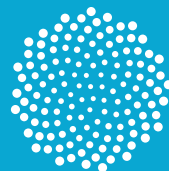


# commercialising tomorrow's technologies

Mercia Growth Fund 8  
Targeting full investment by 5<sup>th</sup> April 2018



mercia  
fund management

# Important Notice - Please Read



Please note that applications may only be made, and will only be accepted, subject to the terms and conditions of this Information Memorandum. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested. The attention of prospective investors is drawn to the fact that amounts invested in the Fund will be committed to investments which may be of a long term and illiquid nature. Investments in unquoted shares carry higher risks than investments in quoted shares. You should be aware that no established or ready market exists for the trading of shares in unquoted companies.

Neither the Fund nor the companies in which it invests will be quoted on any recognised or designated investment exchange and, accordingly, there will not be an established or ready market in participations in the Fund nor the underlying investments. An investment in the Fund will therefore not be easily realisable.

Prospective investors should not regard the contents of this Information Memorandum as constituting advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers before contemplating any investment or transaction.

The information contained in this Information Memorandum makes reference to the current laws concerning Enterprise Investment Scheme (EIS) Relief, Seed EIS (SEIS) Relief and other reliefs from income, inheritance and capital gains tax. These levels and bases of relief may be subject to change. The tax reliefs referred to in this Information Memorandum

are those currently available and their value depends on individual circumstances. Past performance is not necessarily a guide to future performance and may not necessarily be repeated. You should be aware that share values and income from them may go down as well as up and you may not get back the amount you originally invested. It is the responsibility of each recipient of this Information Memorandum (including those located outside of the UK) to satisfy themselves as to full compliance with the applicable laws and regulations of any relevant territory in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consents and observing any other formality presented in such territory.

Mercia Fund Management Limited has taken all reasonable care to ensure that all the facts stated in this Information Memorandum are true and accurate in all material respects and that there are no other material facts, or opinions, which have been omitted, which would make any part of this promotion misleading.

This Information Memorandum constitutes a financial promotion pursuant to section 21 of the Financial Services and Markets Act 2000 and has been issued and approved as such by Mercia Fund Management Limited. Your attention is drawn to the Risk Factors on page 36.

**Mercia Fund Management Limited, Forward House, 17 High Street, Henley-in-Arden, Warwickshire, B95 5AA is authorised and regulated by the Financial Conduct Authority FRN: 524856 in the United Kingdom.**



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# Message from the CEO

The Mercia Group continues to expand, increasing funds under management well over ten-fold in the last 30 months, with offices across the Midlands, North of England and Scotland and in excess of 65 employees comprising deep sector and investment expertise coupled with extensive back office support to the benefit of our portfolio and investors alike.

Mercia Group's investments are made via various mandates from government, private companies, universities and sophisticated investors. Mercia's funds under management are now well in excess of £300.0million; our Enterprise Investment Scheme (EIS) funds are growing each year with almost £10.0million raised last year to be invested in early-stage technology companies.

Our EIS funds provide early-stage capital for companies with high growth potential. Our model uses managed funds such as EIS capital to provide early-stage support for technology companies, with some of these, our Emerging Stars, benefiting from scale up capital from our balance sheet often alongside third party syndicate investors. This is a process we have run now for many years, in which systems have evolved to ensure any related conflicts of interest are managed professionally and transparently.

The UK is known for its production of high quality research, often deriving from its university base. Historically the regions of the Midlands, North of England and Scotland have failed to attract capital to fund such promising innovations. Our investment strategy focuses on the value of such technology innovations, unlocking their inherent value through our internal capabilities, expertise and end-to-end funding model – our Complete Capital Solution. Working closely with our 18 university partners, as well as our professional network, we believe that we have an enviable dealflow of early-stage technology prospects within the UK. In addition to our broad geographical footprint, Mercia has a team of highly experienced sector specialists who provide hands-on support and guidance to investee companies. Well-known companies that have come through our managed funds across the group include:

- **W2 Global Data**, a provider of AML, KYC and fraud prevention software solutions
- **GENBA**, a global cloud-based digital logistics platform that bridges the gap between publishers and resellers
- **MIP Diagnostics**, a spin-out from the University of Leicester which has developed technology to provide Molecular Imprinted Polymers to the pharmaceutical,

diagnostic and chemical research industries

- **Medherant**, a spin-out from the University of Warwick that commercialises novel adhesive transdermal patch based products and solutions
- **BluePrism**, developers of Robotic Process Automation software, have continued to achieve significant commercial traction and growth
- **Impression Technologies** opened a new factory in Coventry supported by the Lord Mayor of Coventry and Lord Digby Jones
- **nDreams** announced the publication of its first commissioned title for Google's Daydream VR platform, and a deal with Paw Print Games, a games studio in Chester
- **Smart Antenna Technologies** won Best Small Company at the Silicon Canal Tech Awards 2016
- Digital portfolio company, **Soccer Manager**, has launched its latest game, Soccer Manager Arena, into the world's largest entertainment industry, gaming
- **Concepta PLC**, a health diagnostic business focused on unexplained infertility, listed on AIM in 2016, and is now launching in the Chinese market

Whether you are new to investing with us, or an established Mercia investor, you will benefit from professionally managed, tax-efficient investments under the EIS. We also provide access to Seed EIS (SEIS) opportunities where available.

As an investor you will have access to Mercia's award-winning Investor Centre and in addition will be kept up to date with the latest news and insights from the Mercia Group with Mercia's Investor Updates, as well as on social media platforms.

Should you require any further information, our Investor Relations team is available to assist you and can be reached on 0330 223 1430.

Dr Mark Payton, CEO



# Key Features of MGF8

## Fund structure

An unapproved EIS fund, with the option to allocate investment to a Seed EIS fund

## Target portfolio size

A well-diversified portfolio will be created, consisting of approximately 15 EIS companies, and at the investor's discretion, up to five Seed EIS companies (subject to capacity)

## Minimum investment

£25,000, unless otherwise agreed

## Advance assurance

Advance assurance will always be sought

## Fund Manager

**Mercia Fund Management Limited**  
Forward House  
17 High Street  
Henley-in-Arden  
Warwickshire B95 5AA

## Minimum fund size

£3.0million, or at the Fund Manager's discretion

## Closing date

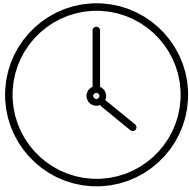
The fund will close on 31 December 2017, or such other date as the Manager may determine in its discretion, to enable full investment in the 2017/18 tax year.

The Seed EIS (SEIS) fund will be limited to £0.6m and hence will close earlier, and will be allocated on a first-come first-served basis and at our discretion. After the SEIS fund has closed, it will not reopen, but there will still be an option to invest in EIS companies.

## Investment focus

Mercia Growth Fund 8 aims to triple invested capital after five to seven years, including tax reliefs. We aim to achieve this by investing in a well-diversified, multi-sector technology fund. Capital will be used predominantly for unquoted, revenue-generating companies with high growth potential meeting both the Mercia investment criteria and the criteria for EIS qualification.

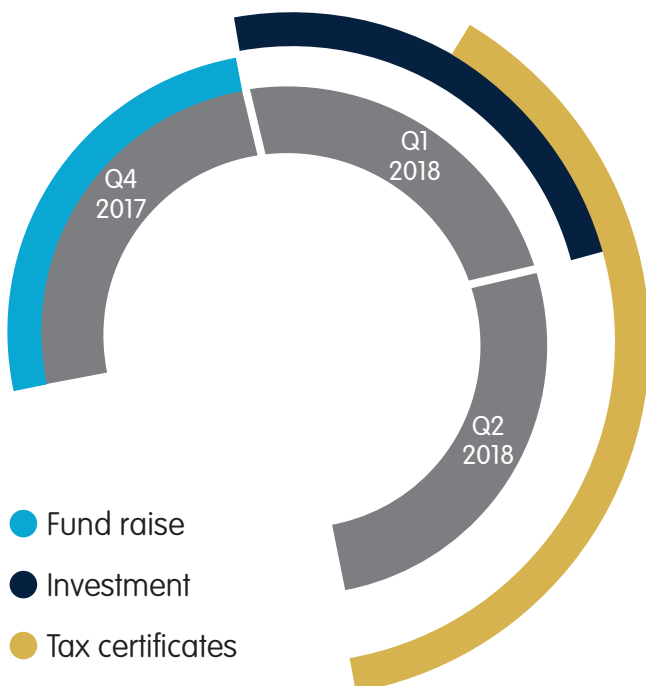
By default, investment will be made in EIS qualifying companies, but upon request there is an option to invest 15% into Seed EIS (SEIS). However, for those who want to invest £100,000 in SEIS (the full annual allowance), we can facilitate this with a £250,000 investment in the fund, providing we still have capacity.



### Investment period

We aim to deploy the majority of the fund in the 2017/18 tax year, and target full deployment if possible.

## Investment timeline



### Initial fee

We will charge a 1.5% initial fee, up to maximum £1,500.

The initial fee will be waived for investors who receive professional advice, for existing Mercia Growth Fund investors, and reduced for those who use an execution only broker.

### Annual management charge

1.5% of net subscription will be charged for six years.

The first three years annual management charge will be withheld from the initial subscription, or as arranged with the manager. Fee payments for subsequent years will be invoiced.

### Adviser fee

Upon instruction from the investor, an adviser fee may be payable to a financial intermediary or regulated adviser. This fee can be charged directly to the investor by the financial intermediary or regulated adviser, or can be deducted from the Investor's Subscription, up to a maximum of 3.25% (including VAT).

If an advised investor wishes to make a subsequent investment, they should agree an appropriate fee with their adviser, as a subsequent non-advised investment may not be accepted.

### Custodian admin fee

£140 per investor within the fund for six years, payable on the same basis as the management charges.

### Performance fee

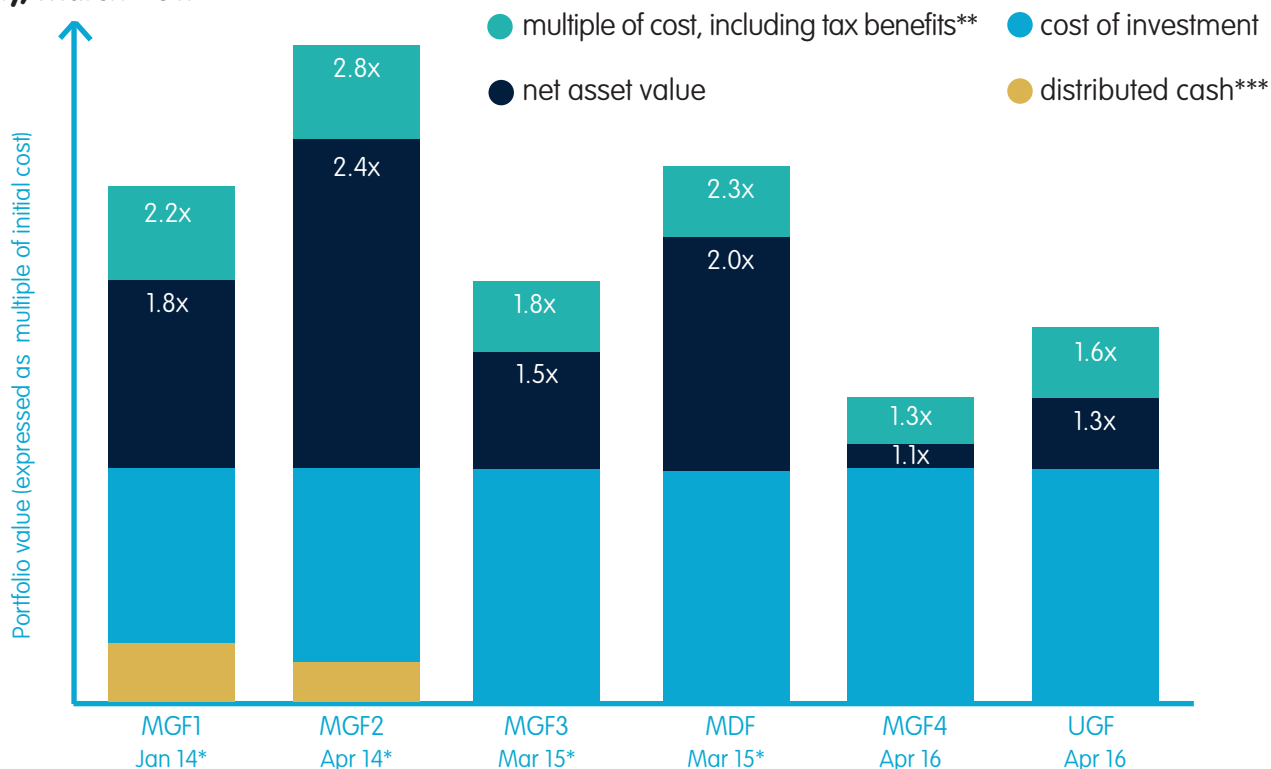
Above a hurdle of £1.05 returned per £1 invested, a 20% performance fee is payable, which increases to 30% above £1.30.



# Performance

Mercia has successfully launched eight tax-efficient funds, six of which are fully invested. Performance is based on the combination of realised and unrealised value from the first four funds which have been fully invested for over a year. Of these four EIS funds, **the average value is 2.3x multiple of cost** (note 1).

## EIS only, March 2017



\* funds which have been fully invested for over a year, from which performance is calculated

\*\* tax benefits include income tax relief and loss relief where relevant

\*\*\* this figure is included within the net asset value

Mercia Growth Fund 8 aims to triple invested capital after five to seven years (note 3), by the creation of a well-diversified, multi-sector technology fund. Liquidity may be available earlier, by use of the Share Exchange, however the overall return may be diminished if early liquidity is taken (please see page 19).

The bar chart above illustrates appreciation of net asset value in all Mercia Growth Funds, ranging from 1.1x to 2.4x, with an average of 1.9x in funds over one year old. These valuations are expressed as a multiple of initial investment cost. This investment is into a portfolio of early-stage, high-risk technology companies, some of which are expected to fail;

it is on this basis that we choose to include both income tax reliefs and any available loss relief, to illustrate the tax benefits that may be available. In terms of Internal Rate of Return (IRR), which includes cashflows from tax reliefs and distributions, the average performance across the four fully-invested Mercia Growth Funds (EIS only) is 30% per annum (note 1). This IRR assumes that portfolios are immediately liquid at full value, which should be considered instructive but unrealistic. The full data for this IRR calculation is available on request. Past performance is not a reliable indicator of future returns.

### Exiting your investment

Any EIS or SEIS investment should be

considered to be a medium to long-term investment.

This is especially true within an early-stage technology fund, as these companies can take a long time to deliver full value.

There are normally two mechanisms to exit a successful investment:

- 1. Stock market listing** (e.g. AIM) and subsequent share sale after a lock-in period (often 1 year)
- 2. Trade sale** (M&A) payment may not be 100% cash on sales but:
  - i) may include shares in the acquirer as part of the consideration
  - ii) may be subject to the company's future performance (over 1 to 3 years)

However, Mercia is potentially able to offer a third way to exit an investment:

**3. Share Exchange** (more details on page 19) the investor has discretion on whether to sell; however it should be noted that there is no guarantee that offers will be available

The Share Exchange provides the investor some discretion over achieving liquidity for their investment, in advance of a sale or listing event. Valuations are calculated using the International Private Equity and Venture Capital (IPEVC) valuation guidelines. Mercia operates a 'fail fast' policy, which means that we will not provide follow on funding to failing companies.

This is good industry practice and means more capital is deployed into successful companies. Our fail fast policy has resulted in a total of seven businesses being wound up, but most interestingly only one of these companies has ever received EIS investment (the other received Seed EIS).

These performance figures assume that the investor is a UK tax-payer, with enough income tax and capital gains liabilities to make full use of the available tax benefits (note 2). Please note, these performance figures are based on the cost of investment, after tax relief but excluding fees. Capital gains deferrals or exemptions are not illustrated, nor are IHT benefits.

## Liquidity in Mercia Growth Funds

We look to provide liquidity from our early-stage technology investments, by a combination of natural exits by Trade Sale and IPO, which are supplemented by discretionary sale of shares on our Share Exchange.

On average, funds over one year old have received distributions of 11p in every £1 invested, and have had the option to take an additional 93p, through taking up offers available via Share Exchange. The residual value of the portfolio after taking all liquidity would be 41p and there would be an additional 36p of tax reliefs (including loss relief).

## Liquidity within EIS (March 2017, excluding all tax reliefs)

	Fully invested	NAV (Mar 17) EIS only (p)	Distributed (p in the £)	Share Exchange offers (p in the £)**	EIS residual value (p in the £)
<b>Average for funds over a year old</b>		<b>181</b>	<b>11</b>	<b>93</b>	<b>41</b>
<b>MGF1*</b>	Jan 2014	158	25	68	68
<b>MGF2*</b>	Apr 2014	222	17	104	1
<b>MGF3*</b>	Mar 2015	147	0	91	62
<b>MDF*</b>	Mar 2015	196	1	109	33
<b>MGF4*</b>	Apr 2016	109	0	8	96
<b>UGF</b>	Apr 2016	131	0	0	131
<b>MGF5</b>	Apr 2017	Cost			
<b>MGF6</b>	Apr 2017	Cost			

\*Fully invested for over a year

### Statements, assumptions and important notes

Data does not include tax reliefs (income tax and loss relief) which add: **MGF1 40p, MGF2 41p, MGF3 34p, MDF 30p (36p average)**

NAV excludes funds already distributed; the average performance is 181p plus 11p per £1 invested

Distributed capital includes all cash realisations (such as any Trade Sales or sale on the Share Exchange)

\*\*It is assumed that all shares were sold when the offer was available (all offers are transient and may be prior to the three-year holding period)

\*\* It is assumed that Mercia Group will buy all shares available, by those investors who accept an offer (this is not guaranteed)

\*\*There is no guarantee that any offer will be made on any company within a portfolio, and the offer will have limited time and quantity

\*\*Residual value relates to the value left in the portfolio after full realisation of Share Exchange liquidity

These are unquoted investments and should be considered a high-risk, long-term investment with no secondary market

## Performance of EIS companies versus Seed (SEIS)

Each of Mercia's Growth Funds contains both an EIS fund and a SEIS fund investment.

In aggregate the funds have invested in 65 companies, of which 51 have received SEIS investment. It is notable, that despite the enhanced upfront SEIS

tax reliefs, the average performance for EIS companies is substantially higher. In addition, the duration between an investment and the investor receiving a tax certificate is shorter for an EIS investment (due to qualification requirements), and, as an EIS company is often at a later stage of development, the company will often be closer (in time frame) to a potential exit.

To provide comparison of the performance of SEIS versus EIS companies, the net asset value of funds over one year old is 1.1x for SEIS and 1.9x for EIS, and for full comparison after tax reliefs, the SEIS is valued at 1.7x versus EIS at 2.3x (March 2017) - full performance data for all SEIS funds is available on request. A higher level of failures should be expected from any SEIS investment.

### Notes

1. In any fund which has been invested for over 12 months (e.g. MGF1, MGF2, MGF3 and MDF). Valuations are accurate as of March 2017.
2. Tax benefits include income tax relief and loss relief where relevant. This performance does not include benefits from the management of Capital Gains Tax, exemption from Inheritance Tax or Business Investment Relief.
3. Target is based on net cost, after all available tax reliefs, based on 100% investment in EIS qualifying companies.

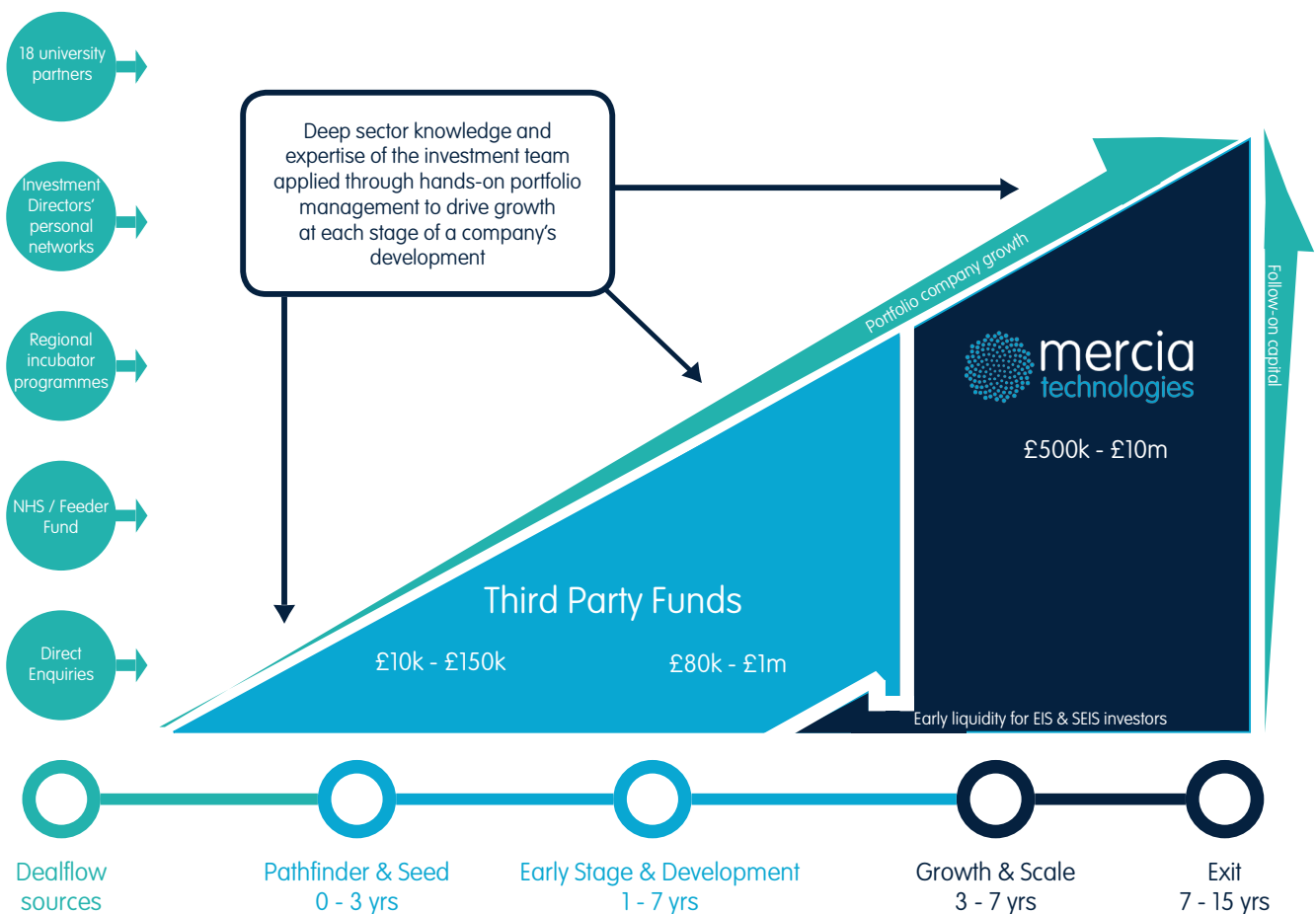
# The Mercia Model

Mercia is a leading investment business specialising in the commercialisation of UK technology companies. Mercia Growth Fund investments may benefit from strategic follow-on capital from Mercia Technologies PLC.

The investment model is supported by four key strategies: The Complete Capital Solution, Expertise and sector focus, Geographic focus and Investor services.

## 1. The Complete Capital Solution

Mercia's model provides a single investment partner for technology businesses. The model combines third party managed funds with the potential for direct investment via Mercia Technologies PLC, which supports businesses at a later stage to drive growth and enhance value.





## 2. Expertise and sector focus

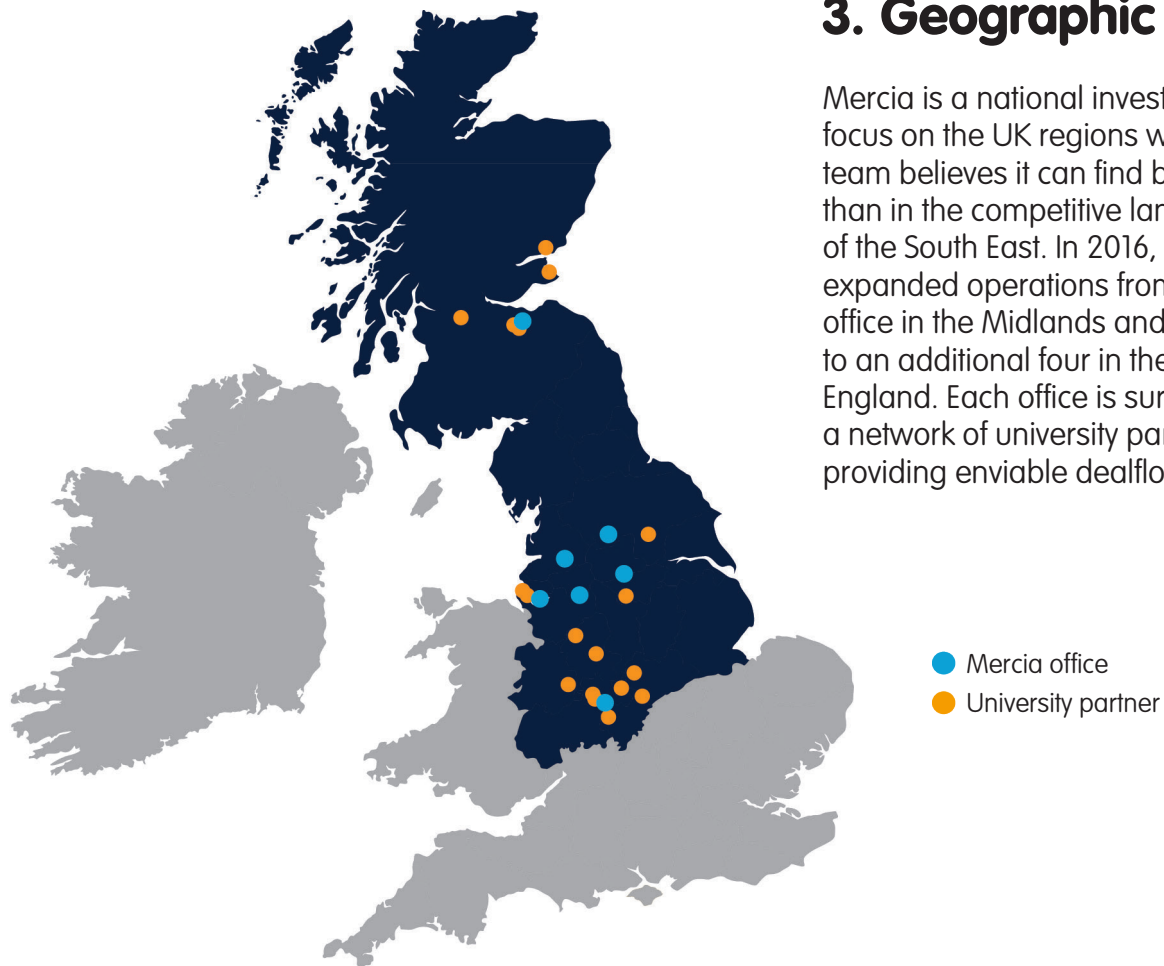
Mercia's investment team has a unique, strong blend of venture capital skills. It is formed of entrepreneurs and business builders, all of whom have specialist experience in high-growth technology sectors. Mercia's four key sectors are:

- Life Sciences & Biosciences
- Digital & Digital Entertainment
- Software & the Internet
- Electronics, Materials, Manufacturing & Engineering

Please see pages 24-27 for more information on Mercia's key sectors.

## 3. Geographic focus

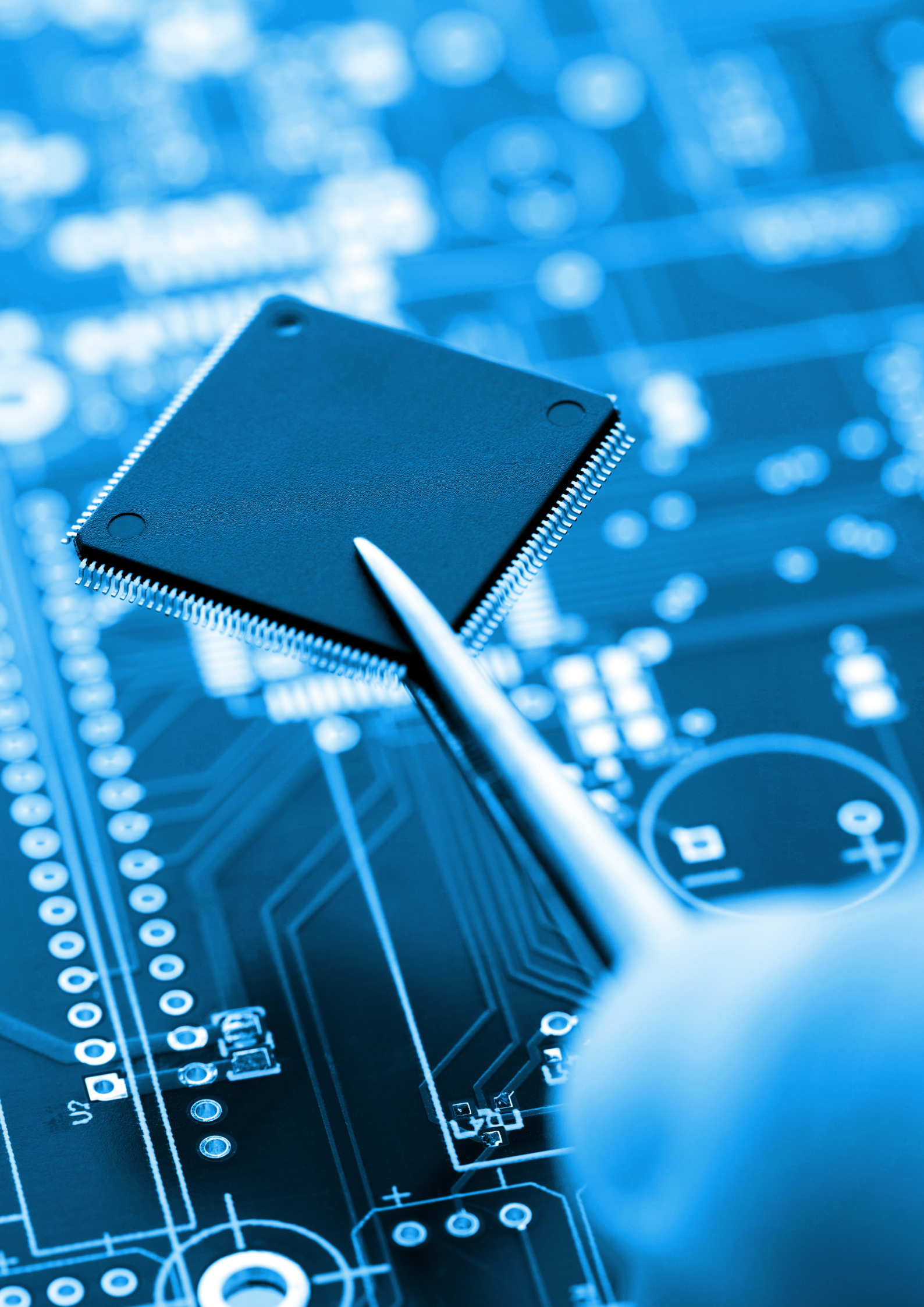
Mercia is a national investor with a focus on the UK regions where the team believes it can find better value than in the competitive landscape of the South East. In 2016, Mercia expanded operations from one office in the Midlands and Scotland to an additional four in the North of England. Each office is surrounded by a network of university partnerships, providing enviable dealflow.



## 4. Investor services

Mercia has an online Investor Centre, through which most of its investor services are available. Mercia provides timely and consistent communication on both the company and the portfolio, ensuring that all relevant documents, including regular valuations, are available. In addition, Mercia's Share Exchange may provide an option of early liquidity for investors (see page 19).







# The Mercia Group

Mercia is a national investment group focused on the creation, funding and scaling of innovative technology businesses with high growth potential from the UK regions. The Group brings together Investment Teams of industry specialists with venture capital expertise which work extensively with portfolio companies to scale each business with the aim of ultimately delivering shareholder returns through cash exits and IPOs.

Through Mercia's wholly owned fund management businesses it is able to provide the 'Complete Capital Solution' ranging from seed rounds of £100k, building to funding rounds of £10.0million using its own balance sheet, which was further strengthened in 2017 following the successful £40.0million Placing.

The overall investment journey takes time; anything from six months to seven years in the managed funds after which it is expected that they will require further capital and support spanning anything from three to seven years.



In the last year the Group's regional footprint has continued to grow with both new offices and new additions to the Investment Teams. This growth was as a result of successful bids to manage two Northern Powerhouse Investment Fund mandates bringing more than £100.0million of new investment capital through a partnership with the British Business Bank. This was the largest award made following a full, competitive procurement process and brings a significant amount of new capital to invest over the next five years which will ensure that the pipeline of potential new investments for our SEIS/ EIS Funds continues to develop. This growth provides an enhanced footprint and has led to Mercia being one of the most active investors within the UK technology sector.



**8 offices**

across UK regions



**AIM listing**

for Mercia Technologies  
in December 2014



**65+**

investment and  
support staff



**18 university partnerships**

complementing regional  
presence



# Management

Mercia benefits from a highly qualified team of investment professionals, all of whom have extensive experience in both investment and business management. The investment team benefits from executive-level industry connections that enable them to source the best deals and support each business as it scales.



**Dr Mark Payton**

Chief Executive Officer

Mark has over 15 years' experience in the commercialisation of life science opportunities within biotech, niche pharma, medtech and diagnostics. He has a degree in Human Biology from Oxford, a PhD from King's College (University of London) in molecular immunology, and an MBA from the University of Warwick. Mark founded Mercia Fund Management in 2010.



**Jonathan Diggines**

Executive Director: Funds

Formerly CEO of Enterprise Ventures Group Limited, Jonathan is now on the Mercia Board as an Executive Director. Previously Jonathan spent 11 years with Murray Johnstone, followed by four years with Aberdeen Asset Management, where, as Managing Director, he was responsible for raising and managing c. £500.0million of private equity and venture funds.



**Matt Mead**

Chief Investment Officer

Matt has over 20 years' experience in the investment industry. Prior to joining Mercia, Matt worked at NESTA as Managing Director – Investments, running its £30.0million Venture Capital Fund. In 2010 he was appointed CIO, managing all investment activity at NESTA, including its £350.0million Trust and its social impact investment funds.



### **Julian Viggars**

#### Head of Technology Investments

Julian has expertise in the healthcare and IT sectors. He was previously an Investment Director and COO of BioProjects International plc, an AIM-listed early stage technology fund, which he co-founded with leading private investor Jim Slater. His investments included Acolyte Biomedic which ultimately, sold for \$100.0million to 3M, and £50.0million AIM listed Vialogy plc. Julian has overseen ten IPOs whilst at Enterprise Ventures including Xeros PLC and Blue Prism PLC.



### **Peter Dines**

#### Mercia Growth Fund Manager & Head of Life Sciences and Biosciences

Peter brings 20 years' experience in the healthcare sector. Over this period, Peter has been involved with a number of turnarounds and exits within the sector, including the acquisition of Surgicraft's formerly loss-making business where, as Managing Director, he quadrupled sales within three years. Peter works closely with Matt Mead and Julian Viggars to manage the Investment Team, who are responsible for completing investments from Mercia Growth Funds.



### **Katy Horrocks**

#### Marketing Director

Katy joined Enterprise Ventures in 2014 as Marketing Manager to develop brand awareness across the SME and introducer network. She has played a key role in tender writing as well as launching new funds into the market.

Katy was previously employed by a division of the Bibby Line Group and had worked in a senior management capacity for over a decade. She has a wealth of experience in Marketing Operations and has led key business change projects, including a full rebrand and a large software development initiative.



### **Rosie Bhattacharjee**

#### Group Compliance Director

Rosie joined Mercia in April 2017. She has a background in FCA regulation and compliance, having worked for the regulator for 10 years, followed by a period in consultancy, working with a range of regulated firms, including private equity and venture capital firms. Rosie then spent five years as Head of Compliance at AJ Bell before undertaking a couple of roles in specialist Client Assets Compliance, most recently for Lloyds Banking Group.

# Sales and Investor Relations Team

Headed by Dr Paul Mattick, Mercia's investor relations team provides support to all investors in Mercia's funds, as well as their advisers and intermediaries.



**Dr Paul Mattick**

**Head of Sales and Investor Relations**

Paul oversees investor relations, ensuring investors are supported through timely communication and effective maintenance of the Investor Centre. Paul formerly worked as Private Client Manager at Oxford Capital, where he managed more than 250 client relations and took an active involvement in the marketing initiatives of the company.

Paul is also an entrepreneur and business-builder, having been the founder and Sales Director of a small, profitable importation company. Paul has a PhD and Post-Doctorate from the University of Oxford, and a 1st Class Bachelor of Science from the University of Leeds. He is ACSI, SPS and CF30 qualified.



**Russell Fryer (Dip PFS Dip EISA)**

**Business Development Manager**

Russell has a wealth of experience in tax-efficient investing and helping advisers across the UK develop their business. He formerly helped establish Kuber Ventures, the first alternative investment platform, as Business Development Director. He has also set up and run his own business promoting tax-efficient investments to independent advisers and professional connections. Russell has worked in a number of roles over his considerable career for organisations such as Prudential, Old Mutual and Zurich both overseas and in the UK.





Gina Hood

**Fund Relations Associate**

Gina works as part of the Investor Relations & Sales team to provide support and communication to our growing investor base and adviser/intermediary partners. Gina works closely with HMRC to provide timely return of investors' tax certificates. Previously, Gina was Senior Investment Administrator at NFU Mutual. She also holds an Advanced Certificate in Global Securities Operations from the Chartered Institute for Securities and Investment.

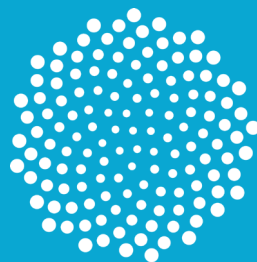


**Vicky Voogd**

**Fund Administrator**

Vicky joined Mercia Fund Management at the start of October 2016. She supports the investment team with deal preparation and completion, the maintenance of records, and the development, coordination and production of both external and internal reports.

Vicky completed a degree in Business Administration at De Montfort University Leicester before joining Williams de Broë (now Investec Wealth & Investment Ltd) in October 2003. She remained at Investec for almost 13 years, first as an Administrator, then as a Sales Support Manager for six years, and finally as a Funds Development Manager for her last four years there.



 @Mercia\_Fund  Mercia Fund Management  Mercia Technologies

For more information on Mercia's funds and services, please contact a member of the Investor Relations Team on 0330 223 1430. Alternatively, send an email to [enquiries@merciatech.co.uk](mailto:enquiries@merciatech.co.uk)

For more information on Mercia's current Investor Services, please turn to page 18.



# Investor Services

For our investors' convenience, most of our services are available via our Investor Centre, which provides online access to valuations, tax certificates, the Share Exchange and our online application for existing investors. Many of our investors prefer to use the Investor Centre, but we are always pleased to meet with or speak to our investors in person.



The Investor Centre's features and services include:

- Summary information, including investment amount, valuations and distributed capital
- An investment summary dashboard
- Investment performance, with or without tax advantages
- Digital copies of EIS and SEIS tax certificates
- Our 5-minute application form for existing investors, with no need to print or sign
- Bi-annual valuation reports
- News updates from across the Group
- In-depth portfolio company investment papers, and Advisory Committee reports
- Share Exchange, which may offer investors a unique route to liquidity (see next page)

Portfolio Company	Shares Held	Avg Issue Share Price (£)	Avg Current Share Price (£)	Total Investment Holding (£)	Status Offer
Warwick Audio Technologies Limited	100	35,429.00	2,806.36	35,429.00	Bid Sent
nanoTherics Limited	366	35,429.00	2,806.35	35,429.00	Bid Sent
The Native Antigen Company Limited	15	10,840.52	1,632.00	10,840.52	Bid Sent
LM Technologies Ltd	4	35,429.00	1,920.09	35,429.00	Bid Sent
Ventive Limited	159,172	10,840.52	164.55	10,840.52	No Offer Available

## The Share Exchange

The Share Exchange provides a facility through which Mercia Growth Fund investors may be able to sell shares to Mercia Technologies PLC.

Mercia Technologies supports the successful companies that emerge from Mercia Growth Funds, on occasions, providing follow-on capital from its own balance sheet. After Mercia Technologies has made an investment, it may offer to buy shares in the same company from investors in the Mercia Growth Fund (SEIS or EIS) at a 25% discount to the share price.

**Illustrative example:** Mercia Growth Fund invests in a company at a £1.0 million valuation. The company

performs well and Mercia Technologies decides to invest at a valuation of £4.0 million. Subsequently, if some of the original Mercia Growth Fund investors wish to sell, Mercia Technologies may offer to buy shares in this company at a valuation of £3.0 million.

Please note, there is no guarantee that Mercia Technologies PLC will invest in any companies in your portfolio, and there is no guarantee of any offers to purchase shares. However, if the conditions are right, it can provide a mechanism for investors to sell. As an illustration, through Share Exchange, three funds have generated cash returns for

investors who have chosen to sell shares. 25% of the cash invested in Mercia Growth Fund 1 (EIS) has already been returned by this mechanism.

In the case of LM Technologies, this gave a 4.8x return on the cost of these shares before tax relief, and a 5.1x cash return when tax relief is included. Some investors have received almost their entire initial investment back by selling shares on the Share Exchange.

[Visit the Mercia Technologies YouTube page for a brief introductory video on using the Investor Centre.](#)

# Mercia Group Case Studies

## allinea

Now part of **ARM**

Allinea Software Ltd is a noteworthy example of Mercia's investment strategy in action. Allinea, based in the Midlands, is a leading provider of software tools for high performance computing applications. In 2009, Mercia led the funding of a management buyout from another University of Warwick spinout using Mercia Growth Funds.

With continued backing from Mercia, and under the watchful eye of Head of Software & the Internet, Rob Johnson, Allinea was scaled into a profitable, cash generative and dividend paying business over a period of seven years. Allinea's platform is now able to address high performance computing software development, debugging and performance optimisation through the use of its core products and its software is used in circa 70% of the world's largest supercomputers. It has built relationships with many notable, blue-chip customers and partners and has offices in the US, Europe and Japan.

## Concepta

Concepta PLC is a women's health diagnostics company with an initial focus on unexplained infertility. The company has designed and developed a proprietary kit for at-home and point-of-care testing. It includes a hand-held meter, test sticks and an app, which help users to obtain both qualitative and quantitative results on the reasons why they may be having trouble conceiving.

Its target market is China, where the abolition of China's one-child policy is expected to drive demand for a cost-effective, at-home fertility monitoring system.

### Exit and Return

Allinea was sold to ARM in December 2016. It was a perfect endorsement of the Complete Capital Solution showing how Mercia's Investment Team sources and invests in attractive investment opportunities at an early stage. The sale of Allinea to ARM is a testament to the underlying value held within Mercia's investment portfolio and will enable Allinea to accelerate its development and reach within the growing high performance computing markets, as well as achieving greater exposure in adjacent segments such as machine learning. As a Midlands-based business, the Allinea exit is further evidence of the hidden value Mercia is able to unearth from the UK regions and through its university partnerships.

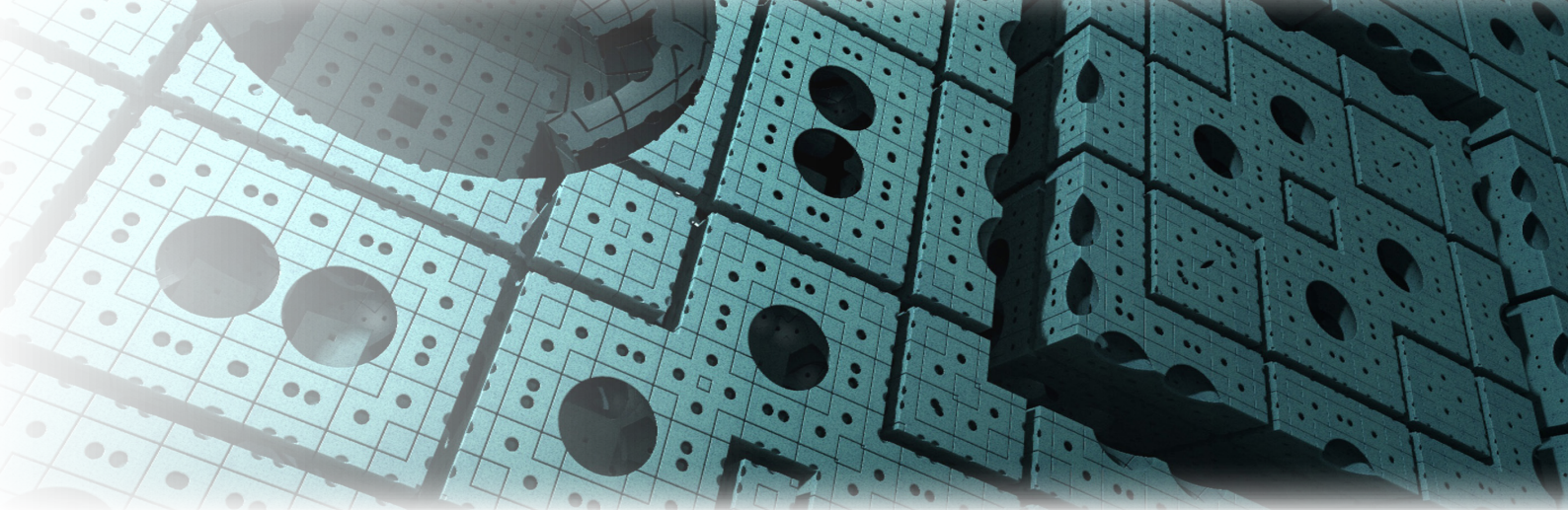
The sale of Allinea to ARM, the world's leading semiconductor IP company, was for a total cash consideration of up to £18.1million and it represents a direct return of circa 26x on the original managed fund investment cost.

### Fund Investment and IPO

Mercia Group's managed funds have supported Concepta since 2014 prior to it listing on AIM as Concepta PLC by way of a reverse takeover of Frontier Resources International plc. Mercia Technologies PLC, which also invested in Concepta prior to its listing now directly holds approximately 18.32% of the total share capital following the transaction. Since listing in July 2016, the share price has risen significantly (from 11p to 19p) and the company's market capitalisation has risen from £8.2million to £20.8million\*.

\* Data correct at 22 November 2016





Abzena (AIM: ABZA) provides proprietary technologies and complementary services to enable the development and manufacturing of biopharmaceutical products. The Group has a global customer base that includes the majority of the top 20 biopharmaceutical companies as well as large and small biotech companies and academic groups. Abzena (formerly known as Polytherics) offers a range of services and technologies across its principal sites in Cambridge (UK), San Diego California (USA) and Bristol Pennsylvania (USA).

## Fund Investment and IPO

Mercia was part of the syndicate that provided £13.5million of funding to Abzena in October 2013. In less than 12 months, Abzena listed on AIM, raising £20.0million by placing 25 million shares at 80p per share. The launch price represented a potential return of 1.7x to investors in Mercia Growth Fund 2 in a few months and these shares were subsequently sold in January 2017 (at a lower value), shortly after completing their three year holding period, returning cash to Mercia Growth Fund 2.

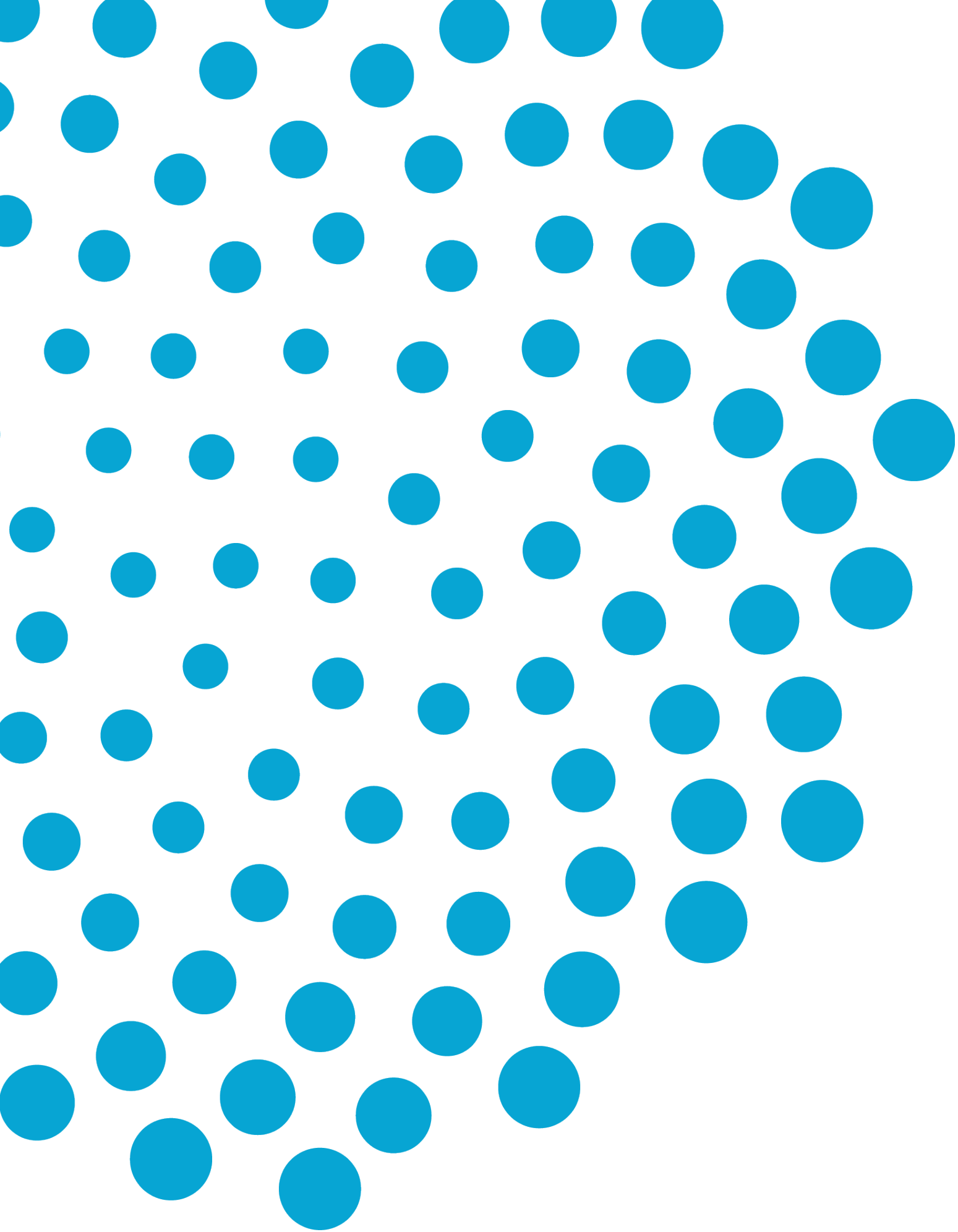
## blueprism<sup>®</sup>

Blue Prism is a leader in RPA (Robotic Process Automation), supplying a Virtual Workforce powered by Software Robots that are trained to automate routine back-office clerical tasks. Blue Prism's enterprise-grade software enables the automation of manual, rules-based, administrative processes to create a more agile, cost effective and accurate back-office.

## Fund Investment and IPO

Through its managed funds, Enterprise Ventures invested £900,000 of growth capital. In March 2016, the company listed on AIM, raising around £21.0million. At listing Blue Prism had a market capitalisation of £48.5million. The combined cash returns for the third party clients, including funds released at the IPO and subsequently, now totals £14.5million, a 16x return based on the original £900,000 invested from Rising Stars Growth Fund I. The holding value of the circa 10% of Blue Prism held by Rising Stars Funds as at 6 June 2017 equates to £58.0million, a collective value multiple on investment of circa 52x.





To request an application form,  
please call 0330 223 1430

or email  
[enquiries@merciatech.co.uk](mailto:enquiries@merciatech.co.uk)



[@Mercia\\_Fund](#)



[Mercia Fund Management](#)



[Mercia Technologies](#)

# Key Sectors

## Digital & Digital Entertainment



The video games sector is the largest in the entertainment sector, worth £92.0billion in 2015 and estimated to rise to £118.0billion by 2019, according to figures published by Newzoo. The market has seen consistent annual growth rates of around 6% which demonstrates the value of creative opportunities that exist in this space. The UK is recognised globally as a centre of excellence in game development, publishing and creativity and we continue to see a strong flow of opportunities.

### Sector head: Mike Hayes

Mike brings over 23 years' experience in interactive businesses to Mercia's investment team. Previously, he was CEO for Europe and America at multinational games company SEGA, presiding over a turnover in excess of £400.0million. Mike was responsible for the re-imagining of SEGA as a multi-platform software company and managed the acquisition of several development studios including Sports Interactive (maker of the Football Manager series) and Creative Assembly (maker of the Total War series).



## nDreams®

nDreams is the largest UK software developer to focus on creating VR interactive entertainment. The company is creating content for Samsung Gear VR, HTC Vive, Oculus Rift and Sony PlayStation VR. In November 2015, two of nDreams' mobile VR titles – Gunner and Perfect Beach – were released to the public and are available to download on Google Cardboard and Gear VR.

In 2015, nDreams debuted its first major title, The Assembly, at the EGX video games expo held at Birmingham's NEC. Recently, nDreams also announced the launch of its first Google commissioned title, Danger Goat, which was launched in November 2016.

## Software & the Internet



The Gartner Worldwide IT Spending Forecast (a leading indicator of technology trends across the hardware, software, IT services and telecom markets) provides a sense of scale to this sector predicting that globally, IT spending will reach \$3.5trillion in 2017 and that software spending will grow by 7.2% to total \$357billion. Mercia focuses principally on application software and security solutions, targeting businesses with fast growing, scalable revenues.

### Sector head: Rob Johnson

Previously, Rob was joint MD at Buyagift PLC, which he helped grow from £3.2million turnover to over £20.0million prior to the sale of the company to Smart&Co. Before this, Rob was Managing Director and a main board member at ilion plc. Rob was responsible for the company's share price growing from 52p to 160p per share, when the entire share capital was bought by Landis.



wayve is a 360 degree advertising platform providing 'end-to-end' solutions to simplify advertising in the multi-platform era. The company helps creative agencies, publishers and media agencies to create, distribute and monitor campaigns using three products: builder, trafficker and adaptive.

The platform is already in use by a number of leading global brands, including The Financial Times, Bloomberg, Business Insider, The Wall Street Journal and News UK. wayve has continued to grow its customer base, becoming the preferred advertising technology provider for The Economist, The Metro and the Daily Mail Group.



## Life Sciences & Biosciences



The Life Sciences & Biosciences sector is of particular interest to Mercia as almost two-thirds of employment within this sector in the UK is found outside of London. The focus within this sector includes sub-sectors with the opportunity to move quickly into revenue such as digital healthcare, medtech services, synthetic biology and diagnostics businesses. According to UK government figures, the global medical technology market is expected to reach \$455.0billion by 2018, with in vitro diagnostics, for example, anticipated to be the largest segment (\$58.8billion in 2018).

### Sector head: Peter Dines

Peter brings 20 years' experience in the healthcare sector. Over this period, Peter has been involved with a number of turnarounds and exits within the sector, including the acquisition of Surgicraft's formerly loss-making business where, as Managing Director, he quadrupled sales within three years.

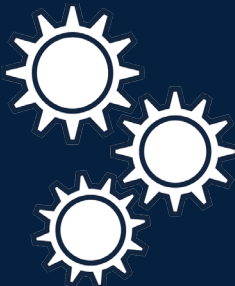


MEDHERANT®

Medherant is developing a novel patch technology for the delivery of a variety of drugs. The TEPI-patch® is a thin, strong, easy-to-apply and easy-to-remove patch capable of delivering high doses of drugs directly to the areas where they are needed.

The technology, which is initially being developed for Ibuprofen and Lidocaine (used in topical pain relief), is also capable of working with drugs that have failed clinical trials because of their unsuitability for oral consumption. Last year, Medherant secured an exclusive deal with Bostik SA, a leading adhesive specialist, to use a novel pressure sensitive material in the development of the patch.

# Electronics, Materials, Manufacturing & Engineering



According to the Government's Advanced Manufacturing Catapult website, manufacturing in the UK contributes 11% of UK Gross Value Added and remains a vital sector for the economy, employing over 2.6 million people. Over recent years there has been a resurgence in advanced manufacturing in the UK and this is evidenced by the many examples of innovation in the areas of material and hardware technology throughout the UK regions where Mercia is active.

## Sector head: Dr Mark Volanthen

Mark has experience in growing businesses across sectors including oil and gas, energy, defence, instrumentation and communications. Previously, Mark held the position of Managing Director Oil & Gas at Guralp Systems, and has also been Chief Executive Officer for WFS Technologies and Insensys Aerospace & Defence. Mark has an MBA from the University of Edinburgh, a PhD in Optoelectronics from the University of Southampton, and an MA in Engineering from the University of Cambridge.



Impression Technologies specialises in forming complex, high strength, lightweight, ductile components which can be used in the manufacture of cars, trains and aeroplanes. It has built and developed the world's first Hot Form Quench (HFQ<sup>®</sup>) press, which now resides in the company's facility at Lyons Park, Coventry. HFQ is capable of forming complex aluminium parts that are lightweight but retain their strength, helping manufacturers to save on the cost of parts, improve the functionality of the vehicle and meet strict emissions targets.

The company has already secured a number of high profile customers, such as Aston Martin, which included parts made using the HFQ process in its DB11 model.

# University Partnerships

Mercia has a network of 18 university partnerships across the Midlands, the North of England and Scotland. These provide access to opportunities from world-renowned faculties across the UK, enhancing our dealflow pipeline and offering a source of technological expertise.

Universities and their dedicated research teams are responsible for many of the pioneering breakthroughs currently being seen in science and technology across the globe. It is often the 'Golden Triangle' of Oxford, Cambridge and London that becomes the focus of investor attention, but we believe there is opportunity waiting to be tapped in the UK regions.

Mercia's focus is on the Midlands, the North of England and Scotland, from which 52% of all active spin-outs in the UK originate\*, and where a large amount of IP is waiting to be commercialised. Our university team, headed by Dr Nicola Broughton, works closely with the

Technology Transfer Departments of each of the 18 university partners to help support research ideas from the laboratory to the market. Many of the businesses Mercia works with have already yielded impressive growth, and are now generating revenue.

According to data from Spinouts UK, 14 university spin-outs have floated in the past three years, with dozens more moving to the private sector via a trade sale to a larger industry player. This makes this more mature sector an attractive proposition for investors.







### Dr Nicola Broughton

Investment Director, Head of Universities

Nicola has a wealth of experience in both life sciences and university commercialisation having founded her own IP commercialisation company working as a Transfer and Licensing Advisor to many universities across the UK.

Nicola is supported by a team of university specialists which cover Mercia's 18 partnerships including those with Scottish universities (Paul Devlin), Northern universities (Sandy Reid), and Midlands universities (Brijesh Roy).



# Fund Structure

The objective of MGF8 (The 'Fund') is to maximise capital gain from a diverse portfolio of technology investments.

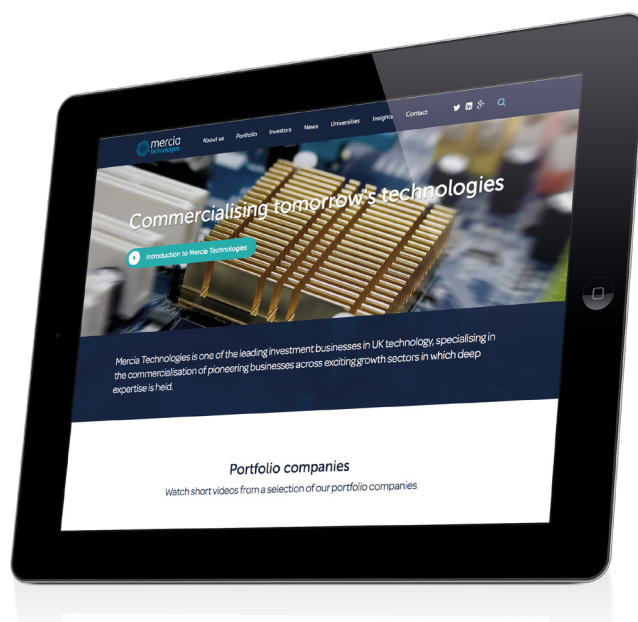
Both Mercia and an independent Investment Panel, made up of industry experts that Mercia consults, believe that the businesses intended to be brought into this portfolio can yield a significant multiple cash return. These are young companies which will take a number of years to reach their full value; early liquidity may be available via the Share Exchange, but full exit by Sale and IPO will take several years from initial investment.

## Overview

Mercia Growth Fund 8 is not a distinct legal fund and is not considered to be a collective investment scheme as defined in section 235 of the Financial Services and Markets Act 2000. The Fund will comprise two separate funds; the EIS Fund and the SEIS Fund will make investments as detailed in this section of the document. For legal and tax purposes (and as is typical with such funds) the Investor will be the beneficial owner of the shares in the relevant portfolio company. Mercia Growth Nominees 8 Limited, the nominee, will be the registered and legal holder of all investments in the Fund.

Mercia Fund Management Limited ('Mercia') is the Fund Manager. Its role is to source, evaluate and transact upon investment agreements. Mercia will then drive value in these portfolio companies with an aim to create an exit for the investment within a seven year time frame (being mindful that full tax reliefs are only available on investments which have been held for at least three years).

Investment returns, net of fees and charges, will be returned to the Investor, unless we are instructed to re-invest proceeds. Furthermore, Mercia will report to investors on the progress and value of their investments, in accordance with International Private Equity and Venture Capital Guidelines (IPEVCG). Investors will have access to an online Investor Centre where relevant reports, newsletters and investment summary papers (for information) will be available.



## Fund Status

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The Funds are structured as unapproved EIS and SEIS funds. This status provides added flexibility to investors whereby any tax advantages, are available upon each investment within the Fund and not at the Fund level itself. Investors hold the right to remove any uninvested capital at any time.

The structure enables the Fund to provide a blend of early-stage, development and growth capital, designed to optimise the balance between capital growth, portfolio risk and time horizon. In addition, when providing early-stage capital, it is critical that an investor, or fund, can follow the investment at later funding rounds if required, thus ensuring the interests of early-stage investors are not overly diluted by those of new, later-stage investors.

In accordance with current FCA policy, the Fund is the regulatory client of the Fund Manager for the purposes of determining which provisions of the Conduct of Business Sourcebook (COBS) will regulate the obligations owed by the Fund Manager to investors in common, and who accordingly, are not treated on an individual basis as clients of the Fund Manager for regulatory purposes.

## Investors eligible to participate

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Mercia Growth Fund 8 is only open for participation by prospective investors who can be categorised by Mercia as a 'Professional Client'.

A Professional Client is someone in respect of whom Mercia undertakes an adequate assessment of their expertise, experience and knowledge. In the light of the nature of the transactions or services envisaged, this assessment gives reasonable assurance that the prospective investor is capable of making their own investment decisions and understands the risks involved. The investor will also have been given clear warning from Mercia of the protections and investor compensation rights which the potential investor would lose. Finally, the investor will have stated in writing, in a separate document from the Investor's Agreement in Appendix C to this Information Memorandum (page 46), that they are aware of the consequences of losing such protections.

Further information explaining how this categorisation can be effected, what it means, and the consequences thereof, is set out in the Investor's Agreement in Appendix C to this Information Memorandum.

Whilst the Fund is a collective investment undertaking by reference to the definition of designated investment, it is not a collective investment scheme within the meaning of section 235 of the Financial Services and Markets Act 2000 for the purposes of UK legislation. It is a complying fund within the meaning of Article 2 of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001 because Investors are entitled to the withdrawal rights prescribed by that Article, which is pursuant in particular to the Investor's Agreement.

Mercia Fund Management has been authorised to act as manager of alternative investment funds in accordance with the EU Alternative Investment Fund Managers Directive. The Fund is treated as an Alternative Investment Fund.

# External Advisory Bodies and Committees

Mercia has a number of external panels and committees that help its team to make the best possible decisions for its investors. Each panel or committee is populated with experienced investors and business builders across Mercia's four main sectors.

## Investment Panel

Any investment that the fund makes must be approved by the Investment Panel. This ensures that every portfolio company within the fund is subjected to the same criteria and is assessed objectively.

Please note: Investment Panel costs are borne by the Fund Manager. The Investment Panel will receive part of their remuneration via a portion of the Fund Manager's performance fee to ensure alignment with the Fund's investors.

### **Chairman: Peter Gardner**

Founder, Micro Technology Group; Marketing Director, Tricom Communications; CEO, Cristie Group; Communications Sector Head, 3i Group plc

### **Jim Reid**

Founder and partner, Chimaera Bio; Founder, QCMD Ltd; Founder & Chairman, Qnostics Ltd; CEO, Founder & Director, Haptogen Ltd; Non-Executive Director, Ocutec Ltd; Chairman and CEO, Sismic Ltd

### **Nick Wheelwright**

CEO, Codemasters; Founder & non-executive director, Playground Games Limited; Executive chairman, Soccer Manager; Executive chairman, Virtrade

### **Martyn Booth**

Director, West Midlands Enterprise Ltd; Committee member, North West Equity Fund; Committee Member, South East Growth Fund; Seconded, Baring Private Equity Partners

## Advisory Committee

The Advisory Committee was established to oversee adherence to the Information Memorandum by the Fund Manager. It provides an independent perspective on the progress of the funds, corporate governance and the timing of investment returns. It meets regularly and is able to remove and replace the Fund Manager in cases of negligence. Full advisory committee reports are available via the Investor Centre (page 18).

### **Chairman: Michael Cumming**

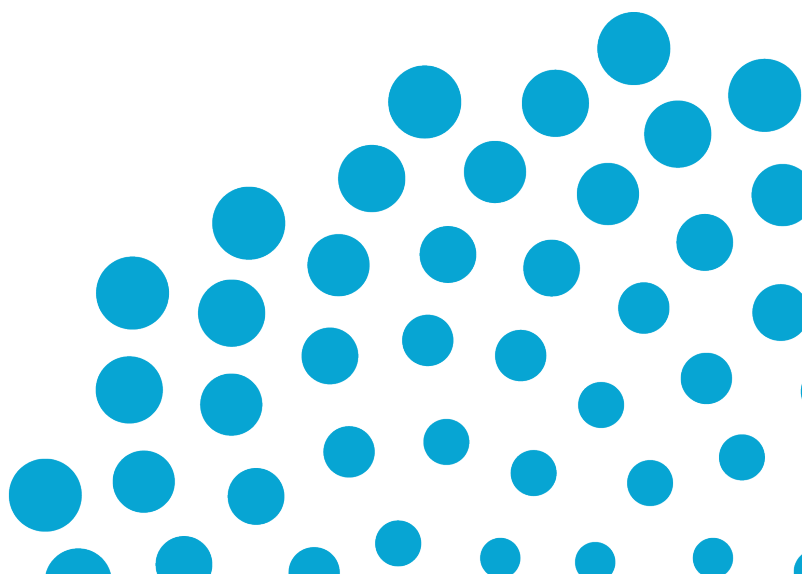
Co-Founder, Midland Montagu Industrial Finance; Co-founder, Barclays Private Equity; Managing director, Barclays Private Equity

### **Dr James Wilkie**

Research scientist, BT; Vice president Technology – Shell Solar, Shell; CEO, Birmingham Research Park; CEO, Alta Innovations; Director Research & Innovation Services, University of Birmingham

### **Vice Chairman: Peter Dicks**

Co-founder, Abingworth; Co-investor, Venrock, NEA and Kleiner Perkins



## Digital & Digital Entertainment Advisory Board

Mercia formed the Digital & Digital Entertainment Advisory Board to identify potential growth areas within the sector, to discuss industry trends and to help shape Mercia's investment strategy. The Board is led by Investment Director Mike Hayes and meets regularly.

### Nick Parker

VP Internet Strategy, Sony Computer Entertainment Europe; VP Global Strategic Planning, Infogrames/Atari; Partner & Founder, GameVision Europe Ltd

### Rob Precious

VP Media Acquisition, IGA Worldwide; Director Business Development, Geomerics; Business Mentor & Advisor, MassChallenge; Business Development Director, tPoint Solutions Ltd

### Matt Woodley

Marketing Director, Atari/Infogrames, Creative Director America & Europe, SEGA; Senior Director, EA; Partner, Tenshi Partners

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## Software Advisory Board

The Software Advisory Board was the second sector-specific board to be formed in 2016. It is formed of industry experts who meet regularly to monitor industry developments and identify trends, particularly in Mercia's areas of focus which are software-as-a-service (SAAS), artificial intelligence, cyber security and marketing technology.

### Eze Vidra

Strategic Partnerships Development Manager, Google; Head of Google for Entrepreneurs Europe, Google; General Partner Google Ventures Europe, Google; Founder, Techbikers; Chief Innovation Officer, Antidote.me

### Tom Ilube

Manager, Goldman Sachs; CIO, Egg; Founder/CEO, Garlik; Chairman, African Gifted Foundation; CEO/Founder, Crossword Cybersecurity; Non-Executive Director, BBC

### Shane Mitchell

Co-founder, TechResort; Director, Urban Peer

### Paul Lewis

Deputy Course Director/Lecturer Cyber Defence, Cranfield University & Defence Academy of the UK; CTO, Crossword Cybersecurity; Non-Executive Director, CyberOwl

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## Life Sciences & Biosciences Advisory Board

The Life Sciences & Biosciences Advisory Board is formed of four industry leaders in healthcare and venture capital, and is the third sector-specific advisory board that Mercia has formed in 2016. They meet regularly to advise the investment team, identify dealflow sources for new opportunities and provide a market-wide view of topical issues, including within Mercia's areas of focus, which are diagnostics, digital healthcare solutions and devices.

### Mary Anne Cordeiro

Non-Executive Director, Albion Technology & General VCT PLC; Founder & Director, Science to Business Ltd; Executive Director, London First

### David Ebsworth

Non-Executive Chairman, Verona Pharma PLC; CEO and Chairman of Executive Committee, Galenica AG; Chairman, Wilex AG

### Jim Reid

Founder and partner, Chimaera Bio; Founder, QCMD Ltd; Founder & Chairman, Qnostics Ltd; CEO, Founder & Director, Haptogen Ltd; Non-Executive Director, Ocutec Ltd; Chairman and CEO, Sitemic Ltd

### Frank Collins

Chairman, The Frontier Medical Group Limited; Chairman, The Robert Jones and Agnes Hunt NHS Foundation Trust; Chairman, Bracebridge Corporate Finance; Chairman, JRI Orthopaedics Limited



# Tax Advantages

In addition to the capital growth targeted for our funds, the tax advantages from such investments can be considerable. These include: income tax relief, loss relief, deferral/relief of capital gains tax and exemption from inheritance tax and capital gains tax.

The primary tax advantages available to investors are EIS and SEIS tax reliefs, whereby fund returns can be substantially enhanced subject to the personal circumstances of each investor.

**It is recommended that investors seek independent advice to ensure they fully understand how any tax advantages may apply to their situation and circumstances.**

Below is an outline that is relevant to:

- Capital gains tax deferral in EIS or capital gains tax exemption in SEIS;
- Specific examples of EIS including investment returns and the consequence of investment loss, taking into account the substantial loss relief available; and
- Specific examples of SEIS including investment returns and the consequence of investment loss, taking into account the substantial loss relief available.

Based on the Fund making investments in the 2017/18 tax year, the main tax advantages are:

## **EIS**

### **30% income tax relief**

30% income tax relief may be claimed from 6 April 2017 against income tax paid or payable in relation to the tax year 2017/18 on total investments made in the year of up to £1,000,000 per investor.

Alternatively, an investor can opt to treat an investment as having been made, in whole or in part, in the 2016/17 tax year. 30% tax relief is then available against income tax paid or payable for that year.

### **Capital gains tax deferral**

Capital gains tax deferral on unlimited gains invested in qualifying companies, in respect of gains that arise within three years before and 12 months after the date of investment.

### **Tax free capital gains**

There is no capital gains tax liability on gains on the disposal of shares which have been held for at least three years in EIS-qualifying companies or, if longer, three years after the company commenced its trade, provided income tax relief has been given and not withdrawn.

### **100% inheritance tax exemption**

Through the availability of BPR (Business Property Relief), there may be 100% inheritance tax exemption on the death of the investor (or on certain lifetime transfers) for each individual investment that has been held for at least two years.

### **Loss relief**

Loss relief (providing total tax relief of up to 61.5%). A loss on any qualifying investment in the portfolio, irrespective of the overall performance of the portfolio, can be offset by individuals against income of the tax year of the loss, or of the previous tax year, or against capital gains (including against the tax liability that arises on the revival of any deferred gain) of the tax year of the loss and future years.

## **Seed EIS**

### **50% income tax relief**

50% income tax relief may be claimed from 6th April 2017 against income tax paid or payable in relation to the tax year 2017/18 on total investments made in the tax year of up to £100,000 per investor. Alternatively an investor can opt to treat an investment as having been made in the 2016/17 tax year, in whole or in part, such that 50% tax relief is available against income tax paid or payable for that year.

### **Capital gains tax exemption**

Gains on sales of other assets that are realised in 2017/18 and invested in SEIS shares in the same

tax year will qualify for a 50% tax exemption. Alternatively, if the investor has opted to treat the investment as having been made in the 2017/18 tax year, gains on the sale of other assets that are realised in 2016/17 will qualify for a 50% tax exemption. Note that the rates of CGT were cut from 18% and 28% to 10% and 20% for all assets other than residential property and carried interest, from 6<sup>th</sup> April 2016.

### Tax free capital gains

There is no capital gains tax liability on gains on the disposal of shares which have been held for at least three years in SEIS-qualifying companies, provided income tax relief has been given and not withdrawn.

### 100% inheritance tax exemption

Through the availability of Business Property Relief, there may be 100% inheritance tax exemption on the death of the investor (or on certain lifetime transfers) for each individual investment that has been held for at least two years.

### Loss relief

Loss relief (providing total tax relief of up to 86.5%, if all available income and capital gains tax reliefs are claimed). A loss on any qualifying investment in the portfolio, irrespective of the overall performance of the portfolio, can be offset by individuals against income of the tax year of the loss, or of the previous year, or against capital gains of the tax year of the loss and future years.

### Please note: Loss Relief

The Finance Act 2013 introduced a cap on reliefs which may be claimed for income tax purposes. The cap restricts reliefs in any tax year to either £50,000 or 25% of income, whichever is greater. SEIS or EIS income tax reliefs are not subject to the cap, nor are losses on the disposal of shares on which SEIS or EIS income tax relief has been claimed and retained. However, losses arising on the disposal of shares where EIS CGT deferral relief only has been claimed come within the cap on reliefs. The cap applies to losses that arise after 5 April 2013. Losses offset against capital gains are not restricted.

## Examples

### Example 1

On behalf of an investor in the EIS Fund, the Manager invests £50,000 on 1 October 2017 in shares in an EIS qualifying company that has already commenced trading. The investor had realised a taxable gain of over £50,000 in 2015, on which he had paid capital gains tax at a rate of 28%.

The investor opts to treat his investment as having been made in the 2016/17 tax year, and receives an income tax repayment through Carry Back Relief of £15,000 (£50,000 @ 30%). They also claim Capital Gains Deferral and receive a CGT repayment of £14,000 (£50,000 @ 28%). The net cost of their investment becomes £21,000.

In May 2021 the investment is sold for £250,000. There has been no breach of EIS qualifying conditions so Capital Gains Exemption applies and no tax is due on the realised gain.

However, the deferred gain of £50,000 comes back into the charge to tax. The CGT rate has changed to 20%, and the investor does not claim further Capital Gains Deferral, CGT of £10,000 is payable on 31 January 2023.

For a net cost of £31,000, the investor has realised £250,000, plus the benefit of deferring CGT of £10,000 for approximately five years and in this case, lowering the CGT bill by £4,000.

### Example 2

On behalf of an investor in the SEIS Fund, the Manager invests £30,000 on 1 October 2017 in shares in an SEIS qualifying company. The investor realises capital gains of at least £30,000 during the 2016/17 tax year through disposals of other assets.

The investor treats the investment as having been made in 2016/17 and claims SEIS Relief on their investment at a rate of 50%, and SEIS CGT Exemption on half the gains that would otherwise have suffered CGT at 20%. Thus total tax relief amounts to 60% of the investment cost, and the net investment cost is £12,000.

In May 2021 the investment is sold for £150,000. There has been no breach of SEIS qualifying conditions so Capital Gains Exemption applies and no tax is due on the realised gain. For a net cost of £12,000, the investor has realised £150,000.

Please refer to our website for further examples.

# Risk Factors

**Important:** Investors should be fully aware of the high-risk nature of this type of investment. In addition, statements concerning taxation are merely a brief summary and should not be viewed as constituting tax advice. The information below does not purport to be exhaustive. Additional risks and uncertainties, not presently known to MFM, or which MFM currently deems immaterial, may also have an adverse effect on the businesses of Investee Companies. Investors should consider carefully whether an investment in the Fund is suitable for them in the light of the information in this document and their personal circumstances. If in any doubt whatsoever, an Investor should not subscribe. In any case, it is strongly recommended that Investors seek the advice of their financial adviser or other appropriately qualified professional adviser.

## **Risks relating to the Investee Companies**

The Investee Companies will be small, unquoted companies and generally of higher risk than other companies. There is no market, nor is there intended to be a market for the Shares; as such, an investment in the Fund will not be a Readily Realisable Investment. It is not intended that any income or capital will be returned to Investors during the Three Year EIS or SEIS Periods. After holding the Shares in the Investee Companies for the Three Year EIS or SEIS Periods, it may still be difficult to realise the Shares or to obtain reliable information about their value as the market for shares in smaller companies is often less liquid than that for shares in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such shares. The performance of the Fund is dependent on the ability of MFM to identify appropriate Investee Companies and on the ability of the Investee Companies to perform in line with their respective business plans. The income from the Investee Companies will depend on the revenues generated by the activities undertaken by such companies, which may be less than the costs incurred by such companies. You should not expect to receive dividend income from these companies. Investment in smaller, unquoted companies, by its nature, involves a high degree of risk. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment in such companies can offer good investment returns but by its nature is illiquid and uncertain and consequently involves a higher degree of risk than a portfolio of quoted shares. Realisation of investments in unquoted companies can be difficult and may take considerable time. There is always the risk that Investee Companies are not able to cover their costs of growth and development with the revenues they generate in the expected time frame, thereby bringing the need for follow-on investment. When investing a small fund this risk brings the potential that the Fund may either become

overexposed to one Investment as it provides follow-on investment, or that it is heavily diluted by choosing not to provide follow-on financing, or indeed that the Investee Company is unsupported and so is unable to continue trading, losing the Fund its entire cost of investment.

The departure of any of MFM's directors, employees or associates could have a material adverse effect on the performance of the Fund. Whilst MFM has entered into appropriate agreements, the retention of their services cannot be guaranteed. The past performance of the Mercia Growth Funds is not necessarily a guide to its future performance and may not necessarily be repeated. The value of Investments and income from them may go down as well as up and Investors may not get back the amount they originally invested in the Fund.

This document should not be considered as constituting legal, taxation or investment advice by MFM or its advisers. Each party to whom this document is made available must make its own independent assessment of the Fund after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates, projections or opinions contained in this document involve significant elements of subjective judgement, analysis and assumptions, and each recipient should satisfy themselves in relation to such matters.

## **Risks relating to the EIS and SEIS-qualifying status of Investee Companies**

There are circumstances in which an Investor could cease to qualify for the taxation advantages offered by the SEIS or EIS. For example, Capital Gains Deferral Relief for EIS could be lost if an Investor ceases to be resident or ordinarily resident in the United Kingdom during the Three Year EIS Period. In addition, an Investor could cease to qualify for EIS Relief in respect of an Investee Company if they receive value from that Investee Company during the period beginning one

year before the Shares in the Investee Companies are issued and ending on the conclusion of the Three Year EIS Period.

Payment of a dividend, however, would not typically be regarded as a receipt of value. EIS Relief could also be denied or lost in respect of an Investee Company if the investor or an associate (such as a close relative) is or becomes employed by that Investee Company, or was so employed in the two years preceding the investment.

If an Investee Company ceases to carry on business of the type prescribed for EIS or SEIS-Qualifying Companies during the Three Year EIS or SEIS Period, this could prejudice its qualifying status under the EIS or SEIS. There are other events and matters whereby an investee company may lose its qualifying status.

The situation will be closely monitored with a view to preserving the Investee Company's qualifying status, but this cannot be guaranteed. A failure to meet the qualifying requirements for EIS or SEIS could result in:

- Investors being required to repay the 30% (EIS) or 50% (SEIS) income tax relief received on subscription for Shares and interest on the same
- Investors being required to pay CGT previously exempted through SEIS CGT Exemption
- A liability to CGT if the Shares are sold and a gain is realised
- Any gain deferred by Capital Gains Deferral coming back into the charge to tax

[Further details of the taxation implications of an investment in an EIS or SEIS Qualifying Company are set out in Appendix A of this document.](#)

Although advance assurances will always be sought from HMRC that the Investee Companies and their activities should qualify under the EIS or SEIS, there is no guarantee that the formal EIS or SEIS claims will be agreed by HMRC or that such agreement will not be subsequently withdrawn. In those circumstances, subscription monies will not be returned to Investors. If an Investee Company fails to obtain EIS or SEIS-Qualifying Company status, or if it is subsequently withdrawn, EIS Relief, SEIS Relief, Capital Gains Deferral Relief and SEIS CGT Exemption would not be available to Investors or could be withdrawn.

Under the EIS legislation, EIS-Qualifying Companies are required to have employed 100% of their net funds (after the deduction of issue costs) within 24 months after the date of issue of Shares, except where the qualifying activity consists of preparing to carry on a trade in which case the time limit is 24 months after the date of commencing the trade. If an Investee Company fails to employ this level of funds within the required deadlines, the Investee Company would

be in breach of the EIS regulations and tax relief may be withdrawn. Under the SEIS legislation, the equivalent period in which funds must be spent by SEIS-Qualifying Companies is three years from the date of investment and, if funds are not spent that period, tax relief may be withdrawn.

A sale of Shares in an investee company within the Three Year EIS or SEIS Periods will result in some or all of the income tax and capital gains tax relief available upon subscription for those Shares becoming repayable to HMRC and in any capital gains on such Shares and any deferred gain being subject to CGT. It is possible for Investors to lose their EIS tax reliefs and/or Capital Gains Deferral relief and/or BPR by taking or not taking certain steps.

[Investors are advised to take appropriate independent professional advice on the tax aspects of their investment.](#)

## **Forward-looking statements**

Investors should not place reliance on forward-looking statements. This document includes statements that are (or may be deemed to be) 'forward-looking statements', which can be identified by the use of forward-looking terminology including, but not restricted to the terms 'believes', 'continues', 'expects', 'intends', 'may', 'will', 'would', '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 document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future.

## **Potential conflicts of interest**

Although there is an established Conflicts Committee it is important to note that situations may arise where the interests of the Fund conflict with the interests of other funds managed by MFM or with those of MFM itself. The Fund may invest in companies in which other funds managed by MFM may invest or may already hold investments.

Decisions made by MFM may be more beneficial to one fund managed or advised by MFM than to any other.

The Fund may co-invest with third parties or through joint ventures or other entities. Such co-investing may give rise to the possibility that a co-investor or partner may at any time have economic or business interests or goals which are inconsistent with those of the Fund, or that such person may take action contrary to the Fund's investment objectives. The entitlement of MFM to the performance fee referred to in Schedule 2 to the Investor's Agreement may create an incentive for MFM to make more speculative investments on behalf of the Fund than it would otherwise make in



the absence of such a performance-based compensation arrangement. MFM may enter into fee sharing arrangements with third party marketers, including placement agents, or other advisers who refer Investors to the Fund, and such marketers may have a conflict of interest in advising prospective investors whether to invest in the Fund.

Conflicts of interest may arise in connection with decisions made by MFM that may be more beneficial for certain Investors than for others.

In making such decisions, MFM intends to consider the investment objectives of the Fund as a whole, not the investment objectives of any individual Investor.

MFM may provide certain Investors with the opportunity to co-invest in Investments. Potential conflicts may be inherent in, or arise from, MFM's discretion in providing such opportunities to certain Investors. In addition, once such co-investments are made, the Fund's interests and those of co-investing Investors may subsequently diverge.

### **General risks**

Prospective investors should not regard the contents of this Information Memorandum as constituting advice relating to legal, taxation or investment matters and should consult their own professional advisers before contemplating any investment or transaction.

The contents of this Information Memorandum makes reference to the current laws concerning EIS Relief, SEIS Relief, Business Property Relief, Capital Gains Deferral and Capital Gains Exemption. These levels and bases of relief may be subject to change. The tax reliefs referred to in this Information Memorandum are those currently available and their value depends on individual circumstances.

[Past performance is not necessarily a guide to future performance and may not necessarily be repeated.](#)

You should be aware that Share values and income from them may go down as well as up and you may not get back the amount you originally invested. All statements of opinion and/or belief contained in this document and all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund represent MFM's own assessment and interpretation of information available to it as at the date of this document. No representation is made or assurance given that such statements, views, projections or forecasts 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, views, projections or forecasts and no responsibility is accepted by MFM in respect thereof.

[Prospective Investors are strongly advised to conduct their own due diligence including, without limitation, the legal and tax consequences to them of investing in the Fund.](#)

# Further Information and Contacts

For more information about Mercia's third party funds under management, or to speak to a member of Mercia's Investor Relations team, please contact:

**T** +44 (0) 330 223 1430  
**E** enquiries@merciatech.co.uk  
**W** www.merciafund.co.uk

Make sure you follow us on social media to keep up with the latest news and insights from the Mercia Group.



@Mercia\_Fund



Mercia Fund Management



Mercia Technologies

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## Directory

### Fund Manager

Mercia Fund Management  
Forward House  
17 High Street  
Henley-in-Arden B95 5AA

### Legal Advice

Edwin Coe LLP  
2 Stone Building  
Lincoln's Inn  
London WC2A 3TH

### Receiving Agent and Administrator

The City Partnership (UK) Limited  
110 George Street  
Edinburgh  
EH2 4LH

### Nominee

Mercia Growth Nominees 8 Ltd  
Forward House  
17 High Street  
Henley-in-Arden B95 5AA

### Tax Advice

BDO LLP  
Kings Wharf  
20-30 Kings Road  
Reading RG1 3EX

# Appendix A: Taxation

Please consider the following statements and then follow the corresponding section relevant to your circumstances.

## 1. Are you interested in Income Tax and Loss Relief, Carry Back Relief, Capital Gains Tax Deferral, Capital Gains Tax Exemption, and Inheritance Tax – Business Property Relief in regard to EIS investments?

If yes, please see section 1 below.

## 2. Are you also interested in Income Tax and Loss Relief, Carry Back Relief, SEIS Capital Gains Tax Exemption, Capital Gains Tax Exemption, and Inheritance Tax – Business Property Relief in regard to SEIS investments?

If yes, please see sections 1 and 2 below.

### Section 1: EIS Tax Reliefs (based on investment in the 2017/18 tax year)

To obtain the tax reliefs described below, it is necessary to subscribe for Shares in EIS-Qualifying Companies and claim the relief. The summary below is based on current law, and gives only a brief outline of the tax reliefs. It does not set out all the rules which must be met by EIS-Qualifying Companies and an Investor. The tax reliefs will only be relevant to Investors who pay UK income tax and/or wish to defer a capital gain.

#### a) Income Tax Relief – 30%

Individuals can obtain 30% income tax relief on the amount subscribed for Shares in EIS-Qualifying Companies (up to an annual maximum £1.0million for the 2017/18 tax year), although relief will be denied for investment into an EIS-Qualifying Company with which the individual is connected. Spouses

and civil partners can each separately subscribe up to £1.0million. The relief is given against the individual's income tax liability for the tax year in which the Shares are issued unless the individual makes a Carry Back Relief claim.

Relief is limited to an amount which reduces the Individual's income tax liability to nil.

#### b) Carry Back Relief

Carry Back Relief claims may be made for amounts subscribed for Shares in EIS-Qualifying Companies, such that an investment is treated for tax relief purposes as having been made in the tax year before the tax year in which the investment was actually made. In effect, and provided no 2016/17 EIS investments have already been made, this allows an investor to invest up to £2.0million in 2017/18 and claim full tax relief, subject to the Individual having a sufficient tax liability in both years.

#### c) Capital Gains Tax Deferral

To the extent to which a UK resident Investor (including individuals and certain trustees) subscribes for Shares, they can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset, or a previously deferred gain may have been brought back into charge. Although there is a limit for income tax relief (see (a) above) and for the exemption from capital gains tax upon a disposal (see (d) below), there is no limit on the amount of EIS-qualifying investments which can be used to defer a gain. If the Investor dies whilst still holding Shares, the deferred CGT liability is extinguished entirely. Shares in EIS-Qualifying Companies must be issued within one year before and three years after the date of the

disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of Shares or an earlier breach of the EIS rules.

CGT is chargeable at 10% and 20% from 6 April 2016 for individuals, except on disposals of residential property and carried interest, for which the rates are 18% and 28% (the applicable tax rate depends on the total amount of the individual's taxable income and will be 20% or 28% for an individual liable to higher rates of income tax); 20% for trustees or for personal representatives of someone who has died (except that disposals of residential property and carried interest are taxed at 28%); and 10% for gains qualifying for Entrepreneurs' Relief (subject to a maximum lifetime limit of £10.0 million). From 23 June 2010 to 5 April 2016, the rates were 18% and 28% for all assets that did not qualify for Entrepreneurs' Relief.

When a previously deferred gain crystallises, the rate of CGT then payable will depend upon the legislation that is in force at that time, and may be greater or lower than the rate that would have applied had Capital Gains Deferral not been claimed. If Capital Gains Deferral is claimed on an Entrepreneurs' Relief qualifying gain that was realised on or after 3 December 2014, Entrepreneurs' Relief will be available when the deferred gain crystallises. For gains realised before that date, Entrepreneurs' Relief will not be available upon crystallisation. This can result in a deferred gain being taxed at 28%, whereas it would have been taxed at 10% had Capital Gains Deferral relief not been claimed.

#### d) Capital Gains Tax Exemption

Any capital gains realised on a disposal of Shares in an EIS-Qualifying Company after the Three Year EIS Period, and on which EIS relief (see (a) above) has been given and not withdrawn, will be capital gains tax free. Any capital gains realised on a disposal within the Three Year EIS Period will be subject to CGT at the rate applicable at disposal.

#### e) Loss Relief against income or gains

Tax relief is available at any time in respect of any loss realised upon a disposal of shares in an EIS-Qualifying Company on which EIS income tax relief (see (a) above) or CGT Deferral (see (c) above) has been given and not withdrawn. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains in the tax year in which the disposal occurs, or, if not fully used, against gains of a subsequent year. Alternatively, on making a claim, the loss net of income tax relief may be set off against the individual's taxable income of either the tax year in which the disposal occurs, or the previous tax year. If the circumstances are such that EIS tax reliefs have been withdrawn, it may still be possible for an investor to claim loss relief, on the amount equal to the economic loss sustained.

#### f) Inheritance Tax - Business Property Relief

Although not an EIS tax relief as such, an investment in an EIS-Qualifying Company will normally qualify for 100% relief from IHT under current legislation, provided the investment has been held for at least two years and is still held at time of death. There is no upper limit on the amount of IHT relief which can be claimed.

#### g) Trusts

Reliefs are available to UK resident Investors as trustees of discretionary or life interest trusts.

Apart from being attractive to individual Investors who are UK resident for tax purposes, the Fund offers excellent tax planning opportunities to trustees of certain trusts.

Capital Gains Deferral, as described above, can be claimed on the amount subscribed for Shares in EIS-Qualifying Companies against any chargeable gains if the Investment is made within one year before and three years after the date of the disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises.

Loss Relief is available under the normal capital loss rules in respect of any losses incurred on Investments made by the Fund. Inheritance Tax: discretionary trusts can benefit from BPR on EIS Investments made by the Fund, provided they have been held by the trustees for two years.

#### Date for claiming tax relief

The relevant dates for income tax relief, from a tax year perspective, are the dates on which Investments are made into each of the Investee Companies, rather than the date in which you subscribed to the portfolio. The latest date you can file a claim for EIS relief is five years after 31 January following the tax year to which the claim relates.

#### EIS3 certificates

On investment into each Investee Company Mercia will work with the investee company to apply to HMRC for EIS3 certificates for each of the investments. The application to HMRC cannot normally be made until the Investee Company has carried on its trade for a minimum of four months. Subject to this, EIS3 certificates are typically sent out to investors within ten weeks of each underlying investment. The EIS3 certificate enables you to claim your income tax relief and capital gains tax deferral, normally by making the appropriate entries on your own tax return.

## Section 2: SEIS Tax Reliefs (based on the fund making investments in the 2017/18 tax year)

To obtain the tax reliefs described below, it is necessary to subscribe for Shares in SEIS-Qualifying Companies and claim the relief. The summary below is based on current law, and gives only a brief outline of the tax reliefs. It does not set out all the rules which must be met by SEIS-Qualifying Companies and an Investor. The tax reliefs will only be relevant to Investors who pay UK income tax and/or wish to exempt a capital gain.

#### a) Income Tax Relief – 50%

Individuals can obtain 50% Income Tax Relief on the amount subscribed for Shares in SEIS-Qualifying Companies (up to an annual maximum £100,000 for the 2017/18 tax year) although relief will be denied for investment into an SEIS-Qualifying Company with which the individual is connected. Spouses and civil partners can each separately subscribe up to £100,000. The relief is given against the individual's income tax liability for the tax year in which the Shares are issued unless the individual makes a Carry Back Relief claim.

#### b) Carry Back Reliefs

Carry Back Relief claims may be made for amounts subscribed for Shares in SEIS-Qualifying Companies, such that an investment is treated for tax relief purposes as having been made in the tax year before the tax year in which the investment was actually made.

#### c) SEIS CGT Exemption

If an investor realises a capital gain by disposing of an asset of any kind in 2017/18, and invests all or part of the gain in shares in an SEIS-Qualifying Company, 50% of the gain up to the amount so invested will be exempt from CGT. It does not matter if the gain on which exemption is sought arises before or after the SEIS investment is



made, it is merely necessary that both occur in 2017/18. An SEIS investment made in 2017/18 will, if income tax relief is carried back to 2016/17, enable the investor to claim 50% exemption from 2016/17 capital gains.

### d) Capital Gains Tax Exemption

Any capital gains realised on a disposal of Shares in an SEIS-Qualifying Company after the Three Year SEIS Period, and on which SEIS relief (see (a) above) has been given and not withdrawn, will be capital gains tax free. Any capital gains realised on a disposal within the Three Year SEIS Period will be subject to CGT at the rates in force at the time of the disposal (currently 10% or 20% (depending on the total amount of the investor's taxable income)).

### e) Loss Relief against income or gains

It will usually be possible for a loss on shares in an SEIS qualifying company to be offset against income, providing that the company meets the general conditions for share loss relief at the time of disposal of the shares. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains in the tax year in which the disposal occurs, or, if not fully used, against gains of a subsequent year. Alternatively, on making a claim, the loss net of income tax relief may be set off against the individual's taxable income in either the tax year in which the disposal occurs, or the previous tax year. If the circumstances are such that SEIS tax reliefs have been withdrawn, it may still be possible for an investor to claim loss relief, for an amount equal to the economic loss sustained.

### f) Inheritance Tax – Business Property Relief

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

There is no upper limit on the amount of IHT relief which can be claimed.

### Date for claiming tax relief

The relevant dates for income tax relief, from a tax year perspective, are the dates on which Investments are made into each of the Investee Companies, rather than the date in which you subscribed to the portfolio. The latest date you can file a claim for SEIS relief is five years after 31 January following the tax year to which the claim relates.

### SEIS3 certificates

On investment into each Investee Company Mercia will work with the investee company to apply to HMRC for SEIS3 certificates for each of the investments. The application to HMRC cannot normally be made until the Investee Company has carried on its trade for a minimum of four months or, if earlier, after the Investee Company, has spent at least 70% of the money raised through issue of SEIS qualifying Shares. Subject to this, SEIS3 certificates are typically sent out to investors within six months of each underlying investment. The SEIS3 certificate enables you to claim your income tax relief and capital gains tax exemption, normally by making the appropriate entries on your own tax return.

### Qualifying Companies

Each Investee Company in which the Fund invests must initially (i.e. at the time of issue of the Shares) not be listed on a recognised stock exchange (as defined for the purposes of EIS and SEIS Relief) and there must be no 'arrangements' in place for it to become so listed. In addition, throughout the Three Year EIS and SEIS Periods, it must not be a subsidiary of, or be controlled by, another company. It must either exist to carry on a qualifying trade or else be the parent company of a trading group and there must be no 'arrangements' in existence for the Investee Company to become a subsidiary of, or be controlled by, another company.

A trading group is a group in which, directly or indirectly, more than 50% of the shares of each subsidiary are held by another member of the group, but any subsidiary employing any of the money raised by the issue of Shares must be a qualifying 90% subsidiary. Non-qualifying business activities (broadly, investment activities and non-qualifying trades) must not comprise a substantial part of the business of the group as a whole. The qualifying business activity for which the money is raised by the issue of Shares must be a trade conducted on a commercial basis and with a view to the realisation of profit. Although it is possible for qualifying activities to be carried on anywhere in the world, the company that issues the shares must have a 'permanent establishment' (broadly, a taxable presence) in the UK.

For EIS purposes, any trade carried on by a group member must not be more than 7 years old at the date of investment within its first seven years of trading, unless the Investee Company has had previous qualifying investment, or it is raising an amount equal to at least half the group's average turnover for the previous 5 years to allow it to enter a new product market or geographical market (or it has previously done so).

For EIS purposes, the value of the gross assets of the Investee Company and any subsidiaries must not exceed £15.0million immediately before the issue of Shares and £16.0million immediately afterwards.

The maximum EIS fundraising (including SEIS and VCT investment and other State aid) per group is restricted to £5.0million per year and £12.0million in total. The maximum number of full-time employees (or full-time equivalent) in the Investee Company at the time of Investment is restricted to fewer than 250.

The 7 year age limit, the £12.0million maximum total investment limit and the 250 employee numbers limit referred to above are increased to 10 years,

£20.0million and 500, for an Investee Company which is a 'knowledge-intensive company', defined as follows: In at least one of 3 relevant years prior to investment the company or group has spent at least 15% of operating costs on R&D or innovation; or in each of those 3 years has spent at least 10% of operating costs on R&D or innovation; and either of the following conditions is also met:

- The 'innovation' condition – when the relevant shares are issued, the company or group is engaged in the creation of IP from which within 10 years it is expected will derive the greater part of the company's or group's business, either from the exploitation of the IP or by the creation of new products, processes or services which use the IP
- The 'skilled employee condition' – at least 20% of the company's or group's FTE numbers are 'skilled' as defined and are engaged directly in R&D or innovation activities carried on by the issuing company or any qualifying subsidiary of that company. The definition of 'skilled' relies on higher educational attainments

For SEIS purposes, the value of the gross assets of the Investee Company and any subsidiaries must not exceed £200,000 immediately before the issue of Shares. The maximum SEIS (including other de minimis State aid) fundraising per Investee Company is restricted to an all-time maximum of £150,000 and the maximum number of full-time employees (or full-time equivalent) in the Investee Company at the time of Investment is restricted to fewer than 25.

It is not possible for a company to qualify for SEIS relief if it has previously issued shares on which EIS Relief has been claimed, or has issued shares to a venture capital trust. If a company issues shares on which SEIS Relief is claimed, it is possible for it to issue subsequent shares on which EIS Relief may be claimed,

provided this takes place at least one day after the SEIS share issue.

Most types of trades are qualifying trades for EIS and SEIS purposes, but a trade is excluded if the following are excluded activities form a substantial part of the overall trade:

- Dealing in land, commodities or futures, or in shares, securities or other financial instruments
- Dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution, or acting as a wholesaler or retailer of goods of a kind which are collected or held as investments if stock is not actively sold
- Banking, insurance, money lending, debt factoring, hire purchase financing or other financial activities
- Leasing, except certain lettings of ships, or receiving royalties or licence fees (subject to certain exceptions, most particularly in relation to self-generated intellectual property)
- Providing legal or accountancy services
- Forestry and timber production; property development; shipbuilding; farming and market gardening
- Producing coal and/or steel
- Operating or managing hotels or similar establishments; Operating or managing nursing homes and residential care homes
- The generation or export of electricity or the production of heat, gas or fuel
- Providing services to a trade consisting of any of the above carried on by a 'connected person'

The company must not be 'in difficulty' when shares are issued. In practice, HMRC accept that a company will not be treated as 'in difficulty' within three years of its formation or if it is able to raise funds from existing shareholders or the market. Shares only qualify for EIS or SEIS Relief if they are ordinary shares which do

not, at any time during the Three Year EIS or SEIS Period, carry any present or future preferential right to dividends (other than to certain fixed rate non-cumulative dividends) or to an Investee Company's assets on its winding up, or any present or future right to be redeemed.

## Unapproved Fund Status

As with most SEIS and/or EIS funds, the Fund has not been approved by HMRC under Section 251 of the Income Tax Act 2007. This means that the Investor can obtain EIS or SEIS Income Tax Relief only in the tax year in which investments in Qualifying EIS or SEIS Companies are made by the Fund (i.e. the tax year in which the Fund invests), or in the immediately preceding tax year. CGT Deferral is given by reference to the date on which the Fund makes its investments.

## Further information

**For further information please contact us on [enquiries@merciatech.co.uk](mailto:enquiries@merciatech.co.uk) or visit [www.merciafund.co.uk](http://www.merciafund.co.uk)**

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

**Mercia Fund Management does not give tax advice and recommends that you consult a tax adviser if you are in any doubt about any of the technical aspects of the EIS or SEIS legislation.**

# Appendix B: Glossary of Terms

## **Administrator**

The City Partnership (UK) Limited or such other or joint administrator and/or custodian as is appointed by the Manager under the Investors' Agreements from time to time.

## **Adviser Fee**

Discretionary fee charged by authorised advisers. If taken from an investor's subscription, this fee is capped at 3.25% of the amount invested in the Fund (including VAT).

## **AIM**

The Alternative Investment Market of the London Stock Exchange.

## **Applicable Laws**

All relevant UK laws, regulations and rules, including those of any government or of the FCA.

## **Application Form**

An application form to invest in the Fund completed by the prospective investor in the form provided by the Manager.

## **Associate**

Any person or entity which controls (whether directly or indirectly) or is controlled by the Manager. For the purpose of this definition, 'control' shall refer to the ability to exercise significant influence over the operating or financial policies of any person or entity.

## **BPR**

Business Property Relief from IHT under Chapter I, Part V of the Inheritance Tax Act 1984.

## **Capital Gains Deferral**

EIS deferral of CGT under Section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992.

## **Capital Gains Exemption**

Exemption from CGT on gains realised upon sales of Shares in EIS and SEIS Qualifying Companies.

## **Carry Back Relief**

Income tax relief under the EIS or SEIS which is set against an individual's income tax liability for the tax year preceding that in which the Shares are issued.

## **CGT**

Capital Gains Tax.

## **Closing Date**

31<sup>st</sup> December 2017, or such other date as the Manager may determine at its discretion.

## **Collective Investment Scheme**

As defined in the Financial Services and Markets Act 2000.

## **EIS**

The Enterprise Investment Scheme, as set out in Part 5 of the Income Tax Act 2007.

## **EIS Fund**

The Fund within the Mercia Growth Fund 8 relating to EIS investments.

## **EIS Qualifying Company**

A company that meets the EIS requirements regarding EIS Relief and Capital Gains Deferral.

## **EIS Relief**

Relief from income tax under EIS.

## **Entrepreneur's Relief**

Tax relief pursuant to Part V Chapter III of the Taxation of Chargeable Gains Act 1992, by which material disposals of business assets within an individual's lifetime limit of £10,000,000 qualify for a reduced rate of CGT of 10%.

## **Fees and Expenses**

The fees and expenses set out in Schedule 2 to the Investor's Agreement comprising each of the EIS Fund and SEIS Fund or either of them.

## **FCA**

The Financial Conduct Authority.

## **FCA Rules**

The rules contained in the FCA's Handbook of Rules and Guidance.

## **FSMA**

The Financial Services and Markets Act 2000.

## **Fund**

Mercia Growth Fund 8.

## **HMRC**

HM Revenue & Customs.

## **IHT**

Inheritance Tax.

## **Information Memorandum**

This Information Memorandum issued in relation to the Fund.

## **Intermediary**

A person/company who arranges the investment for the Investor.

## **Initial Fee**

Start-up fee charged to the Investor's Subscription.

## **Investee Company**

A company in which an investment is made.

## **Investment**

An investment made through the Fund.

## **Investment Objective**

The investment objective for the Fund as set out in Paragraph 1 of Schedule 1 to the Investor's Agreement.

## **Investment Restrictions**

The investment restrictions for the Fund as set out in Paragraphs 2 and 3 of Schedule 1 to the Investor's Agreement.

## **Investor**

An individual who completes an Application Form in the form enclosed with this Information Memorandum which is accepted by the Manager and so enters into an Investor's Agreement and invests through the Fund.

## **Investor's Agreement**

An Investor's Agreement to be entered into by each Investor, in the terms set out in Appendix C at the back of this Information Memorandum.

## **Loss Relief**

Relief from income tax or CGT on losses arising from disposals, or deemed disposals, of Shares.

## **Manager or Fund Manager**

Mercia Fund Management, or such other fund manager as may be appointed under the terms of the Investor's Agreement.

**Maximum Fund Size**

The maximum aggregate amount of Subscriptions by Investors for the EIS Fund amounting to £14.00million and for the SEIS Fund amounting to £1million, or such other amount determined by the Fund Manager.

**Mercia Fund Management (MFM), Mercia**

Mercia Fund Management Limited, which is a company incorporated in England and Wales in MFM, Manager or Fund Manager 2009 with the company number 6973399 and which is an authorised firm regulated by the FCA.

**Minimum Fund Size**

The minimum aggregate amount of Subscriptions by Investors for the EIS Fund amounting to £ 4.75million and for the SEIS Fund amounting to £250k or such other amount determined by the Fund Manager.

**Nominee**

Mercia Growth Nominees 8 Limited, or such other nominee as the Manager may appoint from time to time.

**Opening Date**

12<sup>th</sup> June 2017

**Portfolio**

The monies an Investor subscribes to the EIS Fund or SEIS Fund plus all investments made through the relevant fund which are allocated to an Investor and registered in the name of the Nominee on their behalf, and which are subscribed

out of such monies plus all income and capital profits arising thereon and so that, where an Investor subscribes more than once in the Fund:

- (i) All subscriptions made within a single Subscription Period shall be regarded as part of the same portfolio
- (ii) Subscriptions which are made within different Subscription Periods, shall be regarded as separate Portfolios of that Investor within the relevant fund

**Readily Realisable Investment**

A government or public security denominated in the currency of the country of its issuer or any other security which is:

- a) Admitted to Official Listing on an Exchange in an EEA State
- b) Regularly traded on or under the rules of such an Exchange
- c) 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 the above categories when it begins to be traded

Note that this term includes AIM and ISDX traded investments.

**Relevant Shares**

Shares in which the Fund has invested if and for so long as neither a claim for EIS tax relief made in accordance with Chapter 5, part 5 of the ITA has been disallowed nor an assessment has been made pursuant to Section 235 of ITA withdrawing or refusing relief by reason of the company in which the shares are held ceasing to be a Qualifying Company.

**SEIS**

The Seed Enterprise Investment Scheme, as set out in Part 5A of the Income Tax Act 2007.

**SEIS CGT Exemption**

Relief from CGT on capital gains realised in 2016/17 or 2017/18 under Section 150G and Schedule 5BB Taxation of Chargeable Gains Tax Act 1992.

**SEIS Fund**

The Fund within the Mercia Growth Fund 8 relating to SEIS investments.

**SEIS Qualifying Company**

A company that meets SEIS requirements regarding SEIS Relief and SEIS CGT Exemption.

**SEIS Relief**

Relief from Income Tax under SEIS.

**Services**

The services provided under Clause 5 of the Investor's Agreement.

**Shares**

Ordinary equity shares in an Investee Company subscribed for by the Funds on behalf of Investors.

**Subscription**

A subscription to the Funds pursuant to the Application Form.

**Subscription Periods**

The periods which fall between (i) the Opening Date and the First Closing Date and (ii) between any two Closing Dates.

**Tax Advantages**

The Various tax advantages, including EIS Relief and SEIS Relief, arising from subscriptions for shares in EIS Qualifying Companies.

**Three Year EIS Period**

The period beginning on the date on which the Shares in an EIS Qualifying Company are issued and ending three years after that date, or three years after the commencement of the Investee Company's trade, whichever is later.

**Three Year SEIS Period**

The period beginning on the date on which the Shares in an SEIS Qualifying Company are issued, ending three years after that date.



# Appendix C: Investor's Agreement

## 1. Definitions, construction and interpretation

1.1 In this Agreement the definitions contained in the Glossary in Appendix B shall apply.

1.2 Words and expressions defined in the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.

1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be 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, re-enactment or substitution thereof as from time to time in force.

1.4 References to the singular only shall include the plural and vice versa.

1.5 Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.

1.6 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

## 2. Cancellation Rights

2.1 The Investor has the right to cancel his Subscription and to do so the Investor must notify the Manager in writing within 14 days of the acceptance of the Investor's signed Application Form to the following address:

Mercia Fund Management Limited  
Forward House  
17 High Street  
Henley-in-Arden B95 5AA

2.2 If the Investor exercises the cancellation rights, the Manager will arrange to refund any monies paid by the Investor less any charges the Manager has already incurred for any service undertaken in accordance with the terms of the Agreement.

2.3 The Manager will arrange to return any such monies as described in Clause 2.2 as soon as possible but in any event not more than 30 days following cancellation. The Investor will not be entitled to interest on such monies.

2.4 If the Investor does not exercise this right to cancel within the requisite time period, the Investor will still be entitled to exercise the right under Clause 16 below to terminate this Agreement which is a separate right.

2.5 The right to cancel does not give the Investor the right to cancel/ terminate/reverse any particular investment transaction executed for the account of the Investor's portfolio before cancellation takes effect.

## 3. Investing in the Fund

3.1 This Agreement comes into force on the date on which an Investor is notified in writing by the Manager that their Application Form is accepted into the Fund.

3.2 This Agreement enables the Investor to invest in the Fund.

3.3 The Investor hereby appoints the Manager, on the terms set out in this Agreement, to manage his Portfolio(s) as one of a series of similar Portfolios which together constitute the Fund. The Manager agrees to accept its appointment and obligations on the terms set out in this Agreement. The Investor appoints

the Administrator and the Nominee, through the agency of the Manager from time to time, to act respectively as the Administrator and Nominee on the terms of this agreement and as may be agreed with the Manager and, as their agent for these purposes, the Manager accepts such appointment on their behalf.

3.4 The Manager is authorised and regulated by the Financial Conduct Authority for the conduct of UK business. The Nominee is an associate of the Manager.

3.5 If an application set out in an Application Form is not accepted, the Manager will promptly notify the Investor and return the Subscription monies.

3.6 The Investor confirms for the purposes of the FCA Rules, the Fund as a whole will be deemed to be client of the Fund Manager. For all other purposes and to the extent you are a client of the Manager, the Manager will categorise you as an elective 'professional client'.

3.7 The Manager will categorise the Investor on this basis that he is an elective professional client if:

(a) The Manager undertakes an adequate assessment of the expertise, experience and knowledge of the Investor that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Investor is capable of making their own investment decisions and understanding the risks involved;

(b) The Manager has given the Investor a clear written warning of the protections and investor compensation rights the Investor may lose; and

(c) The Investor has stated in writing, in a separate document from this Agreement that they are aware of the consequences of losing such protections. A separate letter for completion is contained within the application pack

3.8 The Investor will have to complete the form on their investment experience which appears after the Application Form headed Client Information Form. The information provided by the Investor will be kept confidential by the Manager but it is important to enable the Manager to categorise the Investor as a professional investor. An application to the Fund will only be accepted from the Investor if they have been categorised by the Manager as a professional client.

3.9 A professional client will lose the protections applicable exclusively to retail clients. Certain of the FCA Rules will automatically be limited or modified in their application to a professional client.

3.10 The following protections will not apply to a professional client. The Manager will not be obliged to warn a professional client of the nature of any risks involved in any potential Investments in the Fund. The Manager will not be obliged to disclose to a professional client the basis or amount of its charges for any services the Manager provides to a professional client or on their behalf or the amount of any other income that the Manager may receive from third parties in connection with such services. The Manager will not be obliged to set out any of the prescribed contents, disclosures or risk warnings needed for retail customers in prospectuses, marketing brochures and other non-real time financial promotions material, nor will the Manager be subject to the restrictions that apply to a retail client in relation to unsolicited real-time communications with

a professional client. The Manager will not be required to give a professional client the warnings required for retail clients in relation to material which may lead a professional client to deal with or use overseas firms which are not regulated by the Financial Services and Markets Act 2000 nor will the Manager have to satisfy itself that the overseas firm will deal with a professional client in an honest and reliable way. The Manager will also not be required to comply with the FCA Rules relating to restrictions on and the content of direct offer advertisements.

3.11 The following rules will be limited or modified in their application to a professional client. The majority of the FCA Rules in relation to the form and content of financial promotions will not be applicable in respect of any financial promotion communicated or approved by the Manager. The Manager will not be required by the FCA to provide a professional client with a periodic statement on the value and composition of their Portfolio with the Manager where a Professional Client has requested the Manager not to do so or where the Manager has taken reasonable steps to establish that a Professional Client does not want them.

3.12 The Manager will comply with the FCA's conduct of business Rule 11.2, which requires the Manager to take all reasonable steps to obtain, when making investments, the best possible result for the Investor, taking into account the execution factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to making an Investment. In doing this, the Manager will take into account the following criteria for determining the relative importance of these execution factors: the categorisation of the client as a professional client (rather than as a retail client), the characteristics and investment objectives of the Fund as described in the Information Memorandum, the characteristics of the rules of the EIS and the characteristics of the normal commercial practice of the counterparties with which, and the markets in which, the Investee Companies will do business. In particular, the provision by counterparties of guarantees of minimum contractual levels of return may be more important than price in obtaining the best possible execution result in the context of achieving the Investment Objective. If the Investor is reclassified as a retail client, the Manager shall be entitled to terminate this agreement pursuant to Clause 16.3.

3.13 The Investor should note that they will not be covered by certain protections applicable to retail clients and the Investor will be permitted under the FCA Rules to waive by written acknowledgement the protections. The signature by the Investor of the Professional Client Election Confirmation Letter accompanying their Application Form will operate as such a waiver.

3.14 If the Investor has a complaint regarding the Services he may raise the complaint with his independent financial adviser or directly with the Manager by writing to the address shown in the Information Memorandum and the Manager shall endeavour to resolve the complaint speedily and efficiently and will reply to the Investor in writing.

3.15 The Manager may have regard to an Investor's expertise when complying with the requirements under the regulatory system that communications must be clear, fair and not misleading.

#### 4. Subscriptions

4.1 The Investor:

- (a) Must make a Subscription of not less than £25,000 at the same time as submitting their Application Form to invest in the Fund, unless otherwise agreed with the manager
- (b) May make further Subscriptions up to and including the

Final Closing Date. There will be separate closing dates for the EIS and SEIS fund, therefore each have their own final closing date

4.2 The Investor may make a withdrawal from the Fund, or terminate this Agreement, pursuant to Clause 16 below.

#### 5. Services

5.1 The Manager will manage the Fund as from the relevant Closing Date(s) to which the Investor's Subscription relates on the terms set out in this Agreement. The Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this Agreement.

5.2 The Administrator may provide administration and / or custodian services for the Fund on the terms set out in this Agreement and as may be agreed with the Manager. The Nominee may provide safe custody services on the terms set out in this Agreement and as may be agreed with the Manager.

5.3 The Investor hereby authorises the Manager (and grants to the Manager a power of attorney) to act on its behalf and in the name of the Investor or its nominee to negotiate, agree and do all such acts, transactions, agreements and deeds as the Fund Manager may deem necessary or desirable for the purposes of making, managing and realising Investments and managing cash funds and any other investments on behalf of the Investor and this authority (and power of attorney) shall be irrevocable and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution of the Investor. This authority (and power of attorney) (subject to Clause 7.6) will terminate upon the complete withdrawal of the Investor from the Fund.

5.4 The Manager and the Administrator shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on behalf of, or as the agent of the Investor.

5.5 If the Minimum Fund Size of the EIS Fund or the SEIS Fund is not reached by the Closing Date, the Manager reserves the right to make no Investments and to return the Subscriptions, without interest, to Investors in respect of that fund for which the Minimum Fund Size has not been reached.

#### 6. Investment objective and restrictions

6.1 In performing the Services, the Manager shall have regard to and shall comply with the Investment Objective and the Investment Restrictions.

6.2 In performing the Services, the Manager shall at all times have regard to:

- (a) The need for the Investments to attract the Tax Advantages; and
- (b) All Applicable Laws

6.3 In the event of a gradual realisation of Investments prior to termination of the EIS Fund or SEIS Fund under Clause 16.1, the cash proceeds of realised Investments may be placed on deposit or invested in government securities or in other investments of a similar risk profile.

#### 7. Terms applicable to dealing

7.1 In effecting transactions for the Fund, the Manager will act in accordance with the FCA Rules.

7.2 Where relevant, it is agreed that all transactions will be effected in accordance with the rules and regulations of the relevant market, exchange or clearing house and the Manager

shall take all such steps as may be required or permitted by such rules and regulations and/or by good market practice. All transactions in Investments will be subject to the rules and customs of the exchange or market and/ or clearing house through which the transactions are executed and to all Applicable Laws so that:

(a) If there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and

(b) Action may be taken as thought fit in order to ensure compliance to any such rules, customs or Applicable Laws. The Investor should, however, be aware that the Investments will be invested in a range of unlisted securities and, although some may be traded on AIM there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms which can be secured.

7.3 Transactions for the Investor may be aggregated with those for other Investors and may be aggregated with other customers of the Manager, and of its employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but the Investor should be aware that the effect of aggregation may work on some occasions to an Investor's disadvantage.

7.4 Where transactions for the Investor are aggregated with those for another Investor, the number of Shares in an Investee Company held as an Investment for the Investor shall, as nearly as possible, be in the proportion which the Investor's Subscription bears to the total Subscriptions by all Investors holding Portfolios of the same Set. Variations may be allowed to prevent Investors having fractions of Shares. Entitlement to Shares may be rounded up or down to the nearest whole share at the discretion of the Manager and any balancing fractional entitlement may be held by the Nominee for the Manager. If one or more of the Investors in the EIS Fund or SEIS Fund is an accountant, lawyer or other professional person who is subject to professional rules preventing him from making an investment in a particular EIS Qualifying Company or SEIS Qualifying Company, then the number of Shares so allocated to that Investor or Investors shall not be taken up for the EIS Fund or SEIS Fund and the cash value of such Shares may be returned to such Investor, such that the number of Shares so allocated to other Investors in the Fund would not be increased. The Manager may make use of soft-commission arrangements in respect of deals undertaken for the Fund as may be disclosed to the Investor from time to time.

7.5 The Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.

7.6 Any option which the Manager has to subscribe for shares in any EIS Qualifying Company or SEIS Qualifying Company in which the Fund has invested shall not be capable of assignment except to an employee of the Manager within three years from the date on which the Investment is made.

### 8. Custody

8.1 The Manager shall itself or shall arrange for the Nominee and/or Administrator to provide services for the safe keeping of Investments. Investments will be registered in the name of the Nominee. Investments within the Investor's Portfolio will

therefore be beneficially owned by the Investor at all times but the Nominee will be the legal owner of the Investments in the Portfolio. The Nominee will not carry on any activity except as instructed by the Manager.

8.2 The Manager may arrange for the Administrator to provide services for the safe keeping of cash comprised in the Fund from time to time, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments.

8.3 The Manager, Nominee and/or Administrator will hold any title documents or documents evidencing title to the Investments. Individual customer entitlements are not identifiable by separate certificate or other physical document of title or external electronic record. In the event of a default of the Nominee, those for whom it holds securities may share in any shortfall pro rata. The Manager and/or the Administrator may deliver or accept delivery of certificates on behalf of the Nominee. The Nominee holds the Investments pursuant to a trust under which the interests of customers are created or extinguished when a customer makes acquisitions or disposals in accordance with this Agreement. Pursuant to section 250(1) and section 257HE Income Tax Act 2007 shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of the EIS and SEIS as subscribed for, issued to, held by or disposed of by the individual Investor. The Administrator shall maintain at all times a record sufficient to show the beneficial interest of the Investor in the whole number of Shares allocated to their Portfolio and the cash within their Portfolio.

8.4 Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such title documents.

8.5 An Investment may be realised in order to discharge an obligation of the Investor under the Agreement, for example in relation to payment of fees, costs and expenses.

8.6 The Nominee will arrange for the Investor to receive details of any meetings of investors in Investments and any other information issued to investors in Investments if the Investor at any time in writing requests such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). The Investor shall be entitled, as a matter of right, to require the Nominee to appoint the Investor as its proxy to vote as the Investor may see fit at any meeting of shareholders in a company in which an Investment is held for the Investor. In the case of an Investor who is not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of a company in which an Investment is held for that Investor, and upon the application of the Manager, the Nominee may (but is not obliged to) appoint the Manager as its proxy to vote at that meeting. In the case of variations in the share capital, receipts of a notice of conversion or proposal to wind up, amalgamate or takeover a company in which an Investment is held for the Investor:

(a) A bonus or capitalisation issue will be automatically credited to an Investor's holding;

(b) Otherwise (where appropriate) the Manager will be sent a summary of the proposal and the required action to be taken (if any);

(c) If, on a rights issue, no instruction is received from the Manager, the Nominee will allow the rights to lapse. Lapsed proceeds in excess of £3 will be credited to the Investor. Sums less than this will be retained for the benefit of the Administrator. However, if nil paid rights in a secondary market are acquired for the Investor, such rights will be taken up, unless the Manager provides contrary instructions;

- (d) All offers will be accepted upon going unconditional whether or not any instructions have been received; and
- (e) Entitlement to Shares will be to the nearest whole Share rounded down and the aggregate of fractional entitlements may be held by the Nominee. If partly paid Shares are held for the Investor and are subject of a call for any due balance and no instruction is received, the Nominee may sell sufficient of the Investments to meet the call

8.7 The Investor is responsible for complying with all requirements under the Takeover Code and to notify the FCA and the Takeover Panel of dealings in relevant shares during a takeover or merger.

8.8 The cash balance held for Investors in the Fund may be deposited in an account with an authorised banking institution in the name of the Manager and/or the Administrator, together with cash balances belonging to Manager and/or the Administrator and/or its customers. Neither the Administrator nor the Manager shall have any liability whatsoever or howsoever arising if any such banking institution should be or become insolvent or otherwise unable to repay monies belonging to the Investor which have been so deposited. The Manager and/or the Administrator may debit or credit the account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor) and make adjustments:

- (a) In respect of sums received by the Investor otherwise than as a result of credits properly made to the account initiated by the Manager and/or the Administrator under the Investor's Agreement;
- (b) To effect settlement in respect of Investments

8.9 The Manager and/or Administrator may pay away to charity any unclaimed cash or liquidate and pay away proceeds of any unclaimed stock of the Investor if there has been no movement in the balance in the bank account in a period of six years (notwithstanding any payments or receipts of charges, interest or similar items) and the Manager and/or Administrator has taken reasonable steps to contact the Investor and to return the balance, in accordance with the FCA rules.

## 9. Reports and information

9.1 The Manager shall send the Investor a report relating to the Fund, every six months, in respect of the periods ending on or around 31 March and 30 September. Reports will include a measure of performance in the later stages of the Fund once valuations are available for the Investments. Investments will be valued in accordance with appropriate IPEVC Guidelines from time to time prevailing.

Our valuation policy is keep an investment at cost if a subsequent investment is from Mercia Growth Funds, but if an external investor participates the share price will be used (as per IPEVC guidelines). If a follow on investment is made by Mercia, or if Mercia Technologies invests from its balance sheet, our conservative discretion is taken on whether to hold the shares at cost, or to reflect any share price alternations.

9.2 Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor within sections 1105(1), (2) and (3) of the Corporation Taxes Act 2010.

9.3 The Manager and the Administrator shall supply such further information which is in its respective possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.

9.4 Any contract notes, statements, reports or information so provided by the Manager to the Investor will state the basis of any valuations of Investments provided.

## 10. Fees and expenses

The Manager shall receive fees for their Services, and reimbursements of its costs and expenses, as set out in Schedule 2 to this Agreement. The Fund Manager shall otherwise be responsible for meeting all fees of the Administrator and the Nominee.

## 11. Management and administration obligations

11.1 The Manager and the Administrator shall each devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective Services properly and efficiently, and in compliance with the FCA Rules.

11.2 Except as disclosed in the Information Memorandum and as otherwise provided in this Agreement (for example on early termination), neither the Manager nor the Administrator shall take any action which may prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which prejudice obtaining the Tax Advantages for the Fund Investments.

## 12. Obligations of the Investor

12.1 The Portfolio to be established by this Agreement is set up on the basis of the declaration made by the Investor in his Application Form which includes the following statements by the Investor in relation to his Subscription:

- (a) The fact as to whether or not the Investor wishes to seek EIS Relief or SEIS Relief for the Investments;
- (b) That they agree to notify the Manager if any Investment is in any company with which the Investor is connected within Section 163 and Sections 166 to 170 (EIS) and within Section 257BA and 257BB (SEIS) of the 2012 Finance Act;
- (c) That they agree to notify the Manager if, within three years of the date of issue of Shares by an EIS Qualifying Company or SEIS Qualifying Company, the Investor becomes connected with the company or receives value from such company;
- (d) That they will provide the Manager with their National Insurance number;
- (e) That they accept that they have been categorised as an elective professional investor and that the money they subscribe is not to be treated as client money in accordance with the FCA Rules

12.2 The Investor confirms that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.

12.3 The Investor must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 12.1 above refers.

12.4 In addition, the Investor must provide the Manager with any information which it reasonably requests for the purposes of managing the Investments of the Investor pursuant to the terms of this Agreement.

## 13. Delegation and assignment

The Manager (and the Administrator where reasonable and as may be agreed with the Manager) may employ agents and subcontractors, including Associates, to perform any administrative, custodial or ancillary services to assist the Manager in performing its Services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Manager (or the Administrator where appropriate) under the terms of this Agreement.



#### 14. Potential conflicts of interest and disclosure

14.1 The Manager and the Administrator may provide similar services or any other services whatsoever to any customer and neither the Manager nor the Administrator shall in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable by the Manager or Administrator, the Manager or the Administrator will use all reasonable endeavours to ensure fair treatment as between the Investor and such customers.

14.2 The Manager, and any Associate may, subject to FCA Rules, and without prior reference to the Investor, recommend transactions in which it or an Associate has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with its duty to the Investor. Neither the Manager, nor any Associate, shall be liable to account to the Investor for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions. For example, such potential conflicting interests or duties may arise because:

- (a) The Manager or an Associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for the Investor;
- (b) The Manager may take an equity stake in a company whose securities are held for the Investor at a price not below the issue price available to the Investor (subject to subparagraph (c) below);
- (c) The Manager's entitlement to the performance incentives described in Schedule 2 to this Agreement may be obtained by subscriptions for Shares by or on behalf of the Manager and its directors, members, partners, employees, Associates and others with whom the Manager may share such entitlement. Those Shares may be subscribed at a price below the issue price available to the Investor and may dilute the returns to the Investor but only to the extent of the value of the performance incentive and subject to the conditions described in Schedule 2;
- (d) The Manager or an Associate provides investment services for other customers;
- (e) Any of the Manager's directors, members, partners, employees or Associates, or those of an Associate, is or may become a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of the Investor;
- (f) The transaction is in securities issued by an Associate or the customer of an Associate;
- (g) The transaction is in relation to an Investment in respect of which it or an Associate may benefit from a commission or fee payable otherwise than by the Investor and/or it or an Associate may also be remunerated by the counterparty to any such transaction;
- (h) The Manager deals on behalf of the Investor with an Associate;
- (i) The Manager may act as agent for the Investor in relation to the transaction in which it is also acting as agent for the account of other customers and Associates;
- (j) The Manager may, in exceptional circumstances, deal in investments as principal in respect of a transaction for the Investor;
- (k) The Manager may have regard, in exercising its management discretion, to the relative performance of other funds under its management;
- (l) The Manager may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. The Manager or

an Associate may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them;

(m) The transaction is in the securities of a company for which the Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction; or

(n) The transaction is in securities in respect of which the Manager or an Associate, or a director or employee of the Manager or an Associate, is contemporaneously trading or has traded on its own account or has either a long or short position

#### 15. Liability

15.1 The Manager agrees, for itself and as agent for the Administrator that each of them will at all times act in good faith and with reasonable care and due diligence.

15.2 The Manager shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment Objective and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Manager or any of its employees. The Manager shall not be liable for loss or unavailability of reliefs where an investment is not EIS or SEIS qualifying where the Manager reasonably believed such investment was qualifying at the time of investment.

15.3 The Manager accepts responsibility for holdings of Shares in the name of the Nominee and for the acts and omissions of the Nominee provided however that the Manager shall not be liable for any loss to the Investor arising from any action it takes in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Manager or any of its employees.

15.4 Subject to Clauses 7.6 and 13, the Manager and/ or Administrator shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Fund, other than such party which is an Associate.

15.5 In the event of any failure, interruption or delay in the performance of the Manager's or the Administrator's respective obligations resulting from acts, events or circumstances not reasonably within its control including but not limited to acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or computer service or systems, the Investor acknowledges that neither the Manager nor the Administrator, as appropriate, shall be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.

15.6 The Manager gives no representations or warranty as to the performance of the Fund. Investments are high risk investments, being non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. Investors should consider the suitability of investment in the Fund carefully and note the risk warnings set out in the Information Memorandum. Nothing in this Clause 15 shall exclude the liability of the Manager for its own fraud.

#### 16. Termination and withdrawal rights

16.1 The Manager reserves the discretion as to the timing, however anticipates investments made by the Fund to have been realised within 7 years from the relevant Closing Date. On termination of the Fund, the Manager shall endeavour to procure that all Shares in the Investor's Portfolio will be sold or realised by way of a liquidation of the Investee Companies or

otherwise howsoever, provided always that the Manager shall not be required to sell or realise any Shares where the Manager, in his discretion, believes that the price at which such Shares may be sold or realised at that time does not fairly represent the value of such Shares. The Manager will pay, or cause to be paid to, the Investor the proceeds of such sale or realisation as soon as reasonably practicable after such sale or realisation takes place. Any cash within the Investor's Portfolio will be paid to the Investor.

16.2 The Investor is entitled to withdraw their investments to the extent those investments comprise:

- (a) Relevant Shares which are admitted to official listing in an EEA state or to dealings on a recognised investment exchange, at any time after the fifth anniversary of the date the Relevant Shares were issued;
- (b) Other Relevant Shares, at any time after the seventh anniversary of the date of the Relevant Shares were issued;
- (c) Shares other than Relevant Shares, at any time after the end of the period of 6 months beginning with the date those Relevant Shares ceased to be Relevant Shares (and we will notify you in writing as soon as reasonably practicable after any shares comprised in your Portfolio cease to be Relevant Shares); and
- (d) Uninvested cash, at any time (which is not being held for future management fees).

The Manager will have a lien on all assets being withdrawn or distributed from the Fund and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging any liability of the Investor 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. This Agreement shall terminate upon the completion of the withdrawal from the Fund of all Shares and cash which the Investor is entitled to receive under this Clause 16.2.

16.3 If:

- (a) The Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Manager under this Agreement;
- (b) The Manager ceases to be appropriately authorised by the FCA or becomes insolvent; or
- (c) The Manager is no longer able to categorise the Investor as a professional client;

the Manager shall endeavour to make arrangements to transfer the investments to another fund manager in which case that fund manager shall assume the role of the Manager under this Agreement, failing which the Agreement shall terminate forthwith and, subject to Clause 17, the Investments held for the account of the Investor shall be transferred into the Investor's name or as the Investor may otherwise direct.

16.4 Provided that neither Clause 16.2 nor 16.3 applies, this Agreement shall terminate upon the payment to the Investor of all sums due to the Investor in accordance with Clause 16.1.

## 17. Consequences of termination

17.1 On termination of this Agreement pursuant to Clause 16, the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

17.2 Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that the Investor will pay fees, expenses and costs properly incurred by the Manager because the Manager

is responsible for the administration fees and the custody administration fee is paid to the Manager (including a fair amount in compensation for accrued performance incentive up to and including the date of termination) and where the Manager has sought to obtain a performance incentive through a subscription for Shares in Investee Companies then the Manager shall hold such proportion of those Shares which is in excess of a fair amount in trust for any new manager or the Investor and shall execute such transfers of those Shares and do all such acts and transactions.

17.3 On termination, the Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 10 of this Agreement a fair amount determined pursuant to Clause 17.2 in compensation for accrued performance incentive.

## 18. Confidential information

18.1 None of the Manager, the Administrator or the Investor shall disclose to third parties or take into consideration information either:

- (a) The disclosure of which by it would be or might be a breach of duty or confidence to any other person; or
- (b) Which comes to the notice of an employee, officer or agent of the Manager or the Administrator or of any Associate but properly does not come to the actual notice of that party providing services under this Agreement

18.2 Each of the Manager and the Administrator will at all times keep confidential all information acquired in consequence of the Services, except for information which:

- (a) Is in the public knowledge; or
- (b) They may be entitled or bound to disclose under compulsion of law; or
- (c) Is requested by regulatory agencies or taxation authorities; or
- (d) Is given to their professional advisers where reasonably necessary for the performance of their professional services; or
- (e) Is authorised to be disclosed by the relevant party and shall use all reasonable endeavours to prevent any breach of this Clause 18.2.

18.3 The investor undertakes to provide all information the Manager, Nominee and/or Administrator shall require or be obliged to obtain for the purposes of the Foreign Account Tax Compliance Act or any other similar disclosure or reporting regime and the Manager is authorised to make any such disclosure or report.

18.4 The Administrator may verify the Investor's identity and assess the Investor's financial standing. In doing so, a credit or mutual reference agency may be consulted which will record a search.

## 19. Complaints and compensation

19.1 The Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from them on request. Should the investor have a complaint, he should contact the fund manager's Compliance Officer. If the fund manager is unable to resolve the complaint to the satisfaction of the investor, the investor may refer the matter to the Financial Ombudsman Service.

19.2 The Investor may be entitled to compensation from the Financial Services Compensation Scheme (FSCS) if the Manager has been declared 'in default' and cannot resolve 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.

### 20. Notices, instructions and communications

20.1 Notices of instructions to the Manager or the Administrator should be in writing and signed by the Investor, except as otherwise specifically indicated

20.2 The Manager or the Administrator may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

20.3 All communications to the Investor shall be sent (whether postal or electronic) to the latest address notified by the Investor to the Manager or the Administrator and shall be deemed received by the Investor on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by the Investor shall be made in writing or (save as otherwise provided) shall be made by telephone to the Manager or the Administrator, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by the Investor will be deemed received only if actually received by the Manager or the Administrator. Neither the Manager nor the Administrator will be liable for any delay or failure of delivery (for whatever reason) of any communication sent to the Investor.

### 21. Unsolicited real time financial promotion

The Manager may communicate an unsolicited real time financial promotion (i.e. interactive communications such as a telephone call promoting investments) to the Investor.

### 22. Amendments

The Manager may amend these terms and conditions in this Agreement by giving the Investor not less than 10 business days' written notice if it is of an administrative nature and would not cause any prejudice to the Investor. The Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with HMRC requirements, in order to maintain the EIS Relief or SEIS Relief or in order to comply with the FCA Rules.

### 23. Data protection

All data which the Investor provides to the Manager and the Administrator is held by that party subject to the Data Protection Act 1998. The Investor agrees that the Manager and the Administrator may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their services as set in this Agreement to the FCA and any regulatory authority which regulates them, to relevant taxation authorities and in accordance with all other Applicable Laws.

### 24. Entire agreement

This Agreement, together with the Application Form, comprises the entire agreement of the Manager with the Investor relating to the provision of the Services.

### 25. Rights of third parties

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

### 26. Severability

If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

### 27. Governing law

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

## Schedule 1: Investment objective and restrictions of the Fund

### Investment objective of the fund

1. To offer investors the opportunity to invest in EIS Qualifying Companies and SEIS Qualifying Companies seeking expansion, development and early stage capital which will not typically be traded on the Official List of the London Stock Exchange.
2. To generate capital gains and provide Investors with the Tax Advantages associated with EIS and SEIS Investments.

### Investment restrictions for the fund

1. In carrying out its duties hereunder in respect of the Fund, regard shall be had, and all reasonable steps taken, by the Manager to comply with such policies or restrictions as are required in order to attract EIS Relief and SEIS Relief as may be prescribed by HMRC from time to time.
2. In particular, but without prejudice to the generality of the above statements, the restrictions for the Fund are as follows:
  - (a) Investments will only be made after the Closing Date.
  - (b) Investments shall be in securities of companies the

Manager reasonably believes are Qualifying Companies under the existing EIS and SEIS guidelines.

- (c) No more than 30 per cent of the Subscription of the Investor will be invested in any one Investee Company;
3. Investors should be aware that the Fund's Investments will include non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to deal in the Investments or to obtain reliable information about their value.
  4. In the event of a gradual realisation of Investments prior to termination of the Fund under Clause 16.1, the cash proceeds of realised EIS investments may be placed on deposit or invested in fixed interest government securities or other investments of a similar risk profile. Proceeds will be paid out on termination of the Fund or in installments in advance of termination, as determined by the Manager.

## Schedule 2: Fees and expenses in respect of the Fund

### Fundraising Charges and Costs

#### 1. Adviser Fee

An Adviser Fee may be payable at the discretion of the financial intermediary or regulated adviser. This fee can be charged directly by the financial intermediary or regulated adviser or deducted from the Investor's Subscription (maximum of 3.25% including VAT).

#### 2. Annual Management Charge

1.5% of the Investor's Subscription charged annually, in advance, for the first six years. Dividend income from portfolio companies, where available, will be used to cover the Annual Management Charge. If three years' Annual Management Charges are allocated from an Investor's Subscription, the Fund Manager estimates that in excess of 90% of an Investor's Subscription to the Fund will be invested in EIS Qualifying Companies and / or SEIS Qualifying Companies. The Manager will bear any legal, accounting and other fees incurred by the fund in connection with potential Investments which do not proceed to completion and may retain for its own benefit any arrangement fees and director's or monitoring fees which it receives in connection with Investments and any fees for services relating to fund raising and corporate advisory services, accounts, company secretary, legal advice and assistance in maintaining EIS or SEIS status.

#### 3. Expenses

The Manager shall be entitled to charge each Investee Company a pro rata proportion of expenses reasonably incurred by the Manager in respect of the monitoring of the relevant investment.

#### 4. Custodian administration fee

£140 will be charged to each Investor per annum payable to MFM. There is no custodian fee after year 6.

#### 5. Initial fee

There is a 1.5% Initial Fee, which will be waived for any investor taking financial advice from an authorised firm, and for existing investors. The 1.5% initial fee will be chargeable to new investors up to a maximum level of £1,500.

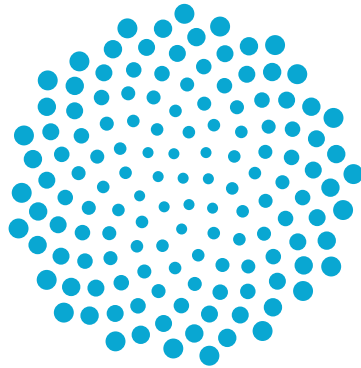
#### 6. Manager's performance fee

The Manager will receive an incentive fee of 20% of the amount of cumulative cash returned to the Fund from Investments which is in excess of the amount of the funds invested in Investee Companies. For clarification, once the Investor has received the first £1.05 per £1 so invested (gross of any tax relief) any additional distributable cash will be paid as to 80% to the Investor and 20% to the Manager. Once returns of above £1.30 for every £1 invested in Investee Companies by the Investor have occurred, the Manager's performance fee rises to 30% thereafter.

#### 7. VAT

Fees described are exclusive of any applicable VAT with the exception of the Adviser Fee.





To receive an application form to  
make an investment, please email  
[enquiries@merciatech.co.uk](mailto:enquiries@merciatech.co.uk)  
or call 0330 223 1430



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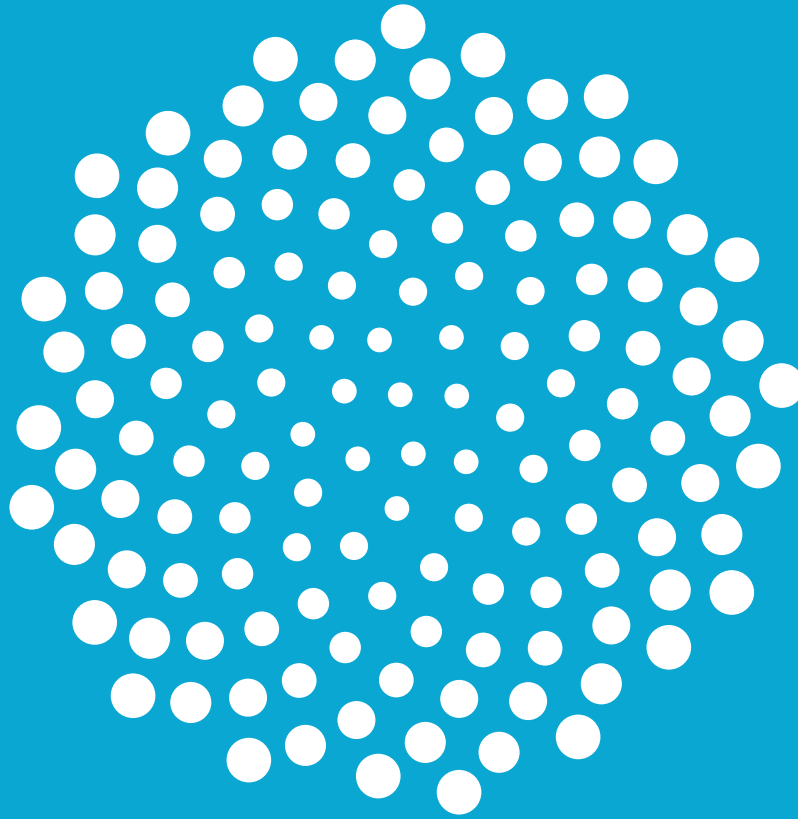


Mercia Fund Management



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