

**AgriTech**

# THE AGRITECH INNOVATION FUND

**MANAGED & PROMOTED BY INNVOTEC**

**A HYBRID SEIS / EIS FUND INVESTING IN A PORTFOLIO OF  
INNOVATIVE AGRICULTURAL TECHNOLOGY COMPANIES.**



**The Agritech Innovation SEIS / EIS Fund**

Approved by Innvotec Limited which is authorised and regulated by the Financial Conduct Authority  
(FCA register number 122365)

**innvotec**

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**“IMAGINE ALL THE FOOD  
MANKIND HAS PRODUCED  
OVER THE PAST 8,000 YEARS.  
NOW CONSIDER THAT WE  
NEED TO PRODUCE THAT  
SAME AMOUNT AGAIN —  
BUT IN JUST THE NEXT  
40 YEARS IF WE ARE TO  
FEED OUR GROWING AND  
HUNGRY WORLD.”**

- Paul Polman, CEO of Unilever, and Daniel Servitje, CEO of Grupo Bimbo.

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## THE AGRITECH INNOVATION FUND

**MANAGED & PROMOTED BY INNVOTEC**

**OFFERING PRIVATE INVESTORS A PORTFOLIO OF HIGH-GROWTH COMPANIES DEVELOPING TECHNOLOGIES AND PRODUCTS FOR THE AGRICULTURAL MARKET.**

**THE AGRITECH INNOVATION FUND UTILISES BOTH THE SEED EIS AND MAIN EIS TAX RELIEFS.**



*INVESTING TODAY IN TOMORROW'S SUCCESSES*

To find out more about Innvotec and the funds it manages, please visit our website at:

[www.innvotec.co.uk](http://www.innvotec.co.uk)

Investment into the Fund is only for Applicable Investors defined as (1) professional clients, (2) retail clients who confirm that in relation to an investment in the Fund they have received regulated investment advice or investment management services from an authorised person, (3) retail clients who are venture capital or corporate finance contacts (4) retail clients who self-certify or are certified as sophisticated investors, (5) retail clients who are certified as high net worth investors or (6) retail clients who certify that they have not invested and will not invest more than 10% of their net investible assets in non-readily realisable securities.

# THE AGRITECH INNOVATION FUND

## IMPORTANT NOTICE

**This Information Memorandum contains information relating to investment in The AgriTech Innovation Fund (the “Fund”) which will comprise a Portfolio of Seed EIS and EIS qualifying companies.**

This document describes the arrangements by which Investors who wish to make investments in SEIS and EIS Qualifying Companies may appoint Innvotec Limited (“Innvotec” or the “Fund Manager”) to act as their common discretionary investment fund manager and to manage the investments made on their behalf.

This document is dated 1 December 2017 and is both issued and approved for issue by Innvotec to investors who can receive financial promotions pursuant to Section 21 of the Financial Services and Markets Act 2000 (“FSMA”).

Innvotec is authorised and regulated by the Financial Conduct Authority (the “FCA”) to carry on investment business in the United Kingdom as a Small Authorised UK Alternative Investment Fund Manager (“AIFM”).

This document may not be copied or distributed without the agreement of Innvotec and may only be distributed in compliance with the FSMA and the rules of the FCA.

This Information Memorandum does not constitute an Approved Prospectus in accordance with Section 85(7) of FSMA nor does it constitute a public offer for shares in the United Kingdom or elsewhere.

This document does not constitute, and may not be used for, the purposes of an offer or inducement by any person in any jurisdiction outside the United Kingdom. This document and the information contained in it are not for publication or distribution to persons outside the United Kingdom.

The Fund is a complying SEIS/EIS Fund, is not an unregulated collective investment scheme within the meaning of Section 235 of the FSMA and is not subject to the marketing restrictions introduced by the FCA in respect of “non-mainstream pooled investments”.

**By accepting this document and/or signing up to the Fund Management Agreement by signing an Application Form, the recipient by his or her action, warrants, represents, acknowledges and agrees that he or she is a person to whom this document may lawfully be communicated without violating applicable laws and that he or she has read and will comply with the contents of this Information Memorandum.**

Any investment or investment activity to which this Information Memorandum relates is only available to high net worth individuals, sophisticated and professional investors; those who do not or cannot confirm that they have the necessary professional experience cannot rely on the contents of this document. Incoming Investors will only be accepted if they have completed to Innvotec’s satisfaction the Client Appropriateness and Suitability Form which forms an integral part of the Application Form.

Potential Investors are recommended to seek independent advice from an investment adviser authorised under the Financial Services and Markets Act 2000, or an appropriately qualified taxation adviser, before investing.

Investments in unquoted shares in small companies and start up opportunities such as those that will be made by this Fund carry higher risks than investments in quoted shares. Potential Investors should be aware that no established market exists for the trading of shares in unquoted companies.

The value of an Investor’s Portfolio, and any income arising from it, can fall as well as rise and an Investor may not recover the full amount of money originally invested. Past performance is not a guide to future performance.

Attention is drawn to the Risk Factors outlined in this Information Memorandum on pages 21 to 22 which should be read and considered carefully.

Please note that none of Innvotec Limited, Innvotec (Nominees) Limited, nor the Strategic Partner, or any of their agents or employees is able to provide any advice about whether a person should invest in this product.

Any references to tax laws or tax rates in this Information Memorandum are subject to change by the government and HMRC and tax benefits depend on personal circumstances.

Innvotec has taken all reasonable care to ensure that the facts stated in this Information Memorandum are true and accurate in all material respects, and that there are no material facts, the omission of which would make misleading, any statement made in this Information Memorandum.

This document is not intended to constitute a recommendation or provide advice to a prospective Investor.

Any statements of opinion or belief contained in this document regarding future events or outcomes constitute Innvotec’s own assessment and interpretation of information available to it at the date of issue of this document and no representation is made that such statements are correct or that the objectives of the Fund will be achieved.

Reliance on this Information Memorandum for the purposes of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

**It is very important that you carefully read and fully understand this document and the risks involved with the arrangements described in these documents so that you can decide whether the Fund and its risk profile is suitable for you.**

Application may only be made and will only be accepted subject to the terms of the Fund Management Agreement, a copy of which accompanies the Application Form.

**Information Memorandum for The AgriTech Innovation Fund**

**DECEMBER 2017**

**All third party trademarks and trade names are hereby acknowledged.**

# AgriTech

## INFORMATION MEMORANDUM FOR THE AGRITECH INNOVATION FUND (“THE FUND”)

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# THE AGRITECH INNOVATION FUND

## MESSAGE FROM JAMES THEOBALD - PRINCIPAL ADVISER TO THE AGRITECH INNOVATION FUND

Dear Investor,

Scientific innovation aimed at the broad agricultural markets is experiencing huge growth. This is being fuelled by the need to feed an ever-growing worldwide population in the face of dwindling natural resources and against a backdrop of issues such as climate change and significant global migration. The agricultural market globally is now estimated to be worth a staggering \$3 trillion.

Many innovative companies are responding to this growing need and today, sustainable, intensive farming methods, the use of big data, sensors, monitoring technologies and cutting-edge engineering are transforming the face of agriculture worldwide. Areas of research and innovation include satellite and drone technology, robotics, aquaponics, bio-science, genomics, agronomy, spectrometry, GPS/GNSS technology, the internet of things and apps – and many others. Many of these technologies are utilised within '**Precision Farming**', which has been recognised by the World Economic Forum as one of the top 10 emerging technologies of 2017.

The UK has long been acknowledged as a world leader in developing new and innovative technology and the agricultural market is no exception. In July 2013, the UK government announced a "**UK Strategy for Agricultural Technologies**", and backed this strategy with £160m of new funding. £70m of this was made available via the Agri-Tech Catalyst as grants to companies developing innovative agritech. The remaining £90m was invested in a capital spend to establish four new Centres of Agricultural Innovation, namely; The Centre of Agricultural Informatics and Metrics of Sustainability ("Agrimetrics"), The Centre for Crop Health and Protection (CHAP), The Centre for Innovation Excellence in Livestock (CIEL) and the Agriculture Engineering Precision Innovation Centre (Agri-EP). Such centrally-funded investment emphasises the increasing importance and profile of the developments taking place and has led to a large number of early-stage agritech projects and companies looking for further investment.

"**Agri-Science**" is one of the UK Government's 'eight great technologies' where the UK has the capability to lead the world. In addition to the four new centres of excellence, the UK is recognised globally as an historic home of agricultural research. The John Innes Centre, the Roslin Institute, the Pirbright Institute, Rothamsted Research, the National Institute for Agricultural Botany (NIAB) and East Malling are all world renowned. The Royal Agricultural University, internationally respected for its academic teaching in agriculture, equine and land management has recently established an innovation and incubation centre for aspiring agritech companies. Together, these, and other leading universities and research institutes, have a wealth of expertise in the targeted sectors.

The single biggest challenge to the UK in its aspiration to remain at the forefront of agritech innovation is access to sufficient financial support to enable companies to fulfil their potential and bring their products to the global market. The AgriTech Innovation Fund aims to seek out the best of these businesses to help them to remain based in the UK and continue to contribute to our economy whilst exploiting their technology across the world.

Despite the relative lack of funding, the UK is now producing a plethora of young businesses with the potential for significant growth. Appendix 6 lists some of the companies that we are already engaging with as possible candidates for investment from this Fund.

The AgriTech Innovation Fund will work with UK agencies such as Innovate UK and highly respected academics and industrialists to identify, seek out and engage with young companies offering the prospect of exceptional growth. These companies, with access to the right level of funding at the right time, have the potential to become the big businesses of tomorrow. They will help to change the face of agriculture for the benefit of future generations wherever in the world they are. They also have the potential to provide early investors with strong financial returns.

On behalf of myself and Innvotec, I hope you find this offering of interest.

Yours faithfully



**James Theobald**  
**Principal Adviser to the AgriTech Innovation Fund.**  
**December 2017**

Dear Investor,

Innvotec Ltd is pleased to announce the launch of the AgriTech Innovation Fund (the “Fund”) in collaboration with our Strategic Partner, comprising an Advisory Panel of industry experts led by James Theobald as the Principal Adviser. James has a long history as a successful entrepreneur and over a number of years has had a particular interest in technology as applied to the agricultural markets. Over that time, he has amassed an extensive network in the agritech industry which will provide access to dealflow and also sources of support for emerging companies in the Portfolio of this Fund.

The Fund is focused on opportunities in the broad agritech sector and is a “growth fund”. It will invest in a diverse portfolio of sector-relevant businesses and aims to be an attractive proposition for those private investors seeking capital appreciation. While the main aim of the Fund is to generate meaningful capital gains, it will also enable Investors to access the attractive tax benefits of the SEIS and EIS schemes.

The agritech sector is experiencing significant growth and is addressing a fundamental global issue – i.e. that of adequately feeding a rapidly growing worldwide population, in an ethical and sustainable manner, for the long-term. It is intended that the Fund will contribute to the welfare of future generations by focusing on investment opportunities in the broad agritech sector that offer the prospect of significant capital growth. With its “hybrid” structure, Investors will also be able to choose whether they wish to take advantage of the tax incentives of the SEIS or EIS schemes, or a combination of both.

The EIS and SEIS tax-advantageous schemes were established to encourage private investors to support the UK economy by providing funding to young, innovative companies that have the potential for significant growth. The schemes were devised to reward investors for taking this risk through tax-free capital gains and limitation of any losses. All Innvotec-managed EIS and SEIS funds have stayed true to the spirit of this scheme and the AgriTech Innovation Fund is no exception. Our funds are “capital appreciation” not “capital preservation” schemes and our primary aim is to invest to achieve significant financial returns – with the tax benefits being a very welcome added benefit.

The Fund is open to receive Investors’ Commitment throughout the year and will have interim closings on a quarterly basis. Investments into the underlying Portfolio Companies will be made as soon as practicable after each quarterly closing date. This means Investors’ Commitment will be deployed inside three months and, importantly, HMRC certificates will be received at the earliest opportunity.

Innvotec has been investing in and working with young companies with aggressive growth ambitions for nearly 30 years. Over that period, we have acquired significant experience in identifying, funding, developing and exiting from start-ups and early-stage businesses as well as those seeking pre-IPO investment. This experience is reflected in a strong track record of both fund raising and fund performance. We have raised multiple EIS and SEIS funds since 2009 and believe the performance of those funds compares favourably to both our peer groups and the FTSE 100 index. Our fees are among the most competitive in the market with no ‘Initial Charges’ for Investors and challenging profit hurdles that we have to achieve before receiving any Performance Fees.

Innvotec’s business model is to work with carefully selected Strategic Partners who have operational experience and deep knowledge of the sector targeted for investment. This market-specific expertise complements the deal-making, investment and fund management experience of Innvotec so Investors can be confident that their money is being wisely managed.

Despite the growth in technology as applied to the agricultural markets, there is currently a woefully short supply of funding available in the UK. Judging by the strong level of dealflow that this Fund is already generating, Innvotec is confident that Investors’ Commitment can be deployed throughout the year in an exciting and diversified portfolio of high quality companies.

On behalf of Innvotec and James Theobald, we very much look forward to welcoming you as an Investor.

Yours faithfully



**Julie Newman**  
**Innvotec Director**  
**December 2017**



# THE AGRITECH INNOVATION FUND

## I. THE AGRITECH INNOVATION FUND

### OBJECTIVES

The UK has long been recognised as a world leader in developing new and innovative technologies.

Despite the inherent uncertainties arising out of BREXIT, Innvotec, James Theobald and our Advisory Panel members are confident the UK will remain a particularly attractive location and environment for start-up and early stage businesses in this growing sector.

The primary objective of the Fund is to generate attractive financial returns through investing in a Portfolio of opportunities in the broad “agricultural technology” sector. Whilst the investment focus will remain sector-specific, the Portfolio will be diverse with regard to stage of development of the Investee Companies and their targeted sub-sectors. It is expected that there will be a large bias towards scientific and technological innovation underpinning Investee Companies’ product offerings.

In the US, agritech has, for a number of years, been attracting institutional investors to commit sizeable sums to dedicated venture capital funds. In the first half of 2017, funding for agri-food start-ups alone reached \$4.4bn globally – a 6% year on year increase over 2016. Now, with significant growth in technological innovation taking place, large corporates in the sector are adopting aggressive acquisition strategies, thus providing a ready route to exit for early stage investors.

### EXAMPLES OF RECENT M&A ACTIVITY IN THE AGRITECH SECTOR.

- **Granular**, a farm management software company, helps farmers to manage their operations and analyse financials for each of their fields in real time. The company was established as a start up in 2014 and acquired by DuPont for \$300m in 2017.
- **Blue River Technology** has applied computer vision and machine learning to spraying equipment to enable farmers to apply herbicides only to those areas where weeds are present. This application of precision farming methods significantly reduces costs and the unnecessary use of chemicals. Blue River was established in 2011 and in September this year was acquired by John Deere for \$305m.
- **Resterra Ltd** was established in 2006. With expertise in agricultural software application and deployment, satellite technology, data capture and analytics, the business was sold to Origin Enterprises in 2016 for a valuation representing between 14-20x PBT.

### “AGRITECH” EMBRACES A BROAD SPREAD OF TECHNOLOGIES INCLUDING:

- Satellite and Drone technology
- Robotics
- Aquaponics
- Bio-Science
- Genomics
- Agronomy
- Spectrometry
- GPS/GNSS technology
- Internet of Things
- Apps

...and many others

The AgriTech Innovation Fund will seek out businesses that are young and growing, and have the potential to deliver significant capital growth. Investors will also be able to take advantage of the generous tax benefits available under either or both of the EIS and SEIS schemes.

### The Offer

**The Fund will be a hybrid SEIS/EIS Fund, offering Investors either or both types of tax relief.**

On application to invest, Investors wishing to participate in the ‘hybrid’ option will have their Commitment allocated between SEIS and EIS eligible companies as directed in the Application Pack. Alternatively, Investors may opt to have all their Commitment invested wholly within either SEIS or EIS eligible companies.

- The minimum size of the Fund over a twelve-month period will be £0.4m or such other sum at the Manager’s sole discretion.
- The maximum cumulative Commitment over each Calendar year will be £10m.
- The minimum Investor Commitment is £5,000 and in increments of £1,000 thereafter.
- Each Investor’s Commitment will be invested without any deduction for fees. Hence, subject to the individual Investor’s own tax status, tax relief should be available on 100% of Commitment.
- The Offer will have its Initial Close on 29<sup>th</sup> March 2018 and thereafter, interim closings will be on a quarterly basis.
- Innvotec can facilitate adviser and similar charges – subject to the Investor’s written consent.



## WHY INVEST IN THE AGRITECH INNOVATION FUND?

**Portfolio Companies will be either product or service based – all being within the broadly-based Agricultural Technology sector.**

The AgriTech Innovation Fund will therefore provide Investors with:

- The opportunity to invest in SEIS/EIS qualifying companies, with pre-defined proportions of their Commitment allocated to each.
- An investment Portfolio of 4-10 companies from a high-quality, filtered deal-flow.
- Relevant SEIS/EIS tax reliefs in the current tax year, or available for carry-back to the immediate prior tax year.
- Highly competitive and totally transparent charges.
- An experienced and rounded management team for the Fund, comprising a combination of the Strategic Partner and Innvotec, with each having specific responsibilities.

**As with its other Funds, Innvotec puts Investors' interests first** and is confidently targeting the Fund to deliver a minimum return of 120% on an Investor's initial cash capital Commitment (i.e. ignoring the benefit of income tax or CGT deferral reliefs). In parallel, and as a measure of its confidence in the Fund, the same minimum target rate will apply as a "hurdle" before any Performance Fee becomes payable to the Manager. Investors should therefore receive approximately a doubling of their "net" commitment before any Performance Fee becomes payable (after SEIS relief at 50% and EIS relief at 30%). The actual amount of capital growth will be dependent on the Investor's allocation between EIS and SEIS.

**The Fund is a "growth" fund**, providing passive but interested Investors with the potential to make significant capital gains across a Portfolio of what, at the outset, will be small, but ambitious, emerging private companies. The intention is that, over time, a significant number of the Portfolio Companies will develop to the point where they can deliver "J-curve" growth in revenue, profit and value, and provide Investors in the Fund with tax-free capital gains.



**The companies that will comprise the Portfolio will primarily be in the early stages of their product and business development, and each will use the proceeds of investment to advance them on their growth curve.** Those in the SEIS Portfolio will be companies at the earliest stage of their journey – i.e. near start-up. The EIS Portfolio will also comprise small private companies, but at a slightly more advanced stage – perhaps seeking a second or subsequent round of investment in support of growth. In all cases, these companies will be judged to have the potential to generate significant capital appreciation – although there is an accompanying level of risk. Through a combination of rigorous project selection and active monitoring of and support for the Portfolio Companies, the Fund Manager and the Strategic Partner aim to reduce the risks and thus enhance prospective returns for Investors.

**The hybrid nature of the Fund (facilitating investment under both EIS and SEIS) will allow investment in start-up and early stage businesses, and also enable follow-on investments in more developed companies.**

## PRIVATE INVESTOR TAX PERSPECTIVE

**SEIS** is a highly attractive tax relief which remains relatively unknown and under-used since its introduction in 2012.

The younger "sibling" to EIS, it offers higher rates (currently 50%) of income tax relief for the subscription of restricted amounts in smaller, early stage companies that have been trading for less than two years. In addition, it can provide capital gains tax ("CGT") rollover reliefs and exemptions on a maximum annual investment of £100,000. All gains from SEIS investments in the Fund's Portfolio Companies are free of CGT if an investment is held for at least three years.

**EIS** is a much longer standing method of tax-efficient investment for the private investor. Investment in EIS Qualifying Companies offers income tax relief at 30%, capital gains tax rollover relief and all resultant gains from investment in Qualifying Companies are free of CGT. Depending on the types of companies invested in, an individual can invest up to £1m per year or up to £2m in "Knowledge Intensive Companies". Like SEIS, an investment under EIS can be carried back and treated as if made in the prior tax year if the Investor wishes.

**Innvotec-managed Funds carry no "Initial Charge"** and payment of the Annual Management Fees are deferred until the Fund has received returns from exits achieved within the Portfolio. As a result, 100% of an Investor's capital Commitment should qualify for tax relief (subject to the individual Investor's tax status). Other funds frequently deduct initial charges, such that tax relief is only available on 90-95% of the money invested.

The Fund will be managed and administered by Innvotec Ltd. As for previous funds, Innvotec will work with Portfolio Companies to deliver the relevant tax certificates (EIS3 and SEIS3) on a timely basis. As the Fund has an Evergreen structure, Investor's

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capital will be deployed within three months hence in most cases, Investors should not have to wait a protracted period of time before receiving HMRC certificates.

An expanded and detailed guide to such Investor tax advantages is available on request from Innvotec.

### SPLIT OF INDIVIDUAL COMMITMENT BETWEEN SEIS AND EIS

**The Investor can choose how their Commitment is to be allocated between SEIS and EIS, including the option to select 100% to go into one or the other.** In the absence of any specific instruction, the following split will be applied depending on the total of the individual Investor's Commitment to the Fund:

Investment Commitment Band	% Invested Into SEIS	% Invested Into EIS
£5,000 to £30,000	40%	60%
£30,000 to £50,000	30%	70%
£50,000 to £100,000	20%	80%
£100,000 to £1m	10%	90%

### INNVOTEC'S BUSINESS MODEL

**Innvotec's business model is to raise capital and manage each of its funds in conjunction with a selected strategic partner ("Strategic Partner").** The Strategic Partner for any given fund is carefully selected for their knowledge and understanding of the specific market sector that is the investment focus of the fund.

Through its Strategic Partners, Innvotec has access to a continuous stream of pre-qualified investment opportunities. This approach allows prospective Investee Companies that have been identified and vetted by the Strategic Partner to "short-circuit" what can be a lengthy and arduous fundraising process and access capital - with an increased probability of success – within a realistic timeframe.

The over-arching objective of each Innvotec-managed fund is to deliver attractive returns for its investors in the shortest possible term. Investee businesses will however, progress at varying rates and hence the time to exit can rarely be guaranteed. To help to mitigate this risk, Innvotec strives to create a balanced Portfolio of companies that are at different stages of development at the time of first investment - with the aim of achieving successive exits starting sooner rather than later.

For the AgriTech Innovation Fund, James Theobald and the Advisory Panel (collectively the "Strategic Partner") will work closely with Innvotec in helping to source investment opportunities, carrying out initial due diligence and, post investment, providing assistance to the entrepreneurs. This will include making introductions to the proprietary networks of the Strategic Partner.

**With an Evergreen structure, Investors' Commitment will be accepted on an on-going basis, and accordingly the Fund will have the ability to continue to support the best opportunities throughout the year.** For the private Investor, the streamlined nature of Innvotec's investment process ensures their Commitment to the Fund is put to work promptly and HMRC certificates are received in a timely manner.

Subject to reaching the Minimum Subscription of £400,000, it is intended that the first Closing Date for the AgriTech Innovation Fund will be 29th March 2018 with closings on or around the normal quarter days (30th June, 30th September, 31st December and 31st March) thereafter:

The Manager intends that Commitment received in the quarter prior to each Closing Date will be invested at the start of the following quarter; into companies that have already been assessed as suitable for the Fund by both the Strategic Partner and Innvotec.

### WORKING CLOSELY WITH PORTFOLIO COMPANIES

Innvotec will have the option to represent the Fund either through the appointment of a board representative or, more likely, as a board observer – thereby helping to support subsequent business development.

The Strategic Partner will assist Innvotec with regular reporting to Investors in the Fund by monitoring the performance of individual Portfolio Companies.

Portfolio Companies and their management teams will be encouraged to target a profitable exit once the holding period for EIS/SEIS eligibility has expired, with the intention that the majority of holdings should be exited within eight years.

**Existing Innvotec-managed tax-efficient "growth" funds have delivered strong performance in both relative and absolute terms – even before taking into account the accompanying tax reliefs.**

**Innvotec is confident that the new AgriTech Innovation Fund will show a similar degree of success.**

*"We need to create conditions for innovation and then invest so that innovation moves from the lab to the farmer's fields."*

– Rachel Kyte, Vice President of the World Bank

### THE STRATEGIC PARTNER

The Strategic Partner comprises a hand-picked panel of experts led by James Theobald as the Principal Adviser. James has a long track record of success as an entrepreneur; having built businesses from the ground up through to successful exits. He has an in-depth knowledge of the agritech sector and an extensive network across the UK and overseas that will provide access to dealflow and also support and contacts for Portfolio Companies.

In addition to James, the Advisory Panel comprises three highly respected individuals with expertise across a breadth of agritech sectors. Professor Christopher Lowe is Emeritus Professor of Biotechnology at the University of Cambridge and has extensive experience of start-ups having been directly involved in many.

Dr Devaki Bhatta has a particular interest in and knowledge of the agri-food sector and also has first-hand experience of taking new technology from the laboratory to commercial launch. She works with Professor Lowe in developing agri-food diagnostics and industry biotechnology projects. Dr David Telford works with the Knowledge Transfer Network, provides support to two of the Agricultural Innovation Centres and runs the KTN's agri-innovation showcase events. He is ideally placed to assist the fund in sourcing high-quality companies that could meet the investment criteria for the fund and also provide "sign-posting" to sources of support post-investment. Dr Telford has a particular interest in aquaculture and livestock.

James Theobald, in consultation with the other members of the Advisory Panel, will select companies that may be suitable for the Fund. He will carry out initial due diligence and those that meet the investment criteria, including the desired outcomes of high-growth prospects, managed-risk, time to exit and SEIS/EIS eligibility, will be put forward as suitable candidates for investment from the Fund.

Innvotec will liaise closely with James throughout the process and will provide support on detailed due diligence, including direction on the terms on which any investment might be concluded. Innvotec however, will be solely responsible for all investment decisions, including the final terms on which Investments will be made.

A schematic showing the allocation of responsibilities between Innvotec and the Strategic Partner is given in Appendix 3.

#### JAMES THEOBALD



James Theobald has 25 years' experience of building global manufacturing businesses across markets in the UK and China, with the last 6 years focused exclusively on agricultural technologies. He has in-depth knowledge of local Chinese markets, having previously spent a number of years living in China. He has been instrumental in private equity fund-raising to introduce novel engineering concepts into global vertical markets, and has a strong track record of developing early-stage innovative SMEs through to multi-million £ turnover companies. James has extensive experience at leveraging investment with R&D grants to minimise R&D costs and building cross-functional teams to accelerate R&D and global routes to market.

#### PROF CHRISTOPHER R LOWE OBE



Prof Christopher R Lowe OBE, is Emeritus Professor of Biotechnology at the University of Cambridge. He has over 40 years' experience promoting the imaginative combination of biological science with physics, electronics and material science in the development of innovative sensing technology, covering the entire range from fundamental to strategic applied science. He has authored over 380 publications in 73 different peer-reviewed journals and is a named inventor on 83 granted patents (with a further 20 pending) in the fields of sensor development and separation technologies. He has a strong track record of converting world-leading science into commercial opportunities with entrepreneurial flair; having been instrumental in 10+ university spin-off companies, holding the title "Most Entrepreneurial Scientist of the UK", and having won the Queen's Anniversary Prize (2007) and BBSRC Commercial Innovator of the Year (2011).

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## 2. THE TEAM



### DR DEVAKI BHATTA

Dr Devaki Bhatta is an experienced biotechnology professional with 15 years' technical and commercial experience in integrated diagnostics development for Point-of-Use settings for the agri-food sector. She has a strong track record of efficient co-ordination and timely delivery of complex interdisciplinary R&D projects at the interface of bioscience and engineering disciplines. She is well-versed in cross-sector, cross-border and academia-industry translation of platform sensing and sampling technologies from research concept through to product launch in dynamic SME environments. Devaki is also actively involved in the wider UK innovation landscape, playing an industrial advisory role for various national funding and innovation agencies, including Innovate UK, Knowledge Transfer Network Ltd ("KTN"), BBSRC and the European Commission. Devaki has a BSc (1st Class honours) and ARCS in Biochemistry from Imperial College London and a PhD (Cantab) in Biosensors from the University of Cambridge, UK.



### DR DAVID TELFORD

Dr David Telford is an accredited Animal Scientist. He has a wide network of academic and business contacts in Agri-Food, Agri-Tech and related areas. David holds a PhD in Agricultural technology adoption, and before joining KTN, he worked as a technology translator for Genesis Faraday. He has extensive experience of livestock and aquaculture projects; encompassing a broad range of species, sectors and technologies, and also works in the application of new technology across agriculture, particularly in Precision Agriculture. David is a council member of the British Society of Animal Science and Coordinator of the Sustainable Agriculture Research and Innovation Club, a joint BBSRC and NERC initiative with approximately £10m funding for sustainable agriculture projects. David also provides Business Development and Innovation support to two of the UK Centres of Agricultural Innovation, the Agri-EPI (Precision Agriculture and Engineering) and CIEL (Livestock). He has extensive experience of helping companies innovate via brokering new collaborations, and accessing grant funding worth over £50m, and is one of the organisers of the KTN Agri-Tech Investment Showcase

## THE INNVOTEC TEAM

The Innvotec team will be led by Julie Newman, an Innvotec director who is a highly experienced venture capitalist, having been involved in early-stage, technology-centric investing for over 27 years. Julie will be supported by John Marsden and Nigel Tobin, and other members of Innvotec as appropriate. Together, Innvotec and the Strategic Partner will seek to enhance existing relationships, and nurture new ones, with innovation centres across the UK, as well as university incubators and technology transfer offices. Other

centres and sources of innovation such as the AgriTech Knowledge Transfer Network (KTN), the four UK centres of Agricultural Innovation comprising the Agri-Tech Catalyst, and Innovate UK are already well known. These will provide an invaluable resource not only for dealflow, but also for technical and market due diligence and strategic contacts. In this way, the Fund can maximise its opportunities for identifying and assisting high potential, early growth businesses.



### JULIE NEWMAN

Julie Newman, Innvotec Director. After training in mathematics and operational research, Julie's early career was with British Gas before joining Innvotec in 1990 as an integral part of a team managing a Corporate Venturing fund. She then left to co-found a specialist technology investment company which she helped to grow from start-up in 1997 to an AIM listing in 2004. She subsequently took on a number of non-executive and advisory roles to both fund managers and young businesses in which she invested in a personal capacity. In 2009, she was invited to join the Board of Directors of a Midlands-based venture capital house and, over the next six years, helped that company to double its total funds under management with three new venture capital funds investing in early and development stage businesses. Throughout her career she has continued to work with Innvotec and, together with John Marsden, was instrumental in the development of the Strategic Partnering model for the management of EIS funds.



### JOHN MARSDEN

John Marsden, Innvotec Chairman. John has spent 35 years in early stage venture capital, the last 30 of which have been in fund management. His involvement in venture capital started as a director of a venture-backed media-technology business and then as part of a company doctoring team undertaking assignments in underperforming venture investments.

John progressed to fund management in 1986 when he joined Baillie Gifford to head their technology team before joining Innvotec in 1990 and becoming Managing Director in 2001. John is a highly experienced early-stage venture capitalist who has now stepped up into the role of Executive Chairman of Innvotec, focusing on the strategic direction of the firm. John is a qualified chartered accountant. His earlier years were as a financial director of an international music publisher and as European Director of finance in a US computer company.



### NIGEL TOBIN

Nigel Tobin, Managing Director, Innvotec. Nigel has over 30 years' experience in the financial services sector with strong disciplines in operations, IT, strategy and business transformations. Nigel's involvement in venture capital started as an angel investor and business owner, through which he first met Innvotec. With a strong belief that supporting the right start-up and early stage businesses to achieve their full market potential through a mix of appropriate funding and mentoring support, Nigel has recently stepped into the role of Managing Director.

Nigel believes Innvotec is well positioned to nurture and invest in new technologies that exploit advances in science and engineering and thus drive good returns for early stage investors taking advantage of the EIS and SEIS Tax Relief Schemes.

***“It is no coincidence that in countries where agriculture has taken off there have been large investments in research and infrastructure.”***

- Kanayo Nwanze, President of the International Fund for Agricultural Development (IFAD)



# THE AGRITECH INNOVATION FUND

## 3. KEY FACTS SUMMARY

### Fund Capital:

- The minimum aggregate Commitment for the Fund per twelve-month period will be £0.4m (subject to the Manager's discretion).
- The maximum aggregate Commitment to the Fund per twelve-month period will be £10m (subject to the Manager's discretion).

### Individual Subscriptions:

- The minimum Commitment (per application) for an individual will be £5,000 and in £1,000 increments thereafter.
- There is no maximum level for an individual Commitment, but prospective Investors should note the annual tax relief thresholds of £100,000 for SEIS and £1m for EIS. Subject to personal circumstances, individuals may be able to 'carry back' investments to the prior tax year; in which case, the limits can effectively be doubled with full tax relief available thereon.

### Fund Status:

- Investors will provide subscription capital for direct investment into Investee Companies ("Portfolio Companies") which are selected by the Manager. Accordingly, the Fund itself is not a separate legal entity, but is instead a Portfolio of companies managed on the Investors' behalf by the Manager.

### Custodian Arrangements:

- Shares in the Portfolio Companies will be registered in the name of Innvotec (Nominees) Limited as Custodian for the individual Investors, under the designation 'AgriTech Innovation Fund'.

### Beneficial ownership:

- Each Investor will have their own personal Portfolio, based on the Manager's allocation of capital subscriptions at the relevant time. Although the underlying shares will be held in the name of the Custodian, the beneficial owner of the shares will always be the individual Investor.

### Fund Manager

- Innvotec Limited will be appointed as the Fund Manager. Innvotec is an FCA-authorised AIFM and has been involved in the making and managing of investments in start-up and early-stage companies since 1987, with a particular focus on EIS and SEIS funds since 2009.

### Strategic Partner

- James Theobald will be the appointed Principal Adviser to the Fund. James is a successful serial entrepreneur with a particular interest and excellent networks in the Agriculture sector. Complementing James's experience is an Advisory Panel of highly successful academics and industrialists who will assist with dealflow, assessment of technologies and commercialisation strategy, and will be able to introduce Investee Company management teams to relevant contacts. Collectively James and the members of the Advisory Panel form the "Strategic Partner"

### Fund Focus

- Opportunities in start-up, early stage, and developing companies that are operating within the broad agricultural technology sector and which have been pre-approved by HMRC for SEIS and/or EIS investment.







#### Investment and Realisation:

- The Fund has “Evergreen” status, meaning that it is open-ended and able to accept Investors’ Commitment on a continuing basis.
- After each quarterly Closing Date, commencing from 29th March 2018, the Manager will make investments into Portfolio Companies of the capital Commitment received from individuals during the prior period.
- All Commitment received aims to be invested within three months of the relevant quarterly Closing Date, although the Manager reserves the right to invest over a longer period should the Manager, at its sole discretion, determine that there are insufficient worthy opportunities for earlier deployment of Commitment.
- The Fund will not have a fixed termination date and will only finally terminate when all of the shareholdings in the Portfolio Companies have been fully realised. Individuals will realise capital returns from companies in their personal Portfolio at the point that exit proceeds are received and all outstanding accrued Management Fees have been cleared.
- The Fund Manager’s intention is to realise the maximum number of exits from the Portfolio between five and eight years from the date of investment and to have an orderly wind down of the Investor’s Portfolio thereafter. The ultimate date of termination will depend on the Manager’s ability to generate sufficient exits from the Portfolio to ensure that only a minimum of shares in Portfolio Companies are distributed in specie to Investors.

#### Initial Charges:

- No Initial Charge is made against an Investor’s Commitment, meaning that 100% of the capital subscribed will be invested into the Portfolio Companies and, subject to individual Investor’s own tax status, will fully qualify for SEIS/EIS tax relief as appropriate.

#### Ongoing and Exit Charges:

- The only on-going charge is the Annual Management Fee which is set at 1.5% of the original capital investment in the Fund, deferred until proceeds from disposals provide the Fund with sufficient cash for the accrued fees to be paid.
- As Investors’ Commitment is fully invested in the Portfolio Companies, no cash is available at the outset to pay the Annual Management Fee. This fee is thus deferred and will be paid as a first charge on any exit proceeds arising from the realisation of Investments.
- There are no other Exit Charges.

#### Performance Fees

- Performance Fees are set at 30% of profits on the Investor’s total Commitment. The Performance Fee is not payable until such time as the Investor has received back 120% of their Commitment. Once this hurdle has been reached, a “catch-up” amount will be payable to the Fund Manager from the net returns until such time as the Fund Manager has received 30% of the profits and the Investor has received 70%. A full description of the calculation of the Performance Fee is set out in the Fund Management Agreement. Investors should note that the Performance Fee is calculated on returns to the Investor arising from the total Portfolio and NOT on a company by company basis.

**NOTE:** VAT will be chargeable on all Fund fees and charges at the prevailing rate (currently 20%).

#### Tax Matters:

- It is anticipated that SEIS and/or EIS relief will be available on the full amount of an Investor’s Commitment.
- Each Investor will receive the appropriate SEIS/EIS certificate to validate their tax relief claims in respect of each Portfolio Company in which they beneficially own shares.

# THE AGRITECH INNOVATION FUND

## 4. TAX RELIEFS AVAILABLE UNDER THE FUND

The Fund is a hybrid SEIS and EIS fund. On application, Investors can select the proportion of their Commitment that they wish to be applied to SEIS and EIS qualifying companies respectively.

The Fund will only invest in companies that are SEIS or EIS qualifying, or have received Advance Assurance from HMRC of such qualification, and are, in the opinion of the Fund Manager, likely to remain qualifying for the entire period in order for Investors to receive the relevant tax advantages.

A detailed description of the tax advantages of the SEIS and EIS schemes is available in the “Know More About Tax Efficient Investment” guide, available from Innvotec.

Potential Investors are recommended to take independent advice.



## 5. OPERATION AND STRUCTURE OF THE FUND

### OVERVIEW

- Innvotec is responsible for the safekeeping of Investments, settlement of transactions, and collection of any income, as well as sale proceeds, together with all other administrative matters in relation to the Investments and management of the Fund.
- With regard to voting rights in Portfolio Companies, Innvotec will act or refrain from acting at its sole discretion and as it sees fit.
- Innvotec (Nominees) Ltd, as the registered holder of shares that are beneficially owned by Investors, is not obliged to forward any notices from Portfolio Companies to Investors in the Fund.

### SELECTION OF FUND INVESTMENTS

- Initial screening and selection of the Fund's Investments will be conducted by the Strategic Partner but any and all investment decisions will only be made by, and on terms acceptable to, Innvotec.
- Innvotec is not restricted to investing solely in those companies identified by the Strategic Partner but providing there are sufficient suitable opportunities, Innvotec intends so to do.
- Innvotec will be solely responsible for all investment decisions.
- While Innvotec and the Strategic Partner will work closely together, each has its own responsibilities in relation to the management and thus the future success of the Fund. This is set out in detail in Appendix 3.



### SALE OF INVESTMENTS, TERMINATION OF, AND WITHDRAWAL FROM, THE FUND

- The Fund is "Evergreen", this means it has no fixed term and Investors' Commitment will be received and invested on an ongoing quarterly basis.
- Each Investor will have a defined Portfolio of Investee Companies within the Fund and it is the Manager's intention to secure an orderly realisation of the Portfolio Companies as soon as possible after an indicative five-year holding period with the intention of achieving exits from all within eight years. Exits will be sought at the earliest opportunity but Investors should note that this may be earlier or later than the 5-8 year time-frame.
- Portfolio Companies will, at the time of Investment, typically be at the earlier stages in their growth and as such, the risk in the Fund is above average.
- Each Portfolio Company is likely to require further cash to fund growth and there is no guarantee that further funds can be raised per se, or at a per share valuation which is at least the equivalent of the price per share at which the Fund will have invested.
- The Manager anticipates that there will be a gradual realisation of Investments prior to an Investor's interest in the Fund terminating.
- The cash proceeds of realised Investments will be placed on deposit and held as Client Money in accordance with FCA rules; alternatively, it may be invested in fixed interest government securities or other investments of a similar risk profile pending distribution to Investors.
- On termination of an Investor's interest in the Fund, proceeds will be paid or will have already been paid in instalments to Investors in advance of the Investor's Portfolio being fully realised (subject only to the approval of HM Revenue & Customs that all Portfolio Companies have maintained qualifying status).
- Innvotec does not intend to dispose of or realise any holdings in Portfolio Companies within a minimum period of three years following the making of such Investments, as this would result in a loss of Investors' tax relief. However, there may be circumstances when Innvotec deems it to be in the best financial interests of Investors to dispose of or otherwise realise an Investment before the expiry of such minimum three-year period, despite the loss of associated tax relief, and reserves the right to do so.
- Innvotec has sole discretion over agreeing to any disposals or realisations.
- Any partial disposal or other realisation of an Investment will be on the basis that each Investor disposes of a pro-rata number of his or her shares.

# THE AGRITECH INNOVATION FUND

## 5. OPERATION AND STRUCTURE OF THE FUND



- On the ultimate termination of the Fund, should any holdings within an Investor's Portfolio not be realised, an Investor can decide whether to receive a transfer of the shares relating to all of their Investments remaining in the Fund, or instead for the Fund Manager to sell all those Investments. Any such sale will depend on there being a market for the shares, in which case, the sale proceeds will be paid to the Investor.
- Investors are entitled to withdraw in full (but not in part) from the Fund at any time. Investors who withdraw from the Fund inside three years will lose any SEIS or EIS reliefs and may incur external transaction and exit costs from such a withdrawal.
- Given the nature of the underlying Investments in the Fund, being shares in unquoted companies, and an undertaking (other than in the initial quarterly closing) to invest fully within 3 months of each Closing Date, the possibility exists that there will be insufficient cash available in the Fund to make any repayment in cash prior to any exits having been made.

### REPORTING AND POST-INVESTMENT MONITORING

Investors in the Fund will receive (from Innvotec) notification of the Investments made after the end of what is expected to be a maximum three-month Investment Period. Thereafter, semi-annual reports detailing their individual Portfolio and including progress reports on companies within that Portfolio will be issued.

Innvotec may seek the right to appoint a non-executive director or board observer to each of the Portfolio Companies in order to represent Investors' interests and to report to the Fund Manager.

Every Portfolio Company will be required to provide Innvotec with regular management information, to enable close monitoring of its progress.

### DIVIDENDS

Given the nature of the underlying companies, Innvotec does not anticipate that any Investment will yield a dividend. In the unlikely event that dividends from any Portfolio Companies are received, these will first be applied to settle any outstanding accrued Annual Management Fees. Any remaining dividends will be distributed to Investors as soon as practicable after receipt. Any income received on shares held through the Fund may be subject to income tax in the hands of an Investor.

### TAX ADVANTAGES

The AgriTech Innovation Fund will invest only in SEIS / EIS-qualifying companies, in order to enable the Investors to utilise, if they wish, the resultant taxation advantages.

Qualifying Investors should be in a position to claim tax relief on their Investments through the Fund in respect of either the current tax year or carry back to the prior tax year for the amount invested in the Portfolio Companies.

Taxation treatment depends on the individual circumstances of the Investor.

An expanded and detailed guide to such Investor tax advantages is available on request from Innvotec.

### FUND RELATIONSHIP WITH INVESTORS

The structure of the Fund is such that each Investor enters into a separate Fund Management Agreement with Innvotec to provide a discretionary, portfolio investment management service which is in line with the Investors' wishes as to the type or types of tax relief sought.

- Each Investor will be able to specify the percentage of his or her Commitment allocated to each of EIS and SEIS.
- Subscriptions for the Fund will be accepted up until each quarter's Closing Date, with the Initial Closing Date being 29<sup>th</sup> March 2018.

To help maintain and enhance the capital invested by the Fund in the Portfolio Companies, the Manager will work alongside the Strategic Partner to help source further investment for the most promising of the Portfolio Companies in subsequent fundraising exercises. However, there is no guarantee that any Portfolio Company will receive subsequent investment from either third parties or other funds managed by Innvotec.

The overriding factor for the Manager is to maintain the highest possible equity stake for the fund in any Portfolio Company over what are likely to be multiple fundraisings. Specifically, the Manager aims to ensure, as far as is possible, that any further equity raised by a Portfolio Company is at a price per share that at least matches the price paid by the Fund.





### INITIAL COSTS

The initial costs and expenses incurred in setting up the AgriTech Innovation Fund (the “Initial Cost”) will be met in full by the Manager. Innvotec will be responsible for paying all legal, issue and start-up costs and undertakes to do so.

### ADVISER CHARGES

Adviser charges are costs that individual Investors have agreed with their advisers in payment for the advice they have provided. If agreed between an individual Investor and their adviser, Innvotec can facilitate any agreed charges to the adviser.

### INTRODUCING AGENT CHARGES

For non-advised (“execution-only”) applications, a charge may be levied by an introducing agent if the individual Investor has one. Such a charge will be agreed in advance with the Investor concerned.

### FUND FEES

As a standard marketplace incentive, Innvotec and the Strategic Partner will be entitled to a Performance Fee based on the profit amount returned to Investors. The terms of the Performance Fee are set out on a basis which the Manager believes is highly competitive within the overall market and which provides Investors with a fair profit-sharing arrangement:

- The Performance Fee will be 30% of all profits, subject to the Investor receiving back at least 120% of their initial gross Commitment. This is the “Hurdle Condition”. A fuller description of the Performance Fee is given in the Fund Management Agreement which accompanies the Application Pack.

- An Annual Management Fee of 1.5% is charged to cover the ongoing services provided by the Manager, including reporting to Investors along with the Fund’s administration and accounting. This fee is deferred until there is sufficient cash in the Fund from asset disposals for it to be paid and is then paid as a first charge on returns. If there is insufficient capital returned to meet unpaid fees due to the Manager once all the Investors’ holdings have been exited, the Manager shall write-off and bear any amounts so owed.

**There are no other fees to be paid by the Investor during the lifetime of the Fund.**

### VALUE ADDED TAX (“VAT”)

All charges and fees referred to in this Information Memorandum are stated exclusive of VAT, which shall be payable in addition thereto at the prevailing rate.

### ADMINISTRATION OR TRANSACTION CHARGES

Apart from the Annual Management Fees and Performance Fees detailed on page 16 no other fees or expenses (including administration fees, custodian fees, transaction fees or costs for transferring Investments into the name of an Investor entitled thereto) will be directly payable by an Investor to Innvotec, or to Innvotec (Nominees) Limited, the initial registered holders of all shares in the Portfolio Companies.

**Accordingly, subject to their own tax status, each Investor will receive SEIS or EIS Tax Relief on 100% of their Commitment to the Fund.**

# THE AGRITECH INNOVATION FUND

## 7. RISKS

An investment in the Fund is subject to a number of risks, given the nature of the private companies targeted. Before making any investment decision, prospective Investors should consider carefully the risks attaching to an investment in the Fund together with fully reviewing all other information contained in this document, including, in particular, the risk factors described below. This information does not purport to be exhaustive.

Additional risks and uncertainties not presently known to the Fund Manager, or that the Fund Manager currently deems immaterial, may also have an adverse effect on the businesses of the Portfolio Companies. Potential Investors should consider carefully whether an investment in the Fund is suitable for them in the light of the information in this Information Memorandum and their personal circumstances.

**Potential Investors should read this Information Memorandum in its entirety and consider the particular risk factors that follow when assessing the suitability of a Commitment to the Fund.**

### INVESTMENT RISKS

The Fund will primarily invest in either identified start-ups or known, but still relatively early stage, opportunities. Such a focus increases both the risks and the potential rewards for Investors.

Potential Investors are recommended to seek independent financial and tax advice before committing. Please note that an investment in the Fund is speculative and the Fund Manager is unable to provide you with advice about whether you should commit to the Fund.

- The AgriTech Innovation Fund Portfolio will comprise investments in unquoted companies that are start-up or small, early stage businesses or similar; and unlikely to be profitable or cash generative at the time of investment and, as such, have to be viewed as carrying a higher than average level of risk.
- The value of shares can go down as well as up and this could result in an Investor incurring a partial or total loss of his or her Commitment. A potential Investor who cannot afford to lose all of his or her Commitment to the Fund should not consider investing.
- There is no guarantee that the valuation of shares in a Portfolio Company will fully reflect their underlying net asset value or that the shares may be acquired or disposed of at that valuation, or at all.
- The past performance of other Innvotec-managed funds is not a guide to the future performance of the Fund.
- The past performance of any Investment(s) is not to be regarded as an indication of the future performance of that or any Investments made by the Fund. No guarantee is given as to the performance of Investments made by the Fund or the level of capital gains or income which will be generated by such Investments.
- The Fund will invest in unquoted companies whose securities are not publicly traded or freely marketable and, as such, the market for their shares is illiquid and uncertain by its nature. This results in a higher level of risk than a portfolio of quoted shares.
- It may take considerable time to realise any of the Fund's Investments, or it may not be possible to realise them at all.
- It may be difficult to obtain accurate information to determine the current value of the Fund's Investments and market makers are unlikely to be prepared to deal in them.
- There can be no guarantee that the commercial objectives of the underlying Portfolio Companies will be achieved.
- Subscription to a Fund such as this should not be considered a short-term investment. Should any withdrawal within a minimum period of three years after Investments into Portfolio Companies be made, it will result in the loss of EIS or SEIS relief on those Investments. The Fund Manager intends to begin to seek exits for the underlying Investments made by the Fund after five years with the objective of an exit across an Investor's entire Portfolio within eight years, but given the stage of development of the companies, it is possible that Investments could be held for eight years and perhaps considerably longer.
- The unquoted companies targeted by the Fund will have small management teams and are highly dependent on the skill and commitment of a small number of individuals.
- Smaller unquoted companies requiring more than one round of additional equity of the type provided by the Fund commonly experience significant change and carry higher risks than investments in larger or more established businesses.
- Technology or scientific research related risks may be greater in small, unquoted companies, although this may be justified by the potential for significantly higher returns from such investments.
- The level of debt (or any other prior ranking funding or securities) used by Portfolio Companies may significantly increase risk.
- The assets, including intellectual property rights, held by Portfolio Companies may be charged as security to other funders. Accordingly, if the terms set out in the security documents are not adhered to, the security holder may enforce its security and the Portfolio Company will no longer control those assets.
- The returns generated by the Fund may be affected by changes to bank base rates. The Portfolio Companies may have cash on deposit prior to beginning to trade and the profits generated from the trade may also be affected by the level of interest rates.



- The Fund may be the holder of minority interests in Portfolio Companies and accordingly may have little or no ability to influence how the business of that company is conducted. This may also include sale of a Portfolio Company within the three years holding period if the financial gain is deemed attractive, and, although considered unlikely, a revocation of SEIS or EIS status or adverse shareholder rights being imposed by a later Investor.
- Changes in economic conditions and the political climate can adversely affect the prospects of the Portfolio Companies.

The above list is not intended to be exhaustive.

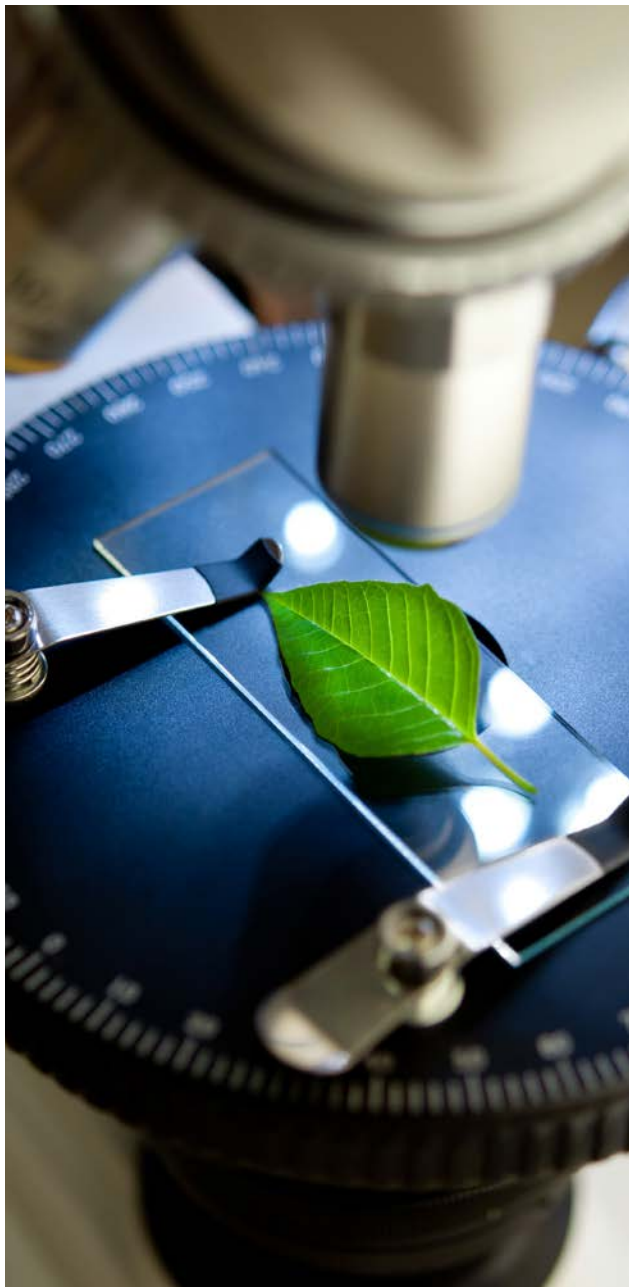
This Information Memorandum contains forward looking statements which reflect the Fund Manager's view of future events and outcomes. Actual events could lead to outcomes which differ materially from those in the forward-looking statements. Potential Investors are cautioned not to place undue reliance on such statements.

## TAXATION RISKS

- It is the intention of the Fund Manager to make Investments in identified unquoted companies which are qualifying under current SEIS or EIS legislation at the time of investment. However, the Fund Manager cannot guarantee that all Investments will continue to qualify for any SEIS or EIS tax relief or indeed the continued availability of SEIS or EIS tax reliefs to the Investor relating to any individual Investment.
- This in turn depends on compliance with the requirements of the SEIS and EIS tax legislation by both the Investor and Portfolio Company.
- The sale or other disposal of shares in a Portfolio Company within the period of three years following their issue will result in any income tax saved from making of the Investment becoming payable to HM Revenue & Customs.
- The levels and bases of reliefs from taxation may change or such reliefs may be withdrawn. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors initially and throughout the holding life of the Investments.
- The dates on which initial SEIS and EIS Tax Relief and Capital Gains Tax Reinvestment Relief are available are known only when the Fund makes its underlying Investments. Any delays in Investment into the Fund's Portfolio Companies may have a resultant effect on the opportunity to defer CGT on an earlier disposal.
- The ability of the Investor to obtain the tax reliefs referred to in this document is subject to the Investor making the proper claims to HM Revenue & Customs within the requisite time limits and the Investor may lose such reliefs if the relevant claim is not so made.

- The Fund has been designed with United Kingdom resident tax payers in mind. It may not be appropriate or advantageous for a person who is not resident in the United Kingdom for tax purposes to invest in the Fund.
- The Fund Manager will not normally take into account the individual tax positions of Investors and therefore the actions of the Fund Manager or Portfolio Companies could give rise to a partial loss of the Investor's SEIS or EIS Tax Relief or other tax advantages.

Taxation treatment depends on the individual circumstances of the Investor and may change in the future.



# THE AGRITECH INNOVATION FUND

## 8. FUND ADMINISTRATION AND COMPLIANCE DETAILS

### CLOSING DATE AND FUND SIZE

The Fund will be open to applications until a date (the "Closing Date"), the first of which will 29<sup>th</sup> March 2018 subject to the Minimum Commitment being raised.

The Fund will thereafter have a series of Closing Dates on or around each of the normal quarter days. The minimum subscription by an Investor in the Fund is £5,000 and in multiples of £1,000 thereafter. There is no maximum subscription, although SEIS Tax Reliefs and Capital Gains Tax Reinvestment Reliefs for each Investor are only available for up to £100,000 in aggregate invested in a tax year (whether invested through the Fund or otherwise); the corresponding limit for EIS is £1m. However, for both SEIS and EIS purposes, an Investor may utilise any unused SEIS/EIS Tax Relief capacity for the prior year.

The maximum aggregate subscriptions to the Fund in any twelve-month period will be £10,000,000. If applications to subscribe in excess of this amount are received, subscriptions will then be accepted by the Fund Manager in the order in which they have been received. Accordingly, subscriptions in excess of this amount will be returned by the Fund Manager to the relevant applicant.

The Manager, at its sole discretion, reserves the right to increase the maximum size of the annual Commitment to the Fund should demand warrant such an increase.

The Manager has sole discretion on the minimum subscription to be raised for the Fund. However, as at the date of this Information Memorandum, it is the Manager's opinion that the minimum viable aggregate Commitment to the Fund in the first twelve months will be £400,000.

### SPLIT OF COMMITMENT BETWEEN SEIS AND EIS

Each Investor's Commitment to the Fund will be invested, at their choice, exclusively in EIS qualifying companies, or in SEIS qualifying companies, or in a combination of both. For those opting for a hybrid, the amount to be invested in each class of relief can be specified by the Investor; or in the absence of an election, will be determined by their absolute level of Commitment per the following table:

Commitment Band	% Invested Into SEIS	% Invested Into EIS
£5,000 to £30,000	40%	60%
£30,000 to £50,000	30%	70%
£50,000 to £100,000	20%	80%
£100,000 to £1m	10%	90%



For those Investors opting for a combination of SEIS and EIS, the intention is to build a balanced portfolio of 4-10 holdings across both categories.

The projected blend of an investment across SEIS and EIS will provide an average income tax relief to the Investor of between 32% and 38% – depending upon the split of Commitment as per the above table.

### HOW TO INVEST

An Application Form and a copy of the Fund Management Agreement are available on request from Innvotec. The Application Form should be completed in full, including any and all certificates and evidence required, and returned to Innvotec plus a cheque or a completed telegraphic transfer for the amount subscribed.

The intended initial Closing Date for Commitments to the AgriTech Innovation Fund is 29<sup>th</sup> March 2018.

**Innvotec is required to seek information from potential Investors to assess whether they have the knowledge and experience necessary to understand the risks connected with a Commitment to the Fund.**

**Potential Investors will be required to have completed the Client Suitability and Appropriateness Form, which accompanies the Application Form, together with providing any certification or evidence required, prior to making a Commitment.**

*“Agriculture, manufactures, commerce and navigation, the four pillars of our prosperity, are the most thriving when left most free to individual enterprise”.*

– Thomas Jefferson

The United Nations forecasts that by 2050, global food production will need to increase by 70% to meet the demands of a worldwide population expected to exceed nine billion. To meet this demand, it is imperative that traditional agriculture adapts to find better, more efficient and crucially, more sustainable methods of food production. The term “AgriTech” encompasses techniques, technologies and science as applied to the agriculture industry to achieve this aim.

The UK has a long-established and enviable reputation as an innovator in agriculture and this continues today. With rising concern that the country should not start to lag behind, in 2013, the government published its “UK Strategy for Agricultural Technologies”. The aim of this strategy is succinctly summarised as:

***“The underlying goal is sustainable intensification of our agricultural sector. This is not a term we should be scared of. It is simply about getting better productivity and yields with reduced inputs and environmental impact.”***



The AgriTech Innovation Fund will invest in companies with technologies, products, processes or services that are deemed to fall within this definition of contributing to better productivity, increased yields and/or reduced environmental impact. Sub-sectors might include (but are not limited to):

- Satellite and Drone technology,
- Robotics
- Aquaponics
- Bio-science
- Genomics
- Agronomy
- Spectrometry
- GPS / GNSS technology
- Sensors
- Big Data
- Smart Machinery
- Biology and genetics
- The Internet of Things
- Predictive Analytics
- Vertical Farming
- Apps

***“We want the UK to become a world leader in agricultural technology, innovation and sustainability; exploit opportunities to develop and adopt new and existing technologies, products and services to increase productivity; and contribute to global food security and international development.”***

– UK Agri-Tech Leadership Council

# THE AGRITECH INNOVATION FUND

## APPENDIX 2 - COMPANIES CURRENTLY UNDER CONSIDERATION FOR INVESTMENT

*“Why should there be hunger and deprivation in any land, in any city, at any table, when man has the resources and the scientific know-how to provide all mankind with the basic necessities of life? There is no deficit in human resources. The deficit is in human will.”*

– Martin Luther King, Jr

**Company A** is a leading innovator in agritech and has patented technologies that improve crop productivity. These have been successfully licensed to multi-nationals and are being sold through large distribution networks. An innovative solution combining increasing yield, clearing the air of pollutants and reducing climate change has been developed and the company is seeking further investment to roll out this and future products.

**Company B** is a ground-breaking agri-insurance company that helps farmers manage the risk of volatile commodity prices. Using a machine learning platform, the company has democratised hedging for farmers and is now preparing for rollout in January 2018 with the backing of some of the largest carriers in the UK.

**Company C** is pioneering the use of electricity to kill weeds and thus offer an organic alternative to chemical herbicides. The company was formed to help a smart city to feed itself. It now has patents and trademarks covering the use of data and is installing largely automated greenhouses in awkward spaces – enabling urban farming to be truly sustainable, environmentally friendly and economically viable by reducing waste, packaging and distribution.

**Company D** is developing autonomous off-road vehicles, the target market for the company is in agriculture. The first product is a fully autonomous tractor that is both backward compatible with traditional farm implements as well as providing a platform for third party robotic implements (dextrous hands, precision sprayers etc.). The tractor's navigation will be based upon computer vision and LiDAR, thereby removing the need for GPS and improving reliability. The tractor is being developed with the help of a grant from Innovate UK.

**Company E** is an insect technology SME based in the UK. It focuses on smart conversion of biomass wastes, such as food and processing wastes into enhanced insect-based products. The flagship innovation is a proprietary processing platform that converts raw insect biomass into a high value immuno-stimulatory feed additive.

**Company F** has developed novel, in-situ, early detection devices for plant pathogens, with applications in soil, substrate, water irrigation and hydroponic systems. The patented technology will increase crop yields by allowing for timely remedial action to be taken, and will help guide spraying applications throughout the growing season. The company is now raising funds for the launch of the product in March 2018.

**Company G** is using its own Crop Assurance scheme and a bespoke growing and processing methodology to work with nature to produce active ingredients for the pharmaceutical and other industries.

**Company H** is developing autonomous “Internet of Things” devices for the agricultural industry, utilising machine learning algorithms to support decision making and reduce risk.

**Company I** is an independent biotechnology company developing proprietary therapeutics and methods of manufacture for licence to the £14 billion animal medicines industry. The company's products treat parasites, reduce reliance on antibiotics, enhance productivity of food animals and promote companion animal well-being.

**Company J** was founded in late 2016 and is commercialising a patent-pending hydroponic growing system. With a rounded management team, the company is aiming its products at the B2B market of commercial growers in the fresh produce industry.

**Company K** produces monitoring and decision support solutions that help farmers to manage livestock effectively. The team has a background in software development, mechanical engineering and bioscience. The technology has been developed with the assistance of two government grants and will be ready for commercialisation in 2018.

**Company L** is developing an autonomous farm robot adapted from the ExoMars rover. It has been designed as an extensible platform for precision farming tools and aims to reduce costs, increase yield and integrate with existing farm management equipment. The first application, robotic precision weeding of organic vegetables, is being developed with one of the UK's largest organic farms.

**Company M** has developed a tag that can be used on a wide range of animals including cows, sheep, pigs and poultry. It is a plug-and-play, inexpensive, cloud-based system aimed at the farming industry.

**Company N** is a data driven agritech start-up leveraging cutting-edge sensor technology coupled with low powered wide area networks and cloud based analytics aimed at livestock production systems.

**Company O** is using machine learning algorithms to train its cloud based analytics platform to recognise specific diseases/weeds in selected crops from UAV and satellite multi-spectral imagery. The high-resolution UAV imagery also gives a more accurate indication of crop health (NDVI) allowing for more accurate yield predictions and variable rate nitrogen maps. Focusing on cereal and oilseed rape crops, the company is making inroads both in the UK and continental Europe.





### ABOUT INNVOTEC

Innvotec is a long-established, FCA-regulated UK Alternative Investment Fund Manager (AIFM) that has been investing clients' funds in early stage and emerging companies for thirty years. Its business model is to work alongside knowledgeable and trusted strategic partners to raise and manage funds designed to deliver above average performance to its clients, whilst harnessing important tax reliefs.

Innvotec has a strong track record of investment under both EIS and SEIS, with several previous funds covering both types of relief. Current performance details on a fund-by-fund basis are available from Innvotec on request.

Investors will have the benefit of knowing that the Fund is receptive to receiving Commitment and making Investments throughout the year and that their Commitment aims to be fully invested inside three months. Part of the remit of Innvotec's administration team is to ensure that all HMRC certificates are provided in a timely and efficient manner.

### ABOUT THE STRATEGIC PARTNER

James Theobald will be the Principal Adviser to the Fund and will lead the team collectively identified as the Strategic Partner. In James, Innvotec has identified an individual with specialist skills and knowledge in agritech and a history as a successful serial entrepreneur.

James has a strong background of innovation having been involved in retail security (<https://security.multiplex.com/>, <http://zipitsecurity.com/>), LED technology and agricultural technology over a long period. He is one of the founders of Greengage Lighting, (<http://greengage.global/>) a specialist LED lighting designer and manufacturer for the poultry industry. The products incorporate specific wavelengths to enhance poultry productivity and sensing technology for the management of poultry environmental conditions. James has also been involved in the first commercial wearables for the poultry industry and the integration of robotics into poultry barns.

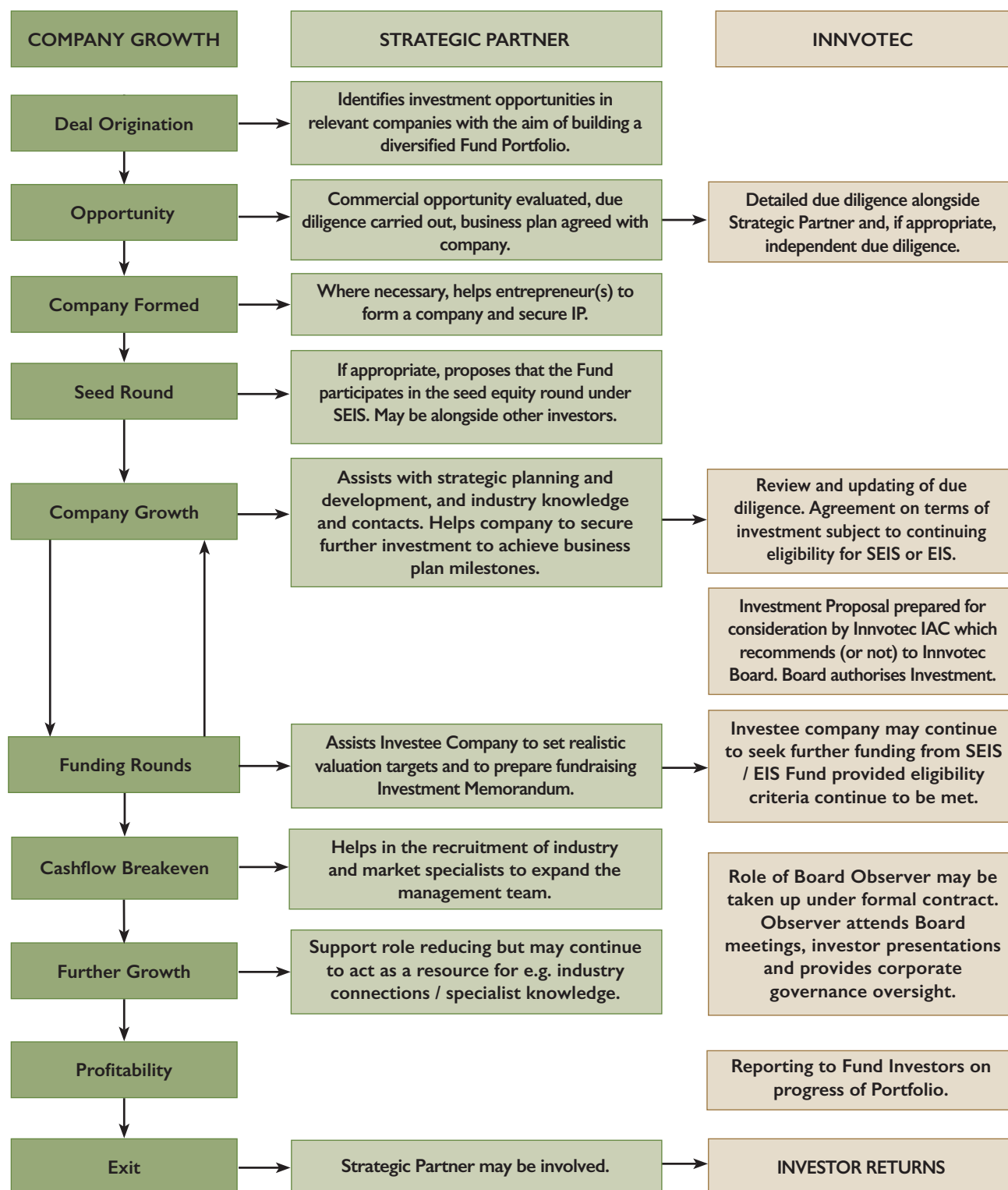
In conjunction with a leading UK university, James co-designed the prototypes of a hand-held tester for measuring the aflatoxin content in wheat, maize and other cereal crops. Aflatoxins are a major problem in the southern hemisphere, poisoning both humans and animals. The technology is being incorporated into the first economically viable tester for small-holding farmers.

James and his colleagues on the Advisory Panel will provide Innvotec with assistance in sourcing potential investment opportunities and in carrying out due diligence. Post-investment, he and the Advisory Panel will provide entrepreneurial mentoring and 'sign-posting' to other individuals and organisations that may be able to help or support the development of the Portfolio Companies.

# THE AGRITECH INNOVATION FUND

## APPENDIX 3 - INNVOTEC AND THE STRATEGIC PARTNER

### ROLES AND RESPONSIBILITIES



Innvotec will work closely with James Theobald and the members of the Advisory Panel to determine future strategies to help to maximise Investor returns.

Innvotec and James Theobald have entered into a long-term Agreement in connection with the Fund.



## APPENDIX 4 - GLOSSARY OF TERMS

### **AIM**

The Alternative Investment Market of the London Stock Exchange.

### **Annual Management Fee**

The annual management fee payable to the Fund Manager as described in this Information Memorandum.

### **Application Form**

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

### **Applicable Investor**

Means (1) professional clients, (2) retail clients who confirm that, in relation to a Commitment to the Fund, they have received regulated investment advice or investment management services from an authorised person, (3) retail clients who are venture capital or corporate finance contacts (4) retail clients who self-certify or are certified as sophisticated investors, (5) retail clients who are certified as high net worth investors or (6) retail clients who certify that they have not invested, and will not invest, more than 10% of their net investible assets in non-readily realisable securities.

### **Approved Bank**

National Westminster Bank plc or any authorised banking institution in the United Kingdom that is a member of the Financial Services Compensation Scheme as may be nominated by the Fund Manager.

### **Capital Gains Deferral**

Deferral of CGT (section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992).

### **Client Suitability and Appropriateness Form**

The questionnaire to be completed by each Investor, which accompanies the Application Form.

### **CGT**

Capital Gains Tax.

### **Capital Gains Tax Reinvestment Relief**

Relief from CGT (Section 5B of the Taxation of Chargeable Gains Act 1992).

### **Closing Date**

The final date on which an application to the Fund will be accepted in any calendar quarter, expected to be on or around each 31st March, 30th June, 30th September and 31st December.

### **Commitment**

An amount of money subscribed to the Fund by an Investor on signing the Application Form.

### **EIS**

The Enterprise Investment Scheme as set out in Chapter 4 of Part 5A Income Tax Act (ITA 2007).

### **EIS (or SEIS) Qualifying Company**

A company which is a qualifying company for EIS (or SEIS) purposes.

### **EIS Tax Relief**

Relief from income tax and CGT payable under EIS legislation.

### **FSMA**

The Financial Services and Markets Act 2000 (as amended).

### **FCA**

The Financial Conduct Authority.

### **FCA Rules**

The rules contained in the FCA's Handbook of Rules and Guidance, as amended from time to time.

### **Fund**

The AgriTech Innovation Fund.

### **Fund Manager or Manager**

Innvotec Limited or such other Fund manager as may be appointed under the Fund Management Agreement.

### **Fund Management Agreement**

The Fund Management Agreement to be entered into between the Investor and Innvotec Limited as the Fund Manager as summarised in this document and a copy of which accompanies the Application Form.

### **Gross Commitment (or Subscription)**

An amount committed by an Investor on signing the Application Form.

### **HMRC**

HM Revenue and Customs.

### **Information Memorandum**

This information memorandum for The AgriTech Innovation Fund.

### **Initial Charge**

The initial charge (which in the case of the Fund is nil) payable by the Investor to the Fund Manager on acceptance of the Investor's Application Form as detailed in this IM.

### **Innvotec**

Innvotec Limited (registered in England and Wales under company number 02030086) whose registered office is at Stable Cottage, Castle Hill, Rotherfield, East Sussex, TN6 3RR.

### **Investment Period**

The period of three months following the relevant Closing Date.

### **Investor**

A person who completes an Application Form to invest in the Fund which is accepted by the Fund Manager; who completes a Client Suitability and Appropriateness Form and who enters into a Fund Management Agreement with the Fund Manager and thereby makes a Commitment to the Fund.

# THE AGRITECH INNOVATION FUND

## APPENDIX 4 - GLOSSARY OF TERMS

### Nominee

Innvotec (Nominees) Limited (which is a subsidiary of the Fund Manager) or such other nominee (which may be an associate of the Fund Manager) as may be appointed by the Fund Manager from time to time to carry out safe custody and related services in relation to an Investor's Commitment to the Fund and to be the registered holder of Investments in Portfolio Companies.

### Non-Readily Realisable Investment

Investments which are not readily liquid, and in which the market is limited meaning they can be difficult to deal in and difficult to assess what would be the proper market price for them given there is no secondary market.

### Performance Fee

The Performance Fee payable to the Fund Manager as mentioned in this Information Memorandum and more fully described in Schedule I of the Fund Management Agreement.

### Portfolio

In respect of an Investor; the Investments made through the Fund which are allocated to him or her and which are registered in the name of the Nominee as nominee for that Investor.

In respect of the Fund, the group of companies that receive investment from the Fund.

### Portfolio Company (or Investee Company)

A company that has received investment from the Fund.

### SEIS

The Seed Enterprise Investment Scheme as set out in Chapter 4 of Part 5A Income Tax Act (ITA 2007).

### SEIS Tax Relief

Relief from income tax and CGT payable under SEIS legislation.

### VAT

Value Added Tax, currently levied at a flat rate of 20% on certain services including Annual Management Fees and Performance Fees.



*“All the human and animal manure which the world wastes, if returned to the land, instead of being thrown into the sea, would suffice to nourish the world.”*

– Victor Hugo, Les Misérables

## APPENDIX 5 - SUMMARY OF THE TAX IMPLICATIONS OF INVESTMENT IN THE FUND

These notes are only intended to provide a brief summary of the tax advantages available under current legislation and HM Revenue & Customs ("HMRC") practice. Legislation and HMRC practice may change.

The rates of tax and tax relief may be altered and/or the levels and bases of reliefs from taxation may change. The tax reliefs referred to are those currently available and are personal to the Investor. Their value depends on the individual circumstances of the Investor.

Investors are advised to obtain advice from their own professional advisers as to their tax position in respect of their Portfolio.

An expanded and detailed guide to such investor tax advantages is available from Innvotec, in its "Know More About Tax Efficient Investing" guide.

### TAX PLANNING

The AgriTech Innovation Fund has not been approved by HM Revenue & Customs for "approved fund" status.

Tax Relief under an "unapproved fund" such as the Fund is granted in either the tax year when the investment into an EIS/SEIS Qualifying Company is made and shares issued, or the prior tax year (at the Investor's request) and not the tax year when the Fund is closed as would be the case with an approved fund.

It should be noted that for Capital Gains Reinvestment Relief purposes, and in the case of the three-year holding period for CGT exemption, it is the date the investment in the Portfolio Company is made that is relevant.

To claim SEIS and EIS Tax Relief, each Investor will receive (via the Manager) the appropriate compliance certificates issued by HMRC in respect of each of the Investor's qualifying Investments. Each Portfolio Company will apply in the first instance to HMRC for certificates to be issued to each Investor. Typically, under SEIS, given the four months trading rule, Investors can expect

their certificates some six to eight months after the Investment is completed. Under EIS, the likely time frame for receipt of certificates is within three months of the Investment being made.

### QUALIFYING PORTFOLIO COMPANIES

The Fund Manager will only make Investments in SEIS/EIS Qualifying Portfolio Companies, as described below.

- Each SEIS/EIS Qualifying Company in which the Fund Manager makes an Investment must initially (i.e. at the time of issue of the shares) not be listed on a recognised stock exchange, and there must be no formal or confirmed arrangements in place for it to become so listed.
- Companies whose shares or securities are dealt in on AIM and SDX are treated as unquoted for tax purposes. The SEIS/EIS Qualifying Company must have a permanent establishment in the United Kingdom starting at the time of issue of the shares and ending three years later.
- The shares must be issued to raise money for the purpose of a "qualifying business activity" and the money raised must be spent accordingly.
- The qualifying business must already be in existence, but, in the case of SEIS companies, for no more than two years, and trading needs to commence within two years of the Fund shares being issued or if the company is carrying out research and development, it must be with a view to the business subsequently starting a new qualifying trade.
- In addition, throughout the relevant period (the period from the issue of the shares in the SEIS/EIS Qualifying Company to the date three years from the date of issue of the shares or, if later, in the case of SEIS qualifying shares, from the commencement of trade) it must not be a subsidiary of, or be controlled by, another company.





# THE AGRITECH INNOVATION FUND

## APPENDIX 5 - SUMMARY OF THE TAX IMPLICATIONS OF INVESTMENT IN THE FUND

- It must either exist to carry on a qualifying trade or else be the parent company of a group that has qualifying trades; and there must be no arrangements in existence for the company to become a subsidiary of, or be controlled by, another company.
- A SEIS/EIS Qualifying Company will be the parent of a trading group if each of its subsidiaries is a Qualifying Subsidiary.
- A "Qualifying Subsidiary" exists where at least 90% of the shares of each subsidiary are held by the SEIS/EIS Qualifying Company.
- A SEIS Qualifying Company must have no more than 25 full time equivalent employees at the time of the share issue and, in the case of EIS, the equivalent figure is 250.
- The shares issued by the SEIS/EIS Qualifying Company must carry no preferential rights to dividend or the payment of a cumulative dividend.
- The maximum sum a company can raise under SEIS or any scheme involving State Aid is £150,000 in total; the corresponding figures for EIS is £12m or £20m for "knowledge intensive" companies. An EIS Qualifying Company can raise no more than £5m per annum under the scheme rules.

### SHARE OWNERSHIP

- The shares in which the Fund's cash is invested will be subscribed for, issued to and held by Innvotec (Nominees) Ltd, in a designated account and acting as nominee for the Investor and all Investors.
- However, each individual Investor will at all times remain the beneficial owner of a number of shares in each Portfolio Company, rather than just having a proportionate interest in all the shares in which the Fund's capital is invested.
- Under SEIS and EIS Fund legislation, these Investments must be in the form of new ordinary shares.
- The number of shares allotted to each Investor will be calculated by reference to the proportion that his or her Commitment bears to the total Commitments to the Fund. Minor variations may occur in order to avoid allotting fractions of shares to individual Investors.
- The Manager will not permit any documents of title to be lent to any third party and will not permit borrowings on behalf of the Fund using such documents by way of security. The Fund will not borrow or use leverage to enhance returns.

### CLAIMING TAX RELIEF

- The Fund Manager will ensure that Portfolio Companies provide Investors with compliance certificates in respect of their investments in each of the Portfolio Companies, which will enable Investors to claim SEIS and EIS Tax Relief and CGT Reinvestment Relief as appropriate.
- Once an Investor has received the appropriate compliance certificate, he or she may write to HMRC to claim any Tax Relief or CGT Reinvestment Relief to which he or she is entitled.
- The Fund Manager will endeavour to ensure the Portfolio Companies apply to HMRC for compliance certificates at the earliest opportunity and distribute such forms when received on a timely basis.
- Timing will be dependent on HMRC receiving notification from the Portfolio Companies that they are SEIS or EIS Qualifying Companies (although preliminary approval will have already been sought by the companies).
- A Fund Portfolio Company seeking SEIS certification cannot apply to HMRC until it (or a qualifying subsidiary) has carried on its qualifying trade for at least 4 months and can only issue SEIS certificates to Investors after it has been authorised (upon the application of the relevant Portfolio Company) to do so by HMRC.
- A claim for SEIS/EIS Tax Relief must be made no later than the fifth anniversary of 31 January following the end of the tax year for which the claim is made.
- SEIS/EIS Tax Relief may be withdrawn by HMRC in a number of circumstances. Broadly, should the SEIS/EIS Qualifying Company cease to be a qualifying company within the three-year period from the share issue (or, if later, the date the company starts its trade), or if the shares cease to be 'eligible shares' within the period. An early withdrawal can lead to the withdrawal of Tax Reliefs in whole or in part, the withdrawal of Tax Relief would depend on the particular circumstances of the Investor.

### EARLY WITHDRAWAL

- In order to meet HMRC conditions, Investors are not permitted to make partial withdrawals from the Fund.
- However, an Investor can terminate his or her Fund Management Agreement in respect of the Fund, and if possible, seek an early withdrawal of the entire amount held in their Portfolio at any time.
- If an Investor terminates the Fund Management Agreement, the Investor's investments held in the Fund will have to be sold and the cash proceeds will be paid to the relevant Investor.

- There will be a loss of SEIS/EIS Tax Relief to the Investor if this is within the initial minimum three-year period.
- Such Investments will be Non-Readily Realisable Investments which may not be possible to sell.
- The risk factors for such Investments are explained on pages 21 to 22 of this Information Memorandum and it should be noted that one of the risks is that early exit may be difficult or indeed not practicable and, as a result, there could be a substantial loss of capital to the Investor.
- The only liability of the Fund at termination or at any point in time will be to the Manager on account of any unpaid Annual Management Fees and, if earned, the Performance Fee.

It is the Fund Manager's intention that the Fund should be "evergreen" and have a termination date that will be determined sometime in the future and at the sole discretion of the Manager. Investors in the Fund will be given a minimum of one year's notice as to the date of termination.

The Fund Manager intends to exit from all Investments made within an eight-year holding period, but a longer period is possible. Therefore, Commitments to the Fund should only be made if it is expected that the Commitment can be left intact for at least eight years and perhaps considerably longer.

On final termination of the Fund, and if Investment in any Portfolio Companies still remains, each Investor can decide whether they wish the Fund Manager:

- to transfer all of their remaining Investments into their own name and receive any cash held in their Portfolio; or
- to sell all of their remaining Investments and pay the proceeds of sale to them, together with any cash held in their Portfolio.

Payments on final termination of the Fund are subject to the Fund Manager's entitlement to retain cash and/or shares to satisfy its entitlement to any unpaid fees or charges.

The only liability of the Fund at any point in time, including termination of the Fund, will be to the Manager on account of any unpaid Annual Management Fees and Performance Fees.

## LIFE OF THE FUND

Under normal circumstances, in order to ensure SEIS/EIS Tax Relief is not lost, the Fund Manager will hold Investments in SEIS/EIS Qualifying Companies for a minimum period of three years from the date of issue of the relevant shares or, if later, from the date on which the SEIS/EIS Qualifying Company (or its subsidiary) commences its qualifying trade.

There may be occasions when the interests of Investors, as a whole, are best served by the Fund realising part or all of an Investment at an earlier date, particularly if the capital gain will exceed the tax benefits lost.



# THE AGRITECH INNOVATION FUND

## APPENDIX 6 - SUMMARY OF THE FUND MANAGEMENT AGREEMENT

**Investors must read completely the full Fund Management Agreement, a copy of which accompanies the Application Form, before completing the Application Form.**

**In signing the Application Form an Investor warrants that he or she has read and agrees fully to the terms and conditions of the Fund Management Agreement.**

**In the event of any conflict between the provisions of the Fund Management Agreement and this summary, the provisions of the Fund Management Agreement shall apply.**

The Fund Management Agreement sets out the agreement between Innvotec (the Fund Manager) and the Investor to constitute and manage the AgriTech Innovation Fund. The acceptance by Innvotec of a signed Application Form will constitute a binding agreement between the Investor and Innvotec. A full copy of the Fund Management Agreement is appended to the Application Form.

### FUND MANAGER'S DUTIES, RESPONSIBILITIES AND RIGHTS

The Fund Manager will:

- at all times act in good faith and with reasonable care and due diligence;
- if an Investor exercises his or her right to cancel, return the amount of any Commitment paid less any charges the Fund Manager has already incurred for any Service undertaken in accordance with the terms of the Fund Management Agreement. The Investor will not be entitled to interest on such monies;
- in the case of there being excess Commitments to the Fund which are not, in the Fund Manager's view, capable of being invested within the Investment Period and in accordance with the Investment Objectives and the Investment Restrictions as outlined in this Information Memorandum, return excess funds to Investors;
- deposit Commitments in an account pending investment or release in accordance with the Fund Management Agreement;
- have complete discretionary powers in relation to the selection of, or exercising rights relating to, and the management of the Fund's Investments;
- provide all administration services in relation to the Fund and its Investments;
- arrange for the appointed Nominee to provide safe custody services in relation to the Fund's Investments and cash, with all cash being held by the appointed Nominee as Client Money until such time as it is invested in a Portfolio Company, released to the Investor or released to pay any of the Fund Manager's fees or charges;

- in performing its Services, have regard to the objectives of the Fund and shall comply with all stated restrictions and all applicable laws;
- in effecting transactions for the Investor; the Fund Manager shall seek to achieve the best possible result for the Investor in accordance with the applicable requirements in the FCA Rules on best execution, the rules and regulations of any relevant market and/or clearing house and the Fund Manager's best execution policy, save where the Investor requires the Fund Manager to use a particular broker, counterparty or execution venue; and
- not lend Investments or title documents to a third party and will not borrow against the security of the Fund's assets;
- send the Investor a report relating to the Investor's Portfolio and cash in the Fund in a form complying with the FCA Rules at least every six months, in respect of the periods ending on or around 31<sup>st</sup> March and 30<sup>th</sup> September in each year or such other dates as the Manager decides;
- carry out a half yearly valuation of the Portfolio Companies in accordance with the valuation guidelines published by the British Venture Capital Association;
- receive charges and fees for its Services as set out in the Information Memorandum;
- devote such time and attention and have (or shall have access to) all necessary competent personnel
- make available any equipment as may be required to enable it to provide its Services properly and efficiently, and in compliance with the FCA Rules;
- take all reasonable steps to prevent conflicts of interest from constituting or giving rise to damage to the interests of the Investor;
- set a date, which it shall notify to the Investor; on which the Fund will terminate;





- on or before termination of the Fund, sell all Investments in the Investor's Portfolio and/or transfer the shares into the Investor's name or otherwise as the Investor may otherwise legally direct;
- give to the Investor not less than three months' written notice of its intention to terminate its role as Fund Manager and if it does give such notice shall endeavour to make arrangements to transfer the Fund to another fund manager;
- at all times keep confidential all information acquired except for information which is in the public knowledge, or which it may be entitled or bound to disclose under compulsion of law, or is requested by regulatory agencies, or is given to its professional advisers where reasonably necessary for the performance of their professional services, or is necessary to disclose to the Nominee to enable the Nominee to perform its obligations in relation to the Portfolio or the Investments of the Fund, or is authorised to be disclosed.

## NOMINEE'S RESPONSIBILITIES

The Nominee will act as custodian of the cash, Investments and other assets of the Fund and will use reasonable care and skill in providing the Services it is to provide.

## INVESTOR OBLIGATIONS, AGREEMENT AND RIGHTS

The Fund established by the Fund Management Agreement is set up on the basis of the declaration and undertakings made by the Investor in his or her Application Form. By completing the Application Form Investors will be deemed to have irrevocably agreed to the Nominee being appointed to exercise the powers and to carry out duties, on behalf of the Investors, in accordance with the Fund Management Agreement:

- indemnify the Nominee (in proportion to their respective interests in the Fund at the date of the claim to indemnify) from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against the Nominee, judgements, suits against the Nominee, proper costs and expenses or disbursements (other than those resulting from the Manager's negligence, wilful default or breach of contract or the FCA Rules on the part of the Nominee) which may be imposed or incurred by or asserted against the Nominee in properly performing its obligations or duties in relation to any Investments, cash or other assets of the Fund;
- provide the Fund Manager with any information which it reasonably requests for the purposes of managing the Fund pursuant to the terms of this Agreement; and give any notices, instructions or other communications to the Fund Manager in writing in English and signed and sent to the Fund Manager at Suite 310, Business Design Centre, 52 Upper Street, Islington, London, N1 0QH (or to such other address as the Fund Manager may notify to the Investor) or except as otherwise specifically indicated. Investors may authorise the Manager to accept instructions from an authorised signatory in such form as the Manager may require.

## COMPLAINTS AND COMPENSATION

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

The Fund Manager is obliged to notify the Investor, and hereby does so, that an Investor may have a right to compensation under the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000, which provides compensation to eligible Investors in the event of a firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are currently limited to a maximum of £50,000 for investments. Further information is available from the Fund Manager on request.

## DATA PROTECTION

All data that the Investor provides to the Fund Manager is held by that party subject to the Data Protection Act 1998. The Investor agrees that the Fund Manager and the Nominee 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 the Fund Management Agreement and to HM Revenue & Customs, the FCA and any other regulatory authority that regulates them and in accordance with all other Applicable Laws.

## GOVERNING LAW

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







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**“ADVANCES IN MEDICINE  
AND AGRICULTURE HAVE  
SAVED VASTLY MORE LIVES  
THAN HAVE BEEN LOST IN  
ALL THE WARS IN HISTORY”**

- Carl Sagan

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## THE AGRITECH INNOVATION FUND

### MANAGED & PROMOTED BY INNVOTEC

#### Further Information

If any further information relating to the Fund is required please contact the Fund Manager, Innvotec Limited.

#### Fund Manager

**Innvotec Limited**

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# innvotec