



# THE MEDIABIZ EIS FUND

MANAGED BY INNVOTEC

EIS INVESTMENT INTO EXCITING FILM AND TV OPPORTUNITIES



**An opportunity to invest in an exciting EIS Fund in the media sector**

**An Evergreen EIS Fund that makes investments quarterly**

**Not just another media EIS - will invest in service companies that are “real business” - good for investors and what HMRC want!**

**Risk mitigation strategies combined with excellent prospects for growth**

**Mediabiz operates on the global stage and has an enviable record in the media industry**

**Attractive and transparent charging structure - all parties’ interests are aligned**

**Valuable EIS tax benefits including - Income Tax, CGT and IHT**

2017 / 2018 TAX YEAR

# THE MEDIABIZ EIS FUND



## THE INVESTMENT OPPORTUNITY

This is an exciting opportunity from Innvotec Limited “Innvotec” to invest in the Mediabiz EIS Fund (the “Fund”).

The Fund combines the skills and knowledge of both Innvotec and Mediabiz Capital UK Production Ltd (“Mediabiz”). It is an “evergreen” fund that will make investments on a quarterly basis.

The focus of the Fund is to combine capital appreciation with capital preservation, through various risk mitigation strategies. The Fund will focus on both media-related development and production services.

Mediabiz is a Canadian production and financing company that works with affiliated funds with the aim of financing world-class media and entertainment projects through various platforms. Mediabiz with both its experience in the sector and valuable relationships, is the perfect strategic partner for the Fund.

Established in 1987, Innvotec has a proven track record in the EIS and SIES sector and is possibly the oldest, independent firm in the UK operating in the Capital Growth sector. As one of the longest established SEIS / EIS Managers, Innvotec is ideally placed to manage this exciting new Fund.

The Fund will benefit from all the usual EIS tax advantages.

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**“Global film attendance hit record levels in 2016, setting a new high-water mark for the film industry with \$38.6 billion in revenues, according to a report by the Motion Picture Association of America.**

**Despite the explosions of entertainment choices, that grow almost by the hour it seems, the global film industry is vibrant, strong, and growing,” Chris Dodd, the MPAA’s CEO.”**

Source:Variety

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## INVESTMENT STRATEGY

The Fund is different to other media funds. It aims to maximise returns for Investors whilst investing in real businesses.

- The Fund will invest in real service businesses and will not just be reliant on tax credits. It will focus on both media-related development and production services and the two initial companies the Fund will invest in are Mediabiz Capital UK Development Ltd and Mediabiz Capital UK Production Ltd. Please see the box on next page for details on these portfolio companies.
- The focus of the Fund is to achieve capital growth, whilst also using various risk mitigation strategies to reduce the risk.
- The companies the Fund invests in will aim to achieve strong and sustainable growth by providing essential project development and production services to businesses within the film and media sector. The Fund aims to offer the prospect of attractive returns from both the core activities and (in certain instances) participation rights in the underlying film or TV projects the portfolio companies are involved with.
- The Fund will seek to exploit the existing close working relationships that the Mediabiz principals have with many highly-experienced media development and production specialists, including many that possess and exploit valuable, intangible rights.

## FUND DETAILS - WHY INVEST?

In the crowded world of EIS funds, the Mediabiz EIS Fund is different.

- Combining simplicity, transparency, tax relief on 100% of Commitment and a quarterly investment programme, ensures that there is little time between Commitment and Investment. This ensures speedier receipt of the Investor’s EIS certificates.
- The Mediabiz EIS Fund is a true EIS media fund that invests in real service companies that provide production and development services to the media industry. The Fund has been setup from the outset, so that it is totally in the spirit of EIS legislation and the new legislation announced in the Autumn 2017 Budget Statement.
- The film and television sector is an interesting sector for investors in these current times. Difficult market conditions and challenging economic conditions, mean the need for good investments has never been more important.
- With continued growth in the international film market, the advantage of investing in a non-cyclical industry, such as film and television, combined with the expertise provided by Mediabiz and Innvotec means that the opportunity provided by the Mediabiz EIS Fund, is very attractive for EIS investors.
- The EIS companies in the Fund will benefit from a relationship with a separate new Mediabiz Fund - Cirrina. This will help provide projects that are being developed, with a way to be greenlit and put into physical production. This is a unique position for an EIS company to be in, as the Fund will now have a strategy for projects post development, which in turn will mean that there is a much higher potential rate for return to the investors.

- Innvotec and Mediabiz both have significant and complementary experience and know-how, and combine this to create a winning partnership.
- The Fund will provide a degree of commercial upside and the Manager's Performance Fee (which is shared between Innvotec and Mediabiz) will not be payable by the Fund unless investors receive at least their full 100% capital investment on the liquidation of the Fund.
- In line with its policy across all of its Funds, Innvotec will defer its Annual Management Charges until the Fund is able to fully service those costs out of its earnings. This will enable the Fund to spend 100% of the investor Commitment in providing the business services which will generate a return for each investor.

## FUND MANAGER & PROMOTER - INNVOTEC

Innvotec was established in 1987 and is possibly the longest established, independent venture capital fund manager in the UK. It has been making investments in start-up and early-stage opportunities for nearly 30 years and has been involved in raising and managing EIS and SEIS funds for 8 years.

The team that is assigned to the management of the Fund has a combined total of over 60 years of relevant experience of creating and managing similar investment portfolios and building value for clients.

Innvotec has raised and managed over £100 million of investment to date primarily from institutional investors and has put this commitment to work in approximately 150 start-up and early-stage businesses. Innvotec has also been successful in helping these companies raise nearly £200 million from third parties.



## THE INITIAL PORTFOLIO COMPANIES

### *Mediabiz Capital UK Development Ltd*

The company will provide development consultancy services to film, television and media production businesses globally. Examples include:

- Packaging Services including identification and attachment of talent.
- Creation and review of creative presentation and pitch materials.
- Script development services.
- Writing supervision and consultancy.
- Identification and analysis of available tax credits, grants, and various other incentives.
- Location scouting.
- Promotion of project at appropriate festivals and industry markets.

### *Mediabiz Capital UK Production Ltd*

The company will provide production consultancy services to film, television and media production businesses globally. Examples include:

- Producing and co-producing services.
- Producer and executive producer services.
- Writing services and other writing consultancy services.
- Post-production supervising services.
- Tax credit management.
- Hiring of cast and crew.
- Negotiation of financing and investment elements and oversight/supervision of financial closing of projects.

Further details can be found in the Information Memorandum.

## STRATEGIC PARTNER – MEDIABIZ

Mediabiz is a Canadian production and financing company that works with affiliated funds with the aim of financing world-class media and entertainment projects through various platforms.

Backed by private investors, debt facilities and pension funds, Mediabiz provides equity, short-term bridge, mezzanine and guaranteed revenue financing from the development to the production of a project.

Mediabiz participate in projects on a global basis. Its team has participated in the financing of more than 100 film or TV projects, including major international co-productions and service productions for broadcasters and studios.

Over the last 16 years, Mediabiz has participated in the financial structuring of over USD 3 billion of production volume. Its team is composed of high profile individuals who have been collectively involved in more than USD 20 billion of production volume. Their deep knowledge and network, both in finance and production, represents an added value for the investors and the producers.

Mediabiz's new production fund "Cirrina" is dedicated to the production and financing of cost-effective character driven, high-quality commercial content for a global audience.

## INVESTMENT DETAILS

**Minimum Fund Size** - £3 million over a twelve month period (or such lesser amount at the Manager's discretion).

**Maximum Fund Size** - £40 million pa

**Minimum Investor Commitment** - £5,000

**Closing Date** - An "Evergreen" Fund with quarterly closings and investment on or around normal quarter dates.

**Fees** - 1.5% Annual Management Charge (deferred until exits provide sufficient cash for payment) and 20% Performance Fee (based on initial Commitment to the Fund, and subject to the hurdle of 100% of the original cash commitment, with a 20% charge on any profit realised on final return.

**Relief** - Based on 100% of Commitment.

## MEDIABIZ EIS – EIS FUND STATUS

The Fund has not been "approved" by HM Revenue and Customs for Approved Investment Fund ("AIF") status. Being unapproved provides more flexibility to the Fund Manager.

Approval only covers certain administrative matters and in no way bears on the commercial viability of the investments to be made, nor does it guarantee the availability, amount or timing of relief from income tax or capital gains tax. Income Tax relief under an unapproved Fund is either granted in the tax year in which the investments into Qualifying Companies are made (and the shares issued) or in the previous tax year. Details of the tax benefits can be found in the EIS Tax Benefits box.

The timing of investments will be dependent upon timing of receipt of the Application Pack and Commitment from Investors.

## THE WAY FORWARD

If you are interested in this opportunity and would like further details, please contact your Financial Adviser or similar professional, or the team at Innvotec.

This document provides general details on this opportunity. Full details are provided in the Information Memorandum which is available on request (subject to status).

This investment is not suitable for all investors.

## CONTACT DETAILS

For further information, please find the contact details below.

### Fund Manager

Innvotec Limited

Corporate, Marketing & Sales  
Painters Hall, 9 Little Trinity Lane, London  
EC4V 2AD

t: +44 (0) 203 026 1883  
e: enquiries@innvotec.co.uk

Admin & Client Support  
Suite 310, Business Design Centre, 52 Upper  
Street, Islington, London N1 0QH

t: +44 (0) 207 630 6990

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

Mediabiz EIS Fund specific  
e: mediabizfund@innvotec.co.uk

### Strategic Partner

Mediabiz International

[www.mediabizinternational.com](http://www.mediabizinternational.com)

t: +44 (0) 7767 040802

### Strategic Marketing Adviser

Palladium Results Ltd

[www.palladiumsolutions.com](http://www.palladiumsolutions.com)

t: +44 (0) 1908 566800  
e: innvotec@eis.marketing

### Legal Adviser

Bircham Dyson Bell LLP

50 Broadway, London SW1H 0BL

[www.bdb-law.co.uk](http://www.bdb-law.co.uk)

t: +44 (0) 20 7227 7000  
e: enquiries@bdb-law.co.uk

## EIS TAX BENEFITS

Each of the target companies will qualify for EIS relief under the EIS companies rules.

Investors in EIS companies can, depending on their individual circumstances, benefit from a number of tax benefits including the following:

**Income Tax Relief** of up to 30%, available on the first £1 million invested in any tax year.

**Capital Gains Tax ("CGT") Exemption** on disposal of the EIS investment. Any capital gains realised on disposal of the shares are tax free provided EIS relief has not been withdrawn. This applies after the Relevant Holding Period, which is currently 3 years.

**Deferral of Capital Gains Tax** on disposal of other assets, if investment in the EIS Portfolio Companies is made within one year before or three years after the date of disposal of the asset which gave rise to the gain. There is no limit to the amount that can be invested in EIS companies for the purposes of Capital Gains Deferral Relief.

**Loss Relief** giving a current aggregate income tax relief for top rate tax payer of up to 61.5%, which can be offset against income tax or CGT liabilities.

**100% Inheritance Tax Business Property Relief** provided that the shares have been held for two years at the time of death.

**Further information on Taxation can be found in the Information Memorandum and in the Innvotec "Know More About: Tax Efficient Investing" Guide. The Taxation situation depends on the individual circumstances of the Investor and may change in the future.**

**Professional tax advice should be taken when considering EIS.**

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.

Please note that the tax treatment depends on the individual circumstances of each client and may be subject to change in future. Please speak to your financial or tax adviser if you are unsure about it.

## IMPORTANT NOTICE

This document is confidential and has been prepared by Innvotec Limited ("Innvotec"), which is authorised and regulated by the Financial Conduct Authority. This document is only available to such persons who are permitted to receive the information memorandum dated December 2017 (IM) relating to an investment in the MediaBiz EIS Fund ("Fund"). This document has not been verified and is a summary of the investment opportunity and should be read in conjunction with the IM which includes more comprehensive information and risk factors relating to the potential investment. Any investment made should solely be on the basis of the IM. Distribution of the IM will only be to those persons permitted to receive it pursuant to the Financial Services and Markets Act 2000 (as amended) ("FSMA"), Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and other applicable rules and regulations set out in the IM. This document should not be reproduced, copied or distributed without the consent of Innvotec and is not for distribution into any jurisdiction into which such distribution will be a violation of its securities laws. The Fund is not a collective investment scheme within the meaning of Section 235 of the FSMA. As the Fund takes advantage of Social Investment Tax Relief, it is not subject to the restrictions placed on Unregulated Collective Investment Schemes (UCIS). The Fund is accordingly not restricted to promoting to high net worth individuals and/or Sophisticated Investors.