



# THE YOUNG LONDON TODAY SITR FUND MANAGED BY INNVOTEC

An investment opportunity focused on Capital Preservation.  
Real social impact by providing care and wellbeing services to young adolescents.

**A limited opportunity to invest in an original SITR Fund**

**Full HMRC pre-assurance**

**Capital Preservation is a Priority**

**Given the social objective and the nature of the investment via unsecured loans there are no investor fees at all**

**Investors will receive a 3.5% p.a. coupon equating to current property yields**

**Young London Today (YLT) is an established company with many contracts in place with London councils and a proven track record providing Adolescent Care**

**Monies received will be exclusively used to acquire assets in support of the YLT trade - the provision of care and wellbeing services to young adolescents**

**Target IRR of 8.5% to include tax reliefs**

**Valuable SITR tax benefits - including 30% Income Tax Relief**

## LIMITED OPPORTUNITY BEFORE 5<sup>TH</sup> APRIL 2017

Restrictions to qualifying trading activities post 6<sup>th</sup> April 2017, include 'on-lending' - something this Fund takes advantage of. Investors have a limited opportunity to invest in a SITR Fund structured this way.

# THE YOUNG LONDON TODAY SITR FUND



## THE INVESTMENT OPPORTUNITY

**Young London Today (YLT) is the first Social Investment Tax Relief (SITR) opportunity from Innvotec. The Fund is an investment focused on capital preservation, whilst providing a target IRR of 8.5% to include tax relief.**

**The ultimate beneficiaries of the Fund will be vulnerable young adolescents, whose wellbeing remains the responsibility of Local Authorities.**

**The SITR legislation is from an investor's perspective similar to the Enterprise Investment Scheme, but its' specific purpose is to raise money for social enterprises and charities that provide benefit to the community. In the case of this Fund the commitment raised will bring enormous benefit to the wider society as it is directed towards the provision of adolescent care services.**

**The Fund will lend money to a number of Community Interest Companies (CICs) that will onward lend to Young London Today Group CIC. The funds received by YLT Group CIC will be used to acquire property in support of the trade carried out by its wholly owned subsidiary YLT CIC.**

**All the loans made are unsecured but their underlying and sole purpose is to acquire a portfolio of properties all held within YLT Group CIC.**

**The Fund will benefit from all the SITR tax advantages.**

## WHY YOUNG LONDON TODAY (YLT)?

It is the good done by YLT CIC that makes this Fund possible.

- YLT is a London-based specialist provider of care and wellbeing services to adolescents who are leaving the care home environment, but for which Local Authorities still have an on-going responsibility and accompanying financial commitment.
- The typical Local Authority contracts that YLT has last for three years and tenders are requested thereafter.
- Whilst YLT has competition, it is very well established and there are no known reasons why existing contracts should not be renewed and new contracts won.
- YLT is a fully-qualified, preferred supplier of services to over half of London's boroughs and currently provides a range of services to adolescents of which over 100 are also housed in properties rented by YLT, in West and South London.
- A full team and infrastructure are in place at YLT.

## ADOLESCENT CARE - THE PROBLEMS & YLT

It is unfortunately a fact that the demands on all Social Services are increasing and there are no signs of this slowing down. The needs of an increasing number of children and adolescents mirror what is happening elsewhere. At the same time, Social Services budgets are by and large static which means there are increasing pressures to providing adolescent care. This in turn can provide financial challenges on service providers such as YLT.

Providers such as YLT that deliver their services through rented property are also hit financially by increasing rents, a problem that is exacerbated by a reduction in the number of properties available for specialist letting.

Support for young adolescents looking to make their way in life is best provided in a stable and permanent environment. The difficulties in finding suitable rental properties coupled with steadily increasing rentals has forced YLT to look to diminish its portfolio of rental properties and acquire its own portfolio of properties which can be modified to meet its own specific needs and the needs of the adolescents in its care. This is where the Fund's cash will be used.

## FUND DETAILS

The Fund has been set up to provide all or part of the funding necessary for YLT to purchase the assets deemed necessary to carry out its trade in an effective and cost-efficient manner.

The Fund aims to provide a combination of satisfactory returns for investors, capital preservation and above all valuable benefits to the community.

In order to benefit from the SITR tax reliefs, HMRC pre-assurance has been received for each of the Community Interest Companies to be funded by the Fund.

**Given the nature of the investment and its social purpose there are no charges whatsoever to be borne by investors.**

### Investment Opportunity

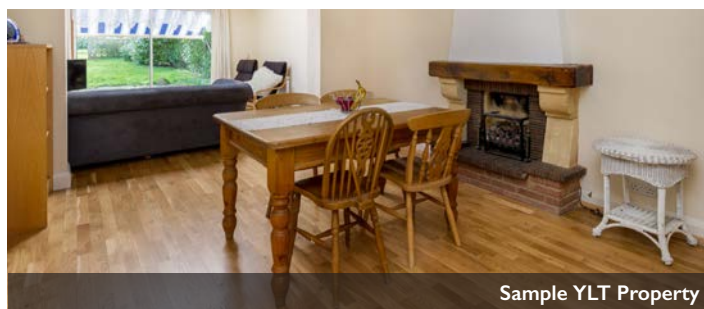
Will provide capital preservation with a commercial rate of interest.

The investment is in the Public Care Sector and specifically in assets that support YLT's trade - the provision of care, well-being and personal development services to vulnerable young adults.

Investments in the Fund will make a genuine social impact in helping young people.

### Underlying Investment

Investments will be in the form of a coupon carrying loan, to one of a number of newly-formed Community Interest Companies (CICs) each called Adolescent Care CIC with a suffix of 1 to 79.



Sample YLT Property



Sample YLT Property

#### Coupon

3.5% compounded annually.

#### Initial Charges

There is no initial charge to Investors, meaning that tax relief is available on 100% of commitment.

#### Subsequent Charges

There are no charges whatsoever.

#### SITR Tax Relief

The Fund will only loan to SITR Qualifying Companies that have received pre-assurance from HMRC.

#### Fund Investment Approach

An investment Fund focused on Capital Preservation via investors making unsecured loans into a number of Community Interest Companies each carrying the prefix Adolescent Care CIC. Each of these companies can accept up to £250,000 of investment by way of equity or unsecured loan - in the case of the Fund this will be via unsecured loan. The intention is that the Fund will provide loans carrying a 3.5% p.a. compounded coupon to the companies.

Each of these companies will subsequently make loans to YLT (Group) CIC on terms that are identical to those on which the investors have loaned to the Adolescent Care CICs. The loan monies received by YLT (Group) CIC will be used to acquire assets in support of the YLT trade which is the provision of care and wellbeing services to young adolescents.

#### Investment Date

The timing of investment via loans into the Adolescent Care CICs will be before 5<sup>th</sup> April 2017

#### Portfolio Approach

The funds from the Investors will be used, in the first instance, to fully invest Adolescent Care CIC 1 to the permitted £250,000 maximum, before applying additional funds to Adolescent Care CIC 2 and then Adolescent Care CIC 3 etc.

Due to the limited time the Fund will be open for investment, it has been structured so that it can close with a low minimum total fund raise.

#### Term

There is no fixed term for the Fund, the intention is to realise the Investor loans to the Adolescent Care CICs within 7 years and after a minimum of 3 years, so as not to lose SITR relief.

The ultimate date of termination of an Investor's Commitment will depend upon the Manager's ability to realise the assets held within YLT Group CIC so that the loans within YLT Group CIC are repaid to the Adolescent Care CICs for subsequent onward repayment with all accrued interest to the Fund's Investors.

The Manager will work closely with YLT to provide a timely exit.



## KEY PARTIES

#### Manager

Innvotec Ltd 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. This is Innvotec's first SITR fund.

Innvotec is probably the longest established, independent venture capital fund manager in the UK. It has historically focused on investing in early-stage companies, most possessing proprietary and innovative technology.

The team that will be assigned to the management of the Fund has a combined total of nearly 60 years of relevant experience of creating and managing 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 over one hundred start-up and early stage businesses. Innvotec has also been successful in helping these companies raise nearly £200 million from third parties.

#### Young London Today CIC

Young London Today CIC (YLT CIC) is Innvotec's long term, contracted strategic partner in this SITR Fund. YLT CIC is responsible for identifying opportunities within the Young Adolescent Care Sector, as are deemed suitable by the Manager for SITR investments and providing on-going support. Further details can be found at [www.young-london.org](http://www.young-london.org).

#### Custodian

Loans to the SITR Qualifying Portfolio Companies will be registered in the name of Innvotec (Nominees) Ltd with the designation SITR YLT. At all times the Investor remains the beneficial owner of the loan.

## INVESTMENT DETAILS

**Minimum Fund Size** - £1 million

**Maximum Fund Size** - £20 million

**Minimum investment** - £10,000 and in tranches of £5,000 thereafter

**Maximum Investment** - No maximum, but income tax relief under SITR is only available on up to £1 million of investment per tax year

**Closing Date** - The Fund closing date is 3<sup>rd</sup> April 2017

## THE WAY FORWARD

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

In this document we have provided some general details on this opportunity. Full details are provided in the Information Memorandum (IM) 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.

### Manager and Promotor

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**TO LEARN MORE, WATCH OUR VIDEO WHICH CAN BE FOUND AT:**

[HTTPS://VIMEO.COM/208449751](https://vimeo.com/208449751)

Please use the password "INNVOTEC" if requested.

### Strategic Partner

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## SITR TAX BENEFITS

Advance Assurance has been received from HMRC for each of the CICs which means that each company qualifies under the SITR companies' rules.

Investors in SITR 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 SITR investment. Any capital gains realised are tax free provided SITR 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 SITR is made within one year before or three years after the date of disposal of the asset which gave rise to the gain.

**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.

**Tax on interest income** - the investor will be taxed on the cumulative interest received on repayment of his or her commitment to the Fund.

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 SITR.

The Information Memorandum (IM) which is available on request contains full details on this opportunity.

Innvotec Ltd is authorised and regulated by the Financial Conduct Authority.

All third party trademarks and trade names are hereby acknowledged.

The logo for Innvotec, featuring the word "innvotec" in a lowercase, white, sans-serif font. The letters are bold and modern, with a slight shadow effect. The logo is set against a dark orange background that forms a large triangle pointing upwards.

## 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 March 2017 (IM) relating to an investment in the Young London Today SITR 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.

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