agreed terms for safe custody, custodial and nominee services in respect of the Fund and, at the date of this Information Memorandum, is Woodside Corporate Services Limited
<b>Custodian Fee</b>	an annual fee of 0.125% of subscriptions charged quarterly by the Custodian
<b>Custodian Agreement</b>	the agreement between the Custodian and the Manager setting out the agreed terms for safe custody, custodial nominee and administrative services to be provided by the Custodian in respect of the Fund, as well as the Custodian’s standard terms and conditions
<b>Dealing Fee</b>	a one-off dealing fee of 0.35% of the transaction value per investment into a Company to be in accordance with the Management Agreement
<b>EIS</b>	the Enterprise Investment Scheme set out in ITA Sections 156 – 257 and in TCGA Sections 150A – 150C and Schedule 5B
<b>EIS Qualifying Shares</b>	Ordinary shares in a Company
<b>EIS Qualifying Trade</b>	a trade permitted by Sections 189 and 192 ITA
<b>EIS Relief</b>	the tax reliefs available under the EIS, including the income tax relief, capital gains deferral relief and capital gains disposal relief
<b>Expected Minimum Period of Trade</b>	the minimum three-year period which EIS Qualifying Shares will need to be held by Investors, from the later of the date shares are issued by the Company to the Fund, or the date each Company commences trading (however it should be noted Investors should expect a minimum of a four to six year holding period)
<b>FSCS</b>	Financial Services Compensation Scheme
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>Fund</b>	the Great Point Ventures EIS Fund

<b>Fund Management Agreement</b>	the agreement to be entered into between each Investor and the Manager governing the operation of the Fund, in the form set out in the Appendix to the Information Memorandum
<b>GPI</b>	Great Point Investments Limited, registered in England and Wales under company number 08653224, with its registered office at 3rd Floor, 14 Floral Street, London WC2E 9DH, which is authorised and regulated by the Financial Conduct Authority and is registered on the Financial Services Register with reference number 606798
<b>GP Consultants</b>	Paul Higgins, Fehmi Zeko, Sachin Dosani and Fergus Haycock and any other person appointed by GPI to assist with the delivery of the Fund's mandate from time to time
<b>GPM</b>	Great Point Media Limited, registered in England and Wales under company number 08335376, with its registered office at 3rd Floor, 14 Floral Street, London WC2E 9DH
<b>Great Point or GP Group</b>	Great Point Investments Limited, Great Point Media Limited and any Associate thereof from time to time
<b>HMRC</b>	HM Revenue & Customs
<b>IHT</b>	Inheritance Tax
<b>IHTA</b>	the Inheritance Tax Act 1984
<b>Initial Fee</b>	a one-off, upfront fee of an amount equal to 2% of each subscription, to be paid to the Manager in accordance with the terms of the Initial Fee Agreement and deducted prior to investment in a Company
<b>Initial Fee Agreement</b>	an agreement between the Manager and the Custodian pursuant to which the Initial Fee is payable
<b>Intermediary</b>	means the appropriately qualified and authorised adviser that an Investor appoints from time to time to provide investment advice, or is a professional firm authorised by a designated investment body
<b>Investment Team</b>	the GP Group and the GP Consultants
<b>Investors</b>	each individual who invests in the Fund further to the Fund Management Agreement and relevant Application Form
<b>Information Memorandum</b>	this Information Memorandum
<b>ITA</b>	the Income Tax Act 2007
<b>Management Agreement</b>	an agreement between each Company and the Manager pursuant to which, inter alia, the Annual Management Fee, the Dealing Fee and four years of Custodian Fee are payable
<b>Manager</b>	GPI
<b>Nominee</b>	such nominee as the Custodian may appoint from time to time, and at the date of this Information Memorandum is WCS Nominees Limited
<b>Offer</b>	as defined in page 8 of this document
<b>Performance Fee</b>	the total performance-based fee payable to the Manager pursuant to the Performance Fee Agreement being an amount equal to 20% of any amount by which an Investor's return exceeds 120% of their investment
<b>Performance Fee Agreement</b>	an agreement between the Manager and Custodian pursuant to which the Performance Fee is payable
<b>Promoter</b>	GPI

**TCGA**

the Taxation of Chargeable Gains Act 1992

**Woodside Corporate  
Services Limited**

Woodside Corporate Services Limited, registered in England and Wales under company number 06171085, with its registered office at 4th Floor, 50 Mark Lane, London EC3R 7QR, which is authorised and regulated by the Financial Conduct Authority and is registered on the Financial Services Register with reference number 467652

This Information Memorandum is dated 1 October 2018.

# Fund Management Agreement

## This Agreement is made between:

- (1) **Great Point Investments Limited**, a limited company incorporated in England and Wales (registration number: 08653224), whose registered office is 3rd Floor, 14 Floral Street, London WC2E 9DH (the “**Manager**”); and
- (2) The Investors from time to time who have signed the Application Form attached which has been accepted by the Manager (the “**Investors**”).

## Recitals:

- (A) The Fund is an Alternative Investment Fund for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) and was set up to carry on the business of investing in EIS qualifying companies operating in the media sector and, in particular (but without limitation), of identifying, negotiating, making, monitoring and realising investments and to carry out all functions and acts in connection therewith. This is the Agreement by which the Fund is constituted.
- (B) The Manager shall act as manager of the Fund and, in particular, admit Investors to the Fund and operate the Fund and manage its investment portfolio on the terms of this Agreement and the Manager has agreed to accept such appointment. The Fund shall be the Manager’s client for the purposes of the FCA Rules.
- (C) The Manager has appointed the Custodian to act as custodian of the Fund and, in particular, to provide all safe custody and nominee services in connection with the Fund on the terms of the Custodian Agreement. The Custodian has agreed to accept such appointment and the Investors wish to ratify that appointment.
- (D) The Manager is authorised and regulated by the FCA (Financial Services Register Number: 606798).

## 1. Interpretation

- 1.1 Defined terms used in this Agreement shall have the meaning set out in Clause 20 (Defined Terms).
- 1.2 Any capitalised words or phrases not expressly defined in this Agreement shall have the meaning given to them in the Information Memorandum.
- 1.3 Words and expressions defined in the FCA Rules, which are not otherwise defined in this Agreement will, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.4 Any reference to a statute, statutory instrument or to rules or regulations are references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, reenactment or substitution thereof as from time to time in force.
- 1.5 References to the singular also include the plural and vice versa and words denoting one gender also include any other gender.
- 1.6 Unless otherwise indicated, references to clauses are to clauses in this Agreement.
- 1.7 Headings to clauses are for convenience only and do not affect the interpretation of this Agreement.

## 2. Term and Client Categorisation

- 2.1 This Agreement shall come into force and the Fund shall be established on the date that at least one Investor’s Application Form is accepted by the Manager and shall continue in force until no Investor continues to be a party to the Agreement in accordance with Clause 9.
- 2.2 The Manager shall treat the Fund as a professional client for the purposes of the FCA Rules.

## 3. Investing through the Fund

- 3.1 The objective of the Fund is to invest in securities in media companies that qualify for EIS Relief. The specific details of the Fund and the Investment Criteria are set out in the Information Memorandum.
- 3.2 In managing the Fund, the Manager will at all times have regard to the Investment Criteria and use reasonable endeavours to ensure that it invests only in EIS Qualifying Shares on behalf of the Investors. However, the Manager is unable to guarantee that such securities are, or will remain, qualifying for EIS Relief. Whether Investors are entitled to EIS Relief will depend on their individual circumstances and may be subject to change in future.

- 3.3 In order to invest in the Fund Investors must:
- (a) complete an Application Form in full and send it to Woodside Corporate Services Limited; and
  - (b) make a Subscription to the Fund of not less than £10,000 at the same time as submitting the Application Form.
- 3.4 Investors submitting an Application Form (or authorising an Intermediary to do so on their behalf) and the Manager accepting such application, constitutes a confirmation that Investors appoint the Manager to manage the Fund on the terms of this Agreement. The Application Form is accepted when recorded on the register of Application Forms maintained by the Manager. The Manager may, at its sole discretion, reject Application Forms for any reason.
- 3.5 Once Investors have made an initial Subscription, further Subscriptions may be made up to any of the applicable Close Dates at the discretion of the Manager.
- 3.6 Pending their application to an Investment, Subscriptions received will be deposited in a non-interest-bearing account with the Custodian.
- 3.7 In the event that the Manager cannot find an appropriate Investment for Investors, it may return any uninvested surplus of cash to Investors.

#### **4. Management of the Fund**

- 4.1 The Manager will manage the Fund and will exercise all necessary powers in order to manage the Fund and acquire assets for the Fund which the Manager reasonably believes to be EIS Qualifying Shares.
- 4.2 The Parties agree that the Manager will manage the Fund at its sole discretion and without prior reference to Investors or Intermediaries. The Manager will comply with the specific Investment Criteria in accordance with the terms of the Offer Section set out in the Information Memorandum. As Manager of the Fund the Manager will buy and/or sell one or more assets and otherwise act as it thinks appropriate in relation to the management of the Fund, but subject always to the provisions of this Agreement. The Manager will instruct the Custodian how to exercise such voting rights on the Investor's behalf.
- 4.3 The Manager will not, except as expressly provided in this Agreement or otherwise authorised by Investors or on an Investor's behalf, have any authority to act on behalf of or as agent of the Investors.
- 4.4 A copy of the Manager's Order Execution Policy is provided at Schedule 1 of this Agreement. Investors should ensure that they are familiar with this before completing the Application Form.
- 4.5 Where an Investor is advised on the suitability of an investment in the Fund by an Intermediary, the Intermediary shall, to the exclusion of the Manager and the Custodian, be responsible for assessing the suitability of the Fund for that Investor in light of the Investor's individual personal circumstances. The Manager may rely on the Intermediary's assessment of suitability in accepting Investors into the Fund for the purposes of complying with financial promotion restrictions.
- 4.6 The Manager will not borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions.
- 4.7 Any tax benefits referred to in the Information Memorandum are dependent on an Investor's own circumstances. Investors should take specific tax and financial advice based on their personal circumstances. No such advice is provided by the Manager.

#### **5. How money and Shares are held**

- 5.1 The Custodian will deal with Investors' money and Shares in accordance with the client money and client asset regulations set out in the FCA Handbook including, for the avoidance of doubt COBS 6.1.7 and CASS 7. The Manager may instruct the Custodian to hold Investors' un-invested cash in a client bank account pending investment. The Custodian will not pay interest on money held in its client bank account unless it notifies Investors (through the Manager) otherwise.
- 5.2 The Manager will also appoint the Custodian to provide safe custody services in respect of Investors' Shares. A copy of the Custodian Agreement is available to Investors on written request.
- 5.3 Under the Custodian Agreement, the Custodian shall treat the Manager, acting as agent for the Fund, as its client for the purposes of FCA Rules. The Custodian's obligations towards Investors are set out in the Custodian Agreement.

- 5.4 Assets held on behalf of the Fund, including investment certificates, will be registered in the name of the Custodian's nominee company. The Manager and the Custodian will, in accordance with the Legislation and Regulations, keep records to show that each Investor is the beneficial owner of the relevant assets.
- 5.5 Investors acknowledge and agree that:
- (a) The Manager is authorised to enter into the Custodian Agreement as agent on their behalf, to give instructions to the Custodian and to agree any subsequent amendments to the Custodian Agreement on their behalf (provided that the Manager will notify any amendments to them in accordance with the FCA Rules);
  - (b) they are bound by the terms of the Custodian Agreement; and
  - (c) the Custodian is not obliged to seek or accept any instruction or direction directly from Investors in respect of any instructions given by the Manager and relating to the exercise of their rights in respect of the Investments.
- 5.6 The Manager will:
- (a) procure that the Custodian shall arrange for any Investor who so requests in writing ("Involved Investor") to receive details of any meeting of the shareholders of the Companies within their portfolio ("Investee Shareholder") and any other information issued to the Investee Shareholders in their capacity as such; and
  - (b) notify an Involved Investor that the Involved Investor is entitled to instruct us to direct a nominee to vote at any meeting of the Investee Shareholders as the Involved Investor may see fit in respect of such Involved Investor's portfolio and the Manager will act upon such Involved Investor's instructions accordingly.
- 5.7 The Custodian will not borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions.
- 5.8 After termination of this Agreement, the Manager may, subject to the Legislation and Regulations, instruct the Custodian to apply Investors' money at its own discretion if it remains unclaimed for a period of at least 6 years and provided that the Manager has taken reasonable steps to trace the relevant Investor and return the balance.

## 6. Regulatory classification

- 6.1 The contractual scheme set up under this Agreement in order to acquire shares in the Companies and comprising the Fund will constitute an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU). As required under the FCA Rules, the Manager will treat the Fund as its client for regulatory purposes.
- 6.2 The Manager will act in the interests of the Fund as a whole and individual Investors shall constitute underlying investors of the Manager.
- 6.3 The Fund does not constitute a collective investment scheme nor a non-mainstream pooled investment, by virtue of meeting the definition in paragraph 2 of the Schedule to the Act (Collective Investment Schemes) Order 2001.

## 7. Fees

- 7.1 Full details of the fees and charges relating to the Fund are set out in the Information Memorandum. The Manager will receive the Initial Fee and Performance Fee for managing the Fund and shall be entitled to assign the benefit of these fees to an Associate or any other person it may choose.
- 7.2 The Manager will also charge fees to the Investors or the Companies (including but not limited to the Initial Fee, the Performance Fee, the Annual Management Fee and the Dealing Fee), as defined in the Information Memorandum and pursuant to the Management Agreement(s) Memorandum and pursuant to the Management Agreement(s), Initial Fee Agreement and Performance Fee Agreement.
- 7.3 Where applicable, fees payable to the Intermediary shall be set out in the relevant Application Form. Where these are Intermediary charges, Investors authorise the Manager to make such payment on their behalf.

## 8. Investors' right to cancel

- 8.1 Investors have the right to cancel their Subscription provided that they notify the Manager in writing at the address set out at Clause 18 of these terms. Investors can cancel their Subscription within 14 days of submitting their Application Form provided that their money has not already been committed to investment.

- 8.2 If Investors exercise their right to cancel pursuant to this Clause 8, the Manager will refund any monies paid less any charges that may have already been incurred for the Fund undertaken in accordance with the terms of this Agreement. Any sums paid by an Investor to the Manager for the purposes of paying an Intermediary may be retained by the Intermediary unless it has agreed otherwise with the Investor. It is the responsibility of Investors and their Intermediaries to agree their own cancellation arrangements and the Manager is not responsible for the recovery of such fees on behalf of Investors. The Manager will endeavour to arrange the return of any monies repayable under this Clause 8 as soon as possible (and in any event, not more than 30 days following cancellation). Investors will not be entitled to interest on such monies.
- 8.3 Investors acknowledge that (subject to their right to cancel under this Agreement), they do not have the right to cancel, terminate or reverse any transaction executed on their behalf before the cancellation takes effect.
- 8.4 If Investors do not cancel their Subscription within 14 days of the Manager accepting their Application Form, Clause 9 will apply in respect of any termination of this Agreement by Investors.

## 9. Termination and withdrawal

- 9.1 The life of the Fund is expected to be a period of not less than four to six years from when each investment in a Company is made. The Manager will notify Investors as each investment in each Investor's portfolio is realised and will arrange for the distribution of proceeds to be made as soon as a practicable in each case.
- 9.2 This Agreement shall be binding upon each Investor from the date their Application Form is accepted and shall continue unless terminated early by the Manager on no fewer than three months' written notice (or immediately where required by the Legislation and Regulations or order of any competent regulatory authority).
- 9.3 Neither the Manager nor the Custodian will be required to dispose of the whole or any part of an Investor's interest in a Company prior to disposing of all EIS Qualifying Shares in the Company which are attributable to the Fund.
- 9.4 Investors acknowledge and agree that prior to the Manager realising all Investments under this Agreement:
- (a) they may not withdraw or require the Manager to withdraw only part of their Investment from the Fund; and
  - (b) they may only withdraw their Investment from the Fund in full, by written notice to the Manager to the address below. In this case this Agreement will terminate, and the provisions of Clause 9.7 will apply.
- 9.5 Investors acknowledge that they or the transferee (if applicable) may lose any potential tax benefits if the underlying assets are sold or transferred (in particular, EIS Relief currently only accrues if Investors hold the investment for more than three years).
- 9.6 Where an Investor's adherence to the Agreement is terminated and only a gradual realisation of Investments is possible, the Manager may place the cash proceeds of realised Investments on deposit. No interest will be payable on deposits under this clause.
- 9.7 On termination of an Investor's adherence to the Agreement:
- (a) any unpaid fees, costs or expenses due under the Agreement in respect of that Investor or as set out in the Information Memorandum will be paid immediately, and any accrued rights survive termination;
  - (b) any Investments (including any cash) in respect of that Investor will be transferred into the relevant Investor's name (or into the name of a third party as notified to the Manager in writing) and the Investor will be liable to pay the cost of any such transfers;
  - (c) the Manager will use reasonable endeavours to complete expeditiously all transactions in progress at termination that relate to that Investor; and
  - (d) the Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay outstanding liabilities of that Investor, including fees, costs and expenses payable under this Agreement.
- 9.8 Termination of the Agreement will not affect any accrued rights or commitments of Investors and will be without penalty or additional payments (other than those referred to in Clause 9.7 above).
- 9.9 Subject to an Investor's right of cancellation, an Investor may withdraw their uninvested subscription monies from the Fund.

## 10. Reporting

- 10.1 Investors will receive periodic statements once every six months by email. Subject to appropriate valuations being available, these statements will comprise the cost and current value of all underlying assets within each

Investor's portfolio. Due to the nature of investments in the Companies, valuations may not be available until a period of time into the life of the Fund. Any statements containing valuations will include an explanation as to the basis on which the valuation has been made.

## 11. Complaints handling

- 11.1 The Manager will endeavour to deliver a first-class service to the Fund, but there may be occasions when the Manager fails to meet expectations. If Investors have a complaint in connection with the management of the Fund, they may contact the Manager by email to [compliance@greatpointmedia.com](mailto:compliance@greatpointmedia.com) or by post, marked for the attention of the Compliance Officer at: Great Point Investments Limited, 3rd Floor, 14 Floral Street, London WC2E 9DH.
- 11.2 Complaints relating to the Custodian Services should be notified to the Custodian by post (copied to us at the address in Clause 11.1 above), marked for the attention of the Compliance Officer at: Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London EC3R 7QR.
- 11.3 Complaints made to the Manager or the Custodian will be dealt with in accordance with the FCA Rules and any complaints that the Manager or the Custodian are unable to settle may be able to be referred to the Financial Ombudsman Service ("FOS"). The FOS is an independent service set up to resolve disputes between customers and businesses providing financial services. The FOS can be contacted at: Exchange Tower, London E14 9SR and further information about the FOS may be found at [www.financialombudsman.org.uk](http://www.financialombudsman.org.uk). Investors may request a copy of the Manager's or the Custodian's complaints handling procedure at any time.

## 12. The Financial Services Compensation Scheme

- 12.1 The Manager, the Custodian and the Investor's Intermediary participate in the Financial Services Compensation Scheme ("FSCS"). The Investor may be entitled to compensation from the FSCS if the Manager, the Custodian or the Intermediary cannot fulfil any successful claim made against it by the Investor. At present, the maximum amount of compensation available for claims of this sort is £50,000 per eligible Investor. Further information about compensation arrangements is available on request from the Manager, or directly from the FSCS.

## 13. Delegation to third parties

- 13.1 Under this Agreement the Manager may employ Associates or competent (and if relevant, appropriately regulated) third parties of its choosing to perform such functions. The Manager may also delegate to other members of the Group who are suitably qualified. The Manager will give Investors written notice of any such delegation which involves the exercise of its discretionary investment management powers and will not, without the written consent of Investors, delegate the whole or substantially the whole of such powers to a third party.
- 13.2 The Manager will act in good faith and use reasonable skill and care in their selection, monitoring and use of third party agents and delegates.

## 14. Conflicts policy

- 14.1 The Manager has implemented a conflicts of interest policy which is available on request. This conflicts policy identifies the types of actual or potential conflicts of interest which affect the Manager's business and sets out how these are prevented or managed.
- 14.2 The conflicts policy also includes details of any conflicts which the Manager could not effectively manage in the event they arose, and in which circumstances the Manager would not be in a position to provide their services to the Fund.
- 14.3 Investors agree that the Manager or any Associate may affect transactions in which the Manager or an Associate has directly or indirectly a material interest or a relationship of any description with another party which involves or may involve a potential conflict with the Manager's duty to the Fund. The Manager shall ensure that such transactions are affected on terms that are not less favourable to the Fund than if the conflict or potential conflict of interest had not existed.
- 14.4 Subject to the terms of the Manager's conflicts policy and subject to any contrary obligation under the FCA Rules neither the Manager nor any of its Associates shall be required to account to Investors for any profit, commission or remuneration made or received from or by reason of such transactions.
- 14.5 It is possible that the underlying activities in which Investors' Subscriptions may be invested and the entities which they may fund may deal or co-invest with entities in which the Manager, its Associates or their clients have a financial interest or to which the Manager or its associates provide services. Investors acknowledge that

the Manager or any member of its Group (including any Associate) may be entitled to gains, profits or fees from or in relation to such companies and entities.

## 15. Changes to the Agreement

- 15.1 The Manager may, at any time, change the terms of this Agreement by giving written notice to the Investors. Such amendment will take effect on the date specified in the written notice. For the avoidance of doubt, these changes may impact the Manager's fees and charges, or the level of service provided.
- 15.2 Investors will be given at least 10 business days' written notice in respect of any changes to these terms, unless the specific circumstances require a shorter or longer period (including, without limitation, where required to do so under the Legislation and Regulations).
- 15.3 The Manager may also amend the terms of the Agreement to reflect changes to market practice, to its administrative processes and procedures, computer or database systems, client requirements or any other changes associated with managing the Fund.

## 16. Personal information

- 16.1 The Manager, the Custodian and the Promoter may keep records containing details of the name and certain personal information of Investors; including products and services they have purchased and use. The Manager, the Custodian and the Promoter may keep a record of any correspondence with Investors and copies of any documents provided by an Investor or their Intermediary may be stored, including any documents provided for verifying Investors' identities such as passports or driving licences. The Manager's, the Custodian's and/or the Promoter's use of such data is in the legitimate performance of a contract between the Parties, which may also include the transmittal of Investor data outside of the EEA (for the purposes of the Data Protection Legislation). Any concerns about the processing of personal data should be raised to the Data Protection Officer of the Manager by emailing [dpo@greatpointmedia.com](mailto:dpo@greatpointmedia.com).
- 16.2 The information collected about an Investor may be used for processing their application, verifying their identity, meeting the Manager's obligations under the Legislation and Regulations, managing the Fund, administering the Investor's account and for service quality, product analysis and market research purposes.
- 16.3 For the purposes of the Data Protection Legislation, the Manager (and where relevant, the Custodian and the Promoter) will act as data controller (and in some circumstances, the data processor). Investors consent to us, the Custodian and the Promoter processing and using their personal data provided in connection with the Fund. A copy of the Manager, Promoter and/or Custodian's Privacy Policies are available on request.
- 16.4 The Manager may share certain information about Investors with Associates if they provide products or services to Investors, credit reference agencies and UK and overseas law enforcement agencies or regulatory authorities and other relevant bodies. The information held about Investors is confidential and will not be used for any purpose other than in connection with the provision of services to Investors, unless it is information that is already publicly available.
- 16.5 Confidential information held about Investors will only be disclosed to third parties in the following circumstances:
  - (a) as stated already above;
  - (b) to investigate or prevent fraud, money laundering, terrorism or any other illegal activity;
  - (c) where required under the Legislation and Regulations, or if requested by any regulatory or competent authority having control or jurisdiction over us;
  - (d) if it is in the public interest to disclose such information;
  - (e) to any third party in or outside the European Union in connection with the management of the Fund;
  - (f) to carry out identity checks;
  - (g) at the request or with the consent of Investors;
  - (h) Investors have the right to receive a copy of any personal information held about them. Investors should contact the Manager for more information at the address set out in Clause 18; or
  - (i) the Manager, the Promoter and/or Associates may send information to Investors about their other products and services or those of Associates from time to time, unless an Investor notifies them otherwise. The Manager may provide this information by telephone, post, email, text message or other means, unless an Investor notifies the Manager that it should stop.

## 17. Liability and indemnities

- 17.1 The Manager will act in good faith and with due diligence in their dealings with the Fund. The Manager accepts responsibility for loss to an Investor only to the extent that such loss is due to its negligence, wilful default or fraud.
- 17.2 Investors agree to indemnify and keep indemnified the Manager against all losses, damages, claims, actions, liabilities, demands, costs and expenses arising from (a) any breach of any of the Investor's obligations, duties or representations which the Investor may be deemed to have given under the Agreement; or (b) any untrue, inaccurate or incomplete information being provided by an Investor.
- 17.3 Subject to Clauses 17.1 and 17.2, the Manager accepts no responsibility for any loss of tax benefits that an Investor may suffer as a result of any transactions that the Manager carries out in connection with that Investor's portfolio.
- 17.4 Neither the Manager nor the Promoter shall be liable for any consequential, indirect, special, incidental, punitive or exemplary loss, liability or cost which Investors may suffer or incur arising out of their acts or omissions however that loss, liability or cost is caused and regardless of whether it was foreseeable or not. This means that the Manager nor the Promoter will not be liable for any losses that are indirectly associated with the specific incident which has caused Investors to claim (for example, loss they may incur from not being able to sell assets where the prices of such assets have fallen).
- 17.5 Subject to their respective duties to act in good faith and apply reasonable care when selecting and appointing agents and third parties, neither the Manager nor the Promoter shall be liable for the default of any counterparty, agent, banker, nominee, Custodian or other person or entity which holds money, investments or documents of title for the Fund.
- 17.6 Neither the Manager nor the Promoter shall be liable for any loss or damage of any direct or indirect nature caused by (a) changes in revenue law or practice as determined by HMRC from time to time; or (b) any other changes in the Legislation and Regulations since the date of the Agreement. Investors acknowledge that any advance assurance given by HMRC in respect of a Company does not guarantee the availability, timing or amount of income tax or capital gains tax relief.
- 17.7 Neither the Manager, the Custodian nor the Promoter shall be liable for any loss in value which an Investor's portfolio suffers, or for their failure to perform investment transactions for the account of an Investor's portfolio, in the event of any failure, interruption or delay in the performance of their obligations resulting from acts, events or circumstances that are beyond the Manager, the Custodian or the Promoter's reasonable control. Acts, events or circumstances that are not reasonably within their control, are including but not limited to: acts or regulations of any governmental, regulatory or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or system outside their reasonable control; and acts of war, terrorism, civil unrest or natural disaster.
- 17.8 The Investor and Intermediary acknowledgements contained in the Application Form, including the provisions setting out the responsibilities and liabilities of the parties, shall constitute binding contractual obligations under this Agreement.
- 17.9 The liability of the Manager to an Investor under this Agreement, subject to the provisions of this Clause 17, shall be limited to remuneration received by them in connection with that Investor's Subscription.
- 17.10 Nothing set out above is intended to exclude or restrict any duty or liability which the Manager owes to Investors under the regulatory regime.

## 18. Communications

- 18.1 The Manager may send any communications to Investors at the postal address or email provided in the Application Form (or to any other postal address as notified in writing from time to time). Notice sent by first class post to such address is deemed to have arrived on the second business day after posting. Notice sent by email or hand delivered is deemed to be delivered immediately (or on the next business day if sent after 5pm on a business day or on a non-business day). Calls may be recorded.
- 18.2 All communications to the Manager should be addressed to: FAO: Kok-ye Yau, Great Point Investments Limited, 3rd Floor, 14 Floral Street, London WC2E 9DH; or by email to: gpilondon@greatpointmedia.com.
- 18.3 All communications to the Custodian should be addressed to: FAO: John Rowe, Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London EC3R 7QR; or by email to: john.rowe@woodsidesecretaries.co.uk.
- 18.4 The Manager may rely and act on any instructions or communications which purport to be given by an Investor or their Intermediary acting on their behalf, as authorised under the Agreement (and as subsequently updated and notified to us by Investors).

## 19. Law and interpretation

- 19.1 This Agreement is governed by and is to be construed in accordance with English law. The parties submit to the non-exclusive jurisdiction of the English courts in respect of any claim under the Agreement.
- 19.2 It is not intended that any term contained in this Agreement shall be enforceable, whether by virtue of Contracts (Rights to Third Parties) Act 1999, common law or otherwise, by any person who is not a party to this Agreement save that any Associates shall have the benefit of any provision of this Agreement expressed to be for the benefit of Associates.
- 19.3 Neither party intends any provision of our Agreement to be enforceable by any person other than themselves or their permitted successors or assigns unless provided expressly to the contrary under the Agreement. Save as otherwise provided under this clause, a person who is not a party to the Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
- 19.4 Any failure by the Manager to exercise or delay in exercising a right or remedy provided by the Agreement or by law does not constitute a waiver of other rights or remedies.
- 19.5 If any term or condition of this Agreement is held to be invalid, unlawful or unenforceable, such term will not affect the validity, legality or enforceability of the remaining provisions of this Agreement.
- 19.6 This Agreement is supplied in English, and the Manager will only be required to communicate in English during the course of this Agreement.

## 20. Defined Terms

The defined terms used in this Agreement have the meanings set out in this Clause 20. Any reference in these terms to any statute, statutory provision, or rule includes reference to any statutory modification, or amendment of it or any reenactment, or replacement that supersedes it, and to any regulation or subordinate legislation made under it. References to these terms, the Agreement, or to any other document shall include any variation, amendment, supplement to, or replacement of, such document(s). Any reference to a “Clause” is to a clause in these terms.

“**Act**” means the Financial Services and Markets Act 2000 and any amending or replacement legislation, which regulates the carrying on of investment or financial business in the United Kingdom. Reference to any section in the Act shall be to that section as amended from time to time and, if it is repealed and replaced, then to that new section which most closely corresponds to the original section;

“**Agreement**” means this Agreement and the relevant Application Form as set out in the Information Memorandum;

“**Annual Management Fee**” has the meaning given to it in the Information Memorandum, being a sum equal to 2.5% per annum of the amount invested into a Company, charged by the Manager to each Company and payable on investment into a Company and continuing to be payable on each anniversary of the investment for up to four years;

“**Application Form**” means an application form to invest in the Fund, in the form set out in the Information Memorandum to be completed by Investors or Intermediaries;

“**Associate**” means any person or entity, which (whether directly or indirectly) controls or is controlled by another party or is under common control with that party. For the purpose of this definition “control” shall be deemed to refer also to any power to exercise significant influence over the operating or financial policies of any person or entity;

“**CASS**” means the FCA’s Client Assets Sourcebook;

“**Close Date**” means the last business day of January, April, July and October each year;

“**COBS**” means the FCA’s Conduct of Business Sourcebook;

“**Company**” means a company in which the Manager invests and is a qualifying company for the purposes of the EIS, as set out in ITA Sections 156-257, and in TCGA Sections 150A-150D and Schedule 5B;

“**Custodian**” means Woodside Corporate Services Limited, registered in England and Wales under company number 6171085, with its registered office at 4th Floor, 50 Mark Lane, London EC3R 7QR, which is authorised and regulated by the Financial Conduct Authority and is registered on the Financial Services Register with reference number 467652;

“**Custodian Agreement**” means the agreement between the Custodian and the Manager (the Framework Agreement) setting out the agreed terms for safe custody, custodial nominee and administrative services to be provided by the Custodian in respect of the Fund, as well as the Custodian’s standard terms and conditions;

“**Custodian Services**” means the services provided by the Custodian under the Custodian Agreement in connection with the Fund;

- “**Dealing Fee**” has the meaning given to it in the Information Memorandum, being a one-off dealing charge of 0.35% of the transaction value per investment into a Company;
- “**Data Protection Legislation**” means (i) prior to 25 May 2018, the Data Protection Act 1998; (ii) from 25 May 2018, the General Data Protection Regulation (EU 2016/679) and any legislation which implements, amends, re-enacts or replaces it in England and Wales; (iii) the Electronic Communications (EC Directive) Regulations 2003, together with any legislation which replaces it; and (iv) at all times, any other data protection laws and regulations applicable in England and Wales;
- “**EIS**” means the Enterprise Investment Scheme as set out in Sections 156-257 of the Income Tax Act 2007, and Sections 150A-150D and Schedule 5B of the Taxation of Chargeable Gains Act 1992;
- “**EIS Qualifying Shares**” means shares in a Company;
- “**EIS Relief**” means the tax reliefs available under the EIS, including the income tax relief, capital gains tax deferral relief and share loss relief;
- “**FCA**” means the Financial Conduct Authority of 25 The North Colonnade, London E14 5HS;
- “**FCA Rules**” means the rules of the FCA as set out in the FCA’s Handbook of Rules and Guidance and any other rules and guidance issued by the FCA from time to time;
- “**Financial Services Compensation Scheme**” has the definition given to it under the Act;
- “**Fund**” means the Great Point Ventures EIS, being the contractually-based collective investment undertaking constituted pursuant to the terms of this Agreement;
- “**Group**” means Great Point Investments Limited, Great Point Media Limited and any Associate thereof from time to time;
- “**HMRC**” means HM Revenue & Customs;
- “**Information Memorandum**” means the Information Memorandum issued by the Manager and the Promoter in connection with the Fund;
- “**Initial Fee**” has the meaning given to it in the Information Memorandum, being a one-off, upfront fee of an amount equal to 2% of each subscription, to be paid to the Manager in accordance with the terms of the Management Agreement and deducted prior to investment in a Company;
- “**Intermediary**” means the appropriately qualified and authorised adviser that an Investor appoints from time to time to provide investment advice, or is a professional firm authorised by a designated investment body;
- “**Investee Shareholder**” has the meaning set out at Clause 5.6;
- “**Investment**” means an investment in EIS Qualifying Shares acquired at the direction of the Manager by the Fund;
- “**Investment Criteria**” means the investment criteria for the Fund as set out in the Information Memorandum;
- “**Investor**” means each individual who signs an Application Form which has been accepted by the Manager;
- “**Involved Investor**” has the meaning set out in Clause 5.6;
- “**Legislation and Regulations**” means all legislation and regulation (including the Act, any statutory instruments made thereunder and the FCA Rules) insofar as it relates to the performance of the Fund;
- “**Manager**” means Great Point Investments Limited, a limited company registered in England and Wales with the registered number 08653224 and holding its registered office at 3rd Floor, 14 Floral Street, London WC2E 9DH, which is authorised and regulated by the Financial Conduct Authority and is registered on the Financial Services Register with reference number 606798;
- “**Order Execution Policy**” means the order execution policy with which the Manager shall comply when managing the Fund and is set out at Schedule 1 to this Agreement;
- “**Performance Fee**” has the meaning given to it in the Information Memorandum, being an amount equivalent of up to 20% of any amount by which an Investor’s return exceeds 120%;
- “**Promoter**” means Great Point Investments Limited, a limited company registered in England and Wales with the registered number 08653224 and holding its registered office at 3rd Floor, 14 Floral Street, London WC2E 9DH, which is authorised and regulated by the Financial Conduct Authority and is registered on the Financial Services Register with reference number 606798;
- “**Readily Realisable Investments**” means:
- (a) a packaged product (i.e. a life policy, a unit in a Regulated Collective Investment Scheme, an interest in an investment trust savings scheme, a stakeholder pension scheme or a personal pension scheme);

- (b) a government or public security denominated in the currency of the country of its issue;
- (c) any other security which is:
  - i admitted to trading on an exchange in an European Economic Area State; or
  - ii regularly traded on or under the rules of such an exchange; or
  - iii regularly traded on or under the rules of a recognised investment exchange or (except in relation to unsolicited real time financial promotions) designated investment exchange;
- (d) a newly issued security, which can reasonably be expected to fall within (c) when it begins to be traded;

**“Regulated Collective Investment Scheme”** means:

- (a) “an authorised open-ended investment company” as defined in Section 237(3) of the Act;
- (b) “an authorised unit trust scheme” as defined in Section 237(3) of the Act;
- (c) “an authorised contractual scheme” as defined in Section 237(3) of the Act;
- (d) “a recognised scheme” under Sections 264, 270 or 272 of the Act;

**“Shares”** means EIS Qualifying Shares which are acquired at our direction as manager of the Fund;

**“Subscription”** means a subscription to invest in the Fund pursuant to Clause 3 of this Agreement.

## Schedule 1 Order Execution Policy

### 1. Scope of Policy

1.1 The Manager will treat decisions to deal in investments for the Fund as 'orders' to execute transactions in Investments.

### 2. Consent

2.1 The Manager is required to obtain Investor consent to this policy, and Investors will need to confirm that they have consented to its terms in the Application Form.

### 3. Trading Venues

3.1 The Manager will not use third party execution venues and will deal directly with buyers, sellers and issuers of securities as it does not anticipate the existence of alternative trading venues in portfolio investments. The Manager will accordingly generally trade outside of a regulated market or a multilateral or organised trading facility.

### 4. Execution Factors and Criteria

4.1 In meeting its best execution obligations, the Manager will take into account the following execution factors: price, costs, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order.

4.2 Additionally, when executing a client order, when determining the importance of the execution factors, the best execution factors which the Manager will take into account are the characteristics of the client: client order, the financial instruments that are the subject of the order, and the execution venues to which the order can be directed (where relevant).

4.3 Further details on the structure of the Fund are set out in the Information Memorandum, which explains the restrictions which apply to the ability of Investors to dispose of an interest in a Company prior to disposal of the Fund's overall position in that Company.

4.4 The Manager will endeavour to allocate each Investor's shares in each Company according to the amount subscribed by that Investor on a pro-rata basis. It may occasionally be necessary for the Manager to allocate a different number of shares in one or more Companies where the amount subscribed by the Investor cannot be exactly allocated across the Fund. Such allocation differences are expected to be minimal and not to have a significant impact on interests in the Fund.

### 5. Pricing Factors

5.1 For the Fund, the best possible result will always be determined in terms of the "Total Consideration". The Total Consideration represents:

(a) the price of the financial instrument; and

(b) the costs related to execution, which will include any expenses incurred by the Investors, which are directly related to the execution of the order. This can include:

i execution venue fees;

ii clearing and settlement fees; and

iii any other fees paid to third parties involved in the execution of the order.

5.2 Obtaining the best result in terms of Total Consideration will be prioritised over the other execution factors listed in paragraph 4 above. The other execution factors will only be given precedence over the immediate price and cost consideration where they are influential in delivering the best possible result in terms of the Total Consideration payable.

### 6. Changes to the Order Execution Policy

6.1 The Manager reviews the effectiveness of this policy at least on an annual basis and will notify Investors of any changes.

6.2 This Agreement sets out the terms upon which the Manager agrees to manage the Fund.

6.3 The Application Form forms part of this Agreement. Upon acceptance of a signed Application Form, this Agreement, the Application Form and those parts of the Information Memorandum referred to herein will constitute the whole of the binding agreement between each Investor and the Manager in respect of the Fund.



**GREAT POINT**  
INVESTMENTS

Great Point Investments Limited  
3rd Floor, 14 Floral Street, London, WC2E 9DH  
email: [clientsupport@greatpointmedia.com](mailto:clientsupport@greatpointmedia.com)  
tel: +44 (0)203 873 0020

Great Point Ventures EIS

# Addendum to Information Memorandum published 1 October 2018



Investors subscribing to the Fund prior to the first Close Date, being 31 January 2019, will be charged an Initial Fee of 1.25% instead of 2%.

5 October 2018