MMC VENTURES

EIS Fund

Information Memorandum

2017/2018

MMC
VENTURES

IMPORTANT NOTICE

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The opportunity described in this document is NOT suitable for all investors. Key risks are explained on pages 5 - 7 and should be carefully considered. This Information Memorandum may only be distributed to persons falling within the following categories of investor:

1. Existing clients of a financial adviser regulated by the Financial Conduct Authority.
2. Persons who meet the criteria for being a professional client.
3. Persons who qualify as certified high net worth individuals in accordance with COBS 4.7.7(a).
4. Persons who qualify as certified sophisticated investors accordance with COBS 4.7.7(b).
5. Persons who qualify as self-certified sophisticated investors in accordance with COBS 4.7.7(c).
6. Persons who confirm that they will only invest 10% of their net assets in non-readily realisable securities by signing the Restricted Investor Statement set out in COBS 4.7.10.

By accepting this Information Memorandum, you represent and warrant to MMC that you are a person who falls within the above description of persons in respect of whom MMC has approved it as a financial promotion. This Information Memorandum is not to be disclosed to any other person, except where appropriate to your financial adviser or as required by law, or used for any other purpose. Any other person who receives this Information Memorandum should not rely on its contents.

Prospective Investors should not regard the contents of this Information Memorandum or the associated Customer Agreement as constituting advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers before contemplating any investment to which this Information Memorandum and the Customer Agreement relate. No such advice has been given by MMC Ventures Limited. In particular, if you are in any doubt about the suitability of such an investment, you should contact your independent financial adviser authorised under the FSMA and you are advised not to invest until you have done so. Your attention is drawn to the section entitled 'Risk Factors'.

Neither this Information Memorandum nor any associated Customer Agreement constitutes, and may not be used for the purposes of, an offer or invitation to subscribe for any investment to which they relate, by any person in any jurisdiction outside the United Kingdom. This Information Memorandum, the associated Customer Agreement and the information contained in them are not for publication or distribution to persons outside the United Kingdom. They do not constitute, and should not be considered as an offer to buy or sell, or as a solicitation of an offer to buy or sell, any security or share.

MMC and its directors have taken reasonable care to ensure that all the facts stated in this Information Memorandum and the associated Customer Agreement are true and accurate in all material respects and that there are no other material facts or opinions or information which have been omitted from them, which would make any part of this Information Memorandum or the associated Customer Agreement misleading. MMC and its directors accept responsibility accordingly.

IMPORTANT NOTICE

The information contained in this Information Memorandum and the associated Customer Agreement makes reference to the current laws of the United Kingdom concerning EIS relief, IHT relief and CGT Deferral relief, which are subject to the conditions summarised in the section entitled 'Tax Considerations' on page 25. The levels and bases of relief may be subject to change. The tax reliefs referred to in this Information Memorandum and the associated Customer Agreement are those currently available and their value depends upon individual circumstances. If you are in any doubt as to your position, you are strongly advised to consult your professional adviser before making an investment.

The EIS Fund is an 'alternative investment fund' for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD'). MMC is the alternative investment fund manager of the EIS Fund. The EIS Fund is classified as a Retail Investment Product and is not an unregulated collective investment scheme under FSMA.

Certain statements in this Information Memorandum constitute 'forward-looking statements'. When used in this Information Memorandum, the words 'project', 'anticipate', 'believe', 'estimate', 'expect' and similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives, involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Past performance is not necessarily a guide to future performance and may not necessarily be repeated. You should be aware that share values and income from them may go down as well as up and you may not get back all or any of the amount you originally invested. Please note that applications may only be made, and will only be accepted, subject to the Terms & Conditions set out in the associated Customer Agreement. You are entitled to terminate your Customer Agreement relating to your investment and to withdraw your investment in accordance with such Terms & Conditions.

Please see the section entitled 'Definitions' for the defined terms which apply in this Information Memorandum and the associated Customer Agreement. This Information Memorandum should be read in conjunction with the associated Customer Agreement.

This Information Memorandum is strictly private and confidential and must not be distributed, published or reproduced, in whole or in part, nor should its contents be disclosed by any recipient to any person other than their professional advisers. By accepting delivery of this Information Memorandum, each recipient agrees to this undertaking of confidentiality and acknowledges that disclosure of this Information Memorandum or of its contents may cause substantial and irreparable competitive harm to MMC.

The information in this Information Memorandum is subject to updating, completion, revision, verification or amendment. This Information Memorandum is dated 1st August 2017.

RISK FACTORS

The attention of prospective Investors is drawn to each of the following risk factors. An investment in the EIS Fund, the Growth Generation Fund, the Co-investment Fund or membership of the Syndicate is high risk and may not be suitable for all investors. In particular, potential Investors are recommended to seek specialist independent tax and financial advice before investing. The value of your investment could go down as well as up. Investing in unquoted shares may expose you to a significant risk of losing all the money you invest. If any loss of capital would have a materially detrimental effect on your standard of living, you should not invest. You should only invest money that you can afford to leave for the medium to long term and/or are prepared to lose. Furthermore, unquoted securities may be subject to transfer restrictions and may be difficult to sell.

Tax and legal risks

While it is our intention that the EIS Fund and the Growth Generation Fund will be managed so that all investments will qualify for EIS tax reliefs, there can be no guarantee that such status will be maintained. A failure to continue to meet the qualifying requirements could result in adverse tax consequences for Investors, including the requirement to pay the 30% income tax relief, to pay any CGT liability deferred on subscribing for those shares, and to pay any CGT liabilities on the sale of the shares subscribed for. No assurance can be given as to the preservation of the EIS qualifying status of an Investee Company, which may be outside the control of MMC.

Qualifying Companies which subsequently obtain a listing on the Official List of the United Kingdom Listing Authority (as opposed to AIM) will lose their qualifying status for the purposes of IHT relief. EIS relief will also be lost if arrangements were in place at the date of the investment for such a listing to take place.

The tax reliefs referred to in this document are those currently applying as at the date hereof which are assumed to apply throughout on a continuing basis. However, levels and bases of, and relief from, taxation are subject to change and such tax reliefs may not be available in the future and such changes could be retrospective. Further taxes or costs other than those referred to in this Information Memorandum or in the associated Customer Agreement may arise which are not paid through MMC or imposed by us. Prospective Investors should seek their own independent professional advice on their particular tax situation and the application of such tax reliefs prior to making an investment in the EIS Fund, the Growth Generation Fund, the Co-investment Fund or before becoming a member of the Syndicate. The value of tax reliefs depends on each Investor's individual circumstances and may change in the future.

The EIS Fund, the Growth Generation Fund, the Co-investment Fund and membership of the Syndicate are subject to regulation by laws at local and national levels and in multiple jurisdictions. These laws and regulations, as well as their interpretation, may be changed from time to time in a way that could have a material adverse effect on the relevant fund's business. For example, changes to the tax laws or practice in any tax jurisdiction affecting the relevant fund or any of its investments could adversely affect the value of the investments held by the relevant fund and the relevant fund's ability to achieve its investment objectives.

Portfolio risks

There can be no assurance that the EIS Fund, the Growth Generation Fund, the Co-investment Fund or the Syndicate will meet their objectives or that suitable investment opportunities will be identified. The past performance of investments by MMC, the EIS Fund, the Growth Generation Fund, the Co-investment fund or the Syndicate members is no indicator of the future performance of investments. The value of the EIS Fund's, the Growth Generation Fund's, the Co-investment Fund's or the Syndicate's investments depends on the performance of Investee Companies and other market factors outside MMC's control. The value of investments held by the EIS Fund, the Growth Generation Fund, the Co-investment Fund or the Syndicate may go

RISK FACTORS

down as well as up and Investors may not receive back all or any of the amount invested. Investment results may vary substantially over time, and there can be no assurance that Investors will achieve any particular rate of return. MMC is likely to be committing funds to investments of a long-term and illiquid nature in companies whose share are not quoted or dealt in on any stock exchange. Such investments are likely to involve a high degree of risk.

Investments made by the EIS Fund, the Growth Generation Fund, the Co-investment Fund or as a result of membership of the Syndicate will be in private companies whose shares may be difficult to sell or market. Such shares may have risks associated with them greater than quoted securities or shares. Restrictions may apply to the transfer of shares in private companies in which the EIS Fund, the Growth Generation Fund, the Co-investment Fund or the Syndicate invests. The timing of any realisation cannot be predicted and proper information for calculating the current value of the EIS Fund's, the Growth Generation Fund's, the Co-investment Fund's and the Syndicate's investments or the degree of risk posed may not be available.

Where debt leverage is introduced into an Investee Company, the investment made by one or more of the EIS Fund, the Growth Generation Fund, the Co-investment Fund and/or the Syndicate may be subject to additional risk.

Illiquidity

It may be difficult and time-consuming for an Investor to terminate their Customer Agreement or withdraw or liquidate their investments from the EIS Fund, the Growth Generation Fund, or the Co-investment Fund or liquidate their Syndicate investments due to the illiquid nature of the investments proposed. In any event, withdrawal rights may only be exercised in accordance with the Terms & Conditions. We may not be able to realise such investments quickly, at a reasonable price or, in some circumstances, at any price. Investors should consider the investments contemplated by this Information Memorandum as long-term investments.

Due to the nature of EIS relief, Investors participating via the Co-investment Fund or Syndicate members who elect not to invest in shares qualifying for EIS relief may be offered a different class of shares from the Relevant Shares. The investments made available to such Investors may carry some form of liquidation preference which may result in the holders of such capital instruments receiving all or some of their investment back on an exit (such as a trade sale, flotation or liquidation of the Investee Company or the sale by it of its business) prior to Investors participating via the EIS Fund and Growth Generation Fund who can take advantage of EIS relief. Accordingly, the existence of any such preference may result in such Investors in the EIS Fund and Growth Generation Fund receiving a lower return on their investment or failing to recover some or all of their investment.

Investors who subscribe to the EIS Fund or the Growth Generation Fund on only one occasion will have their Subscriptions invested in at least five Investee Companies as fewer investments increases concentration risk through lack of diversity. The poor performance by one or more of these Investee Companies may have a material adverse effect on their investment. The performance of the Investee Companies may be adversely affected by global or local economic, political, regulatory or other factors beyond the control of those entities or MMC.

In addition to other analytical tools, the MMC team may use financial models to evaluate investment opportunities. The accuracy and effectiveness of such models cannot be guaranteed. In all cases, projections are only estimates of future results which are based upon assumptions made at the time that the projections are developed. Projections are inherently uncertain and subject to factors beyond the control of MMC and the Investee Company in question. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could impair the ability of MMC to realise projected values and/or cash flow in respect of an investment. Therefore, there can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections. General economic and industry-specific conditions, which are not predictable, can have also an adverse impact on the reliability of projections.

MMC may, in relation to certain transactions, give warranties, guarantees and/or indemnities to third parties. Consequently, it may need to apply assets of the relevant fund or drawdown additional monies from investors in the relevant fund to satisfy such contingent liabilities.

Company risks

MMC depends on the services of its key personnel. The loss of services of these persons could have a material adverse effect on the performance of the investments of the EIS Fund, Growth Generation Fund, Co-investment Fund and the Syndicate. MMC's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly-qualified personnel. Competition for such personnel can be intense and MMC cannot give any assurance that it will be able to attract or retain highly-qualified personnel in the future.

The success of MMC depends on the ability of the MMC team to locate, select, develop and realise appropriate investments, and there is no guarantee that suitable investments will be or can be acquired or that investments will be successful. The MMC team may be unable to find a sufficient number of attractive opportunities to meet the relevant fund's investment objectives.

A number of entities will compete with MMC to make investments of the type that it intends to make, and competition for investments targeted by MMC may increase over time. It will compete with public and private funds, commercial and investment banks, corporates and commercial financing companies.

Forward-looking statements

Investors should not place reliance on forward-looking statements. This document includes statements that are (or may be deemed to be) 'forward-looking statements', which can be identified by the use of forward-looking terminology including the terms 'believes', 'continues', 'expects', 'intends', 'may', 'will', 'would', 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future.

Potential conflicts of interest

MMC manages or provides services for MMC's Funds. Such funds or investors may invest in companies in which the other MMC Funds have also invested or may invest. MMC may provide MMC's Funds the opportunity to co-invest with other MMC Funds. Potential conflicts may be inherent or arise from MMC providing such opportunities. In particular certain of MMC's Funds do not have EIS reliefs as an objective of their investments. In addition, once such co-investments are made, the interests of each of MMC's Funds and those of co-investing investors may subsequently diverge.

FUND STRUCTURE

Our EIS Funds are suitable for UK taxpayers seeking a diversified portfolio of growth capital investments benefiting from attractive EIS tax reliefs. These reliefs boost investor returns and offer significant downside protection. (See section entitled 'Tax Considerations' on page 25).

MMC invests on behalf of EIS investors in a portfolio of EIS-eligible companies. Our EIS Funds are open-ended, enabling Subscriptions to be made at any time. Thus individual investor portfolios will vary depending upon when each Subscription was made. Each investor has an account administered by our Nominee (interest on cash balances accrues to the Investor). The minimum Subscription to the MMC EIS Fund is £25,000. The EIS overlay means that returns are enhanced and the risks materially reduced by the tax subsidy (the net after-tax exposure is reduced to 38.5p per £1 for a 45% marginal rate tax payer).

The EIS Funds are not a legal entity. They are Alternative Investment Funds ('AIF') pursuant to the EU Alternative Investment Fund Managers Directive ('AIFMD'). MMC is authorised to act as an AIF Manager ('AIFM') and, accordingly, is the AIFM of the EIS Funds. The EIS Funds are not a collective investment scheme within the meaning of section 235 of the Financial Services and Markets Act 2000, nor a Non-mainstream Pooled Investment. The EIS Funds will, however, constitute collective investment undertakings within the meaning of the Markets in Financial Instruments Directive ('MiFID') and, by virtue of the exemption for collective investment undertakings and their managers in Article 2.1(h) of MiFID, the EIS Funds (and the management by the Manager thereof) fall outside the remit of MiFID. MMC is authorised to carry on investment activities under MiFID.

The EIS Funds may be deemed suitable for Retail Clients subject to advice from suitably qualified professional advisers. They are not HMRC 'approved' EIS Funds. Investors are the beneficial owners of shares in the Investee Companies although the Nominee will be the registered holder of such shares. MMC aims to invest in 10 companies within 12-18 months for each Subscription, but in all cases for Subscriptions to be fully invested within 24 months. These investments comprise both new deals and follow-on funding rounds for existing Investee Companies that are EIS qualifying.

Capital is returned to investors as realisations are made and will not be re-invested by MMC unless we are specifically instructed otherwise. Investors will be given the option to re-invest proceeds in MMC's Rollover Facility. Investors may also re-subscribe to our EIS Funds at any time.

EIS relief is obtained on a deal-by-deal basis. MMC will make EIS3 certificates available after each investment is made (this is obtained by the portfolio company from HMRC).

Investors should then file the EIS3 certificates with their tax return and make a claim in order to obtain the EIS tax reliefs. (See section entitled 'Claiming EIS Relief' on page 28).

WELCOME TO MMC

MMC Ventures backs fast-growing, innovative businesses and in doing so targets significant capital growth for our investors. We focus exclusively on investing in technology-enabled businesses and technology is now the UK's second largest sector, with a growth rate that considerably outpaces the broader UK economy.

We are one of very few VCs in the UK to have established a dedicated research function that guides our investment focus and is available to assist our portfolio companies as they confront and analyse strategic issues affecting their market.

MMC invests on the commercial merits of each opportunity. Our EIS Fund investors benefit from tax advantages that we view as highly attractive, but not the reason to invest.

Our EIS Fund investors also benefit from our years of experience during which we have honed the structure of our investing, specifically regarding risk diversification and portfolio construction. Each MMC EIS Fund Subscription will be invested in c. 10 companies with approximately equal sized allocations in a combination of new and follow-on investments.

MMC also manages institutional money that does not qualify for EIS tax reliefs but which we have co-invested with our EIS Funds on the same terms. These institutional funds include the £30 million MMC Enterprise Capital Fund, in which the Government has invested £20 million, and the MMC London Fund, which is managed on behalf of the Mayor of London.

To date, MMC has raised £200m of funds, of which the founders and broader team have provided £11m.

MMC has invested in technology companies for the past 17 years, and consequently is one of the most experienced EIS managers in that sector. Our current portfolio of companies has attracted major financial and corporate investors to invest alongside MMC, including Bessemer Ventures, J.C. Flowers, Unilever, Halfords, Mastercard, Salesforce and Mitsui.

We work closely with our investee companies to support them as they grow, using our own experience and network to assist in areas including international expansion, senior hiring, access to potential clients, corporate governance, fundraising, bank finance and exit. We see our role as helping our portfolio companies to succeed through the lifecycle of our investment and, in doing so, realising the best returns for our investors.

Ultimately, by investing in early-stage, high-growth companies, we are fulfilling what the Enterprise Investment Scheme is intended to promote: innovation and job creation.

MMC PORTFOLIO

SIGNAL

interactive investor

PEAK

TalMix

SKY FUTURES
Unmanned System Solutions

MUBI

admedo®

Brightpearl

GrowthIntel

elder

CS creativity software

Reevoo

Somo.

CloudSense
Industry platforms for Quote-to-Cash

appear [here]

TyresOnTheDrive.com

OBILLEX

opal

invenias

Fresh Coffee Love Pact

SafeGuard World International
Your Payroll In Safe Hands

pay as u gym.com

small world LCC

Gousto

NEWVOICEMEDIA

masabi
the ticket machine in your pocket

BLOOM&WILD

neoss™
Intelligent Simplicity

the practice+

STORYSTREAM

MASTERED

CONTENTS

OUR APPROACH

History of MMC

MMC Ventures was established in 2000 by three founders: Bruce Macfarlane, Alan Morgan and Allan Cockell who had met as business angel investors, investing their own capital in high growth companies. Their backgrounds were investment banking, strategy consultancy and hedge fund management and their goal in founding MMC was to create an investment vehicle for experienced business angel investors, including themselves, to access the best deals in the market by providing capital and strategic advice to entrepreneurs.

This group of experienced business angel investors forms the MMC Syndicate and the history of personal commitment to MMC's investments continues and strongly influences the founders' approach to risk and the structuring of our deals.

Our Syndicate comprises leading businesspeople, entrepreneurs and members of the professions who can serve as an additional source of due diligence and assistance to portfolio companies.

MMC commenced managing discretionary EIS Funds in 2005 and has raised two institutional funds, which have co-invested with our EIS Funds.

This co-investment policy serves to reinforce our fundamental approach of investing on the commercial merits of each transaction and viewing the EIS tax benefits as highly desirable, but not the reason to invest. The EIS overlay enables MMC to reduce the downside risk and enhance investor returns.

Investment focus

We invest in high-growth technology businesses that we believe have the potential to change the future of financial services, the workplace and the retail environment, focusing on enterprise software and consumer internet investments.

We look for businesses that can be scaled in a capital efficient way and can demonstrate commercial traction. We typically invest in companies that are revenue generating.

MMC targets an investment of £1m – £3m in an initial funding round in each investee company but we will support the business, as it grows, through further funding up to around £7m - £10m per company. This ability to fund a company right through its early growth stages is one reason why we are an attractive source of funding to the best entrepreneurs.

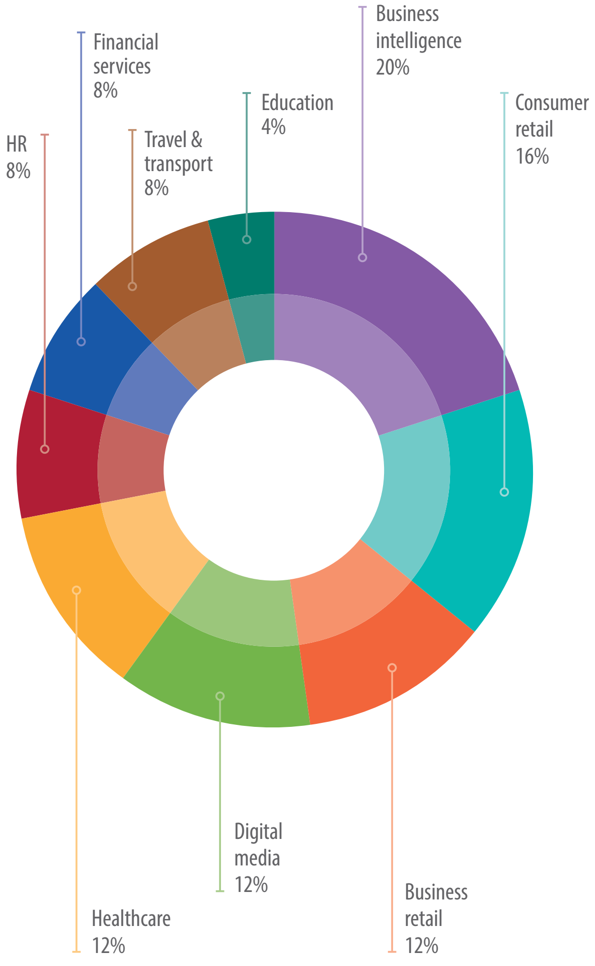
"The partners and the team have personally invested alongside MMC's investors (on the same terms) for a total of £11m to date. This is an unusually high level of 'skin in the game'; even amongst larger VC managers with many times the FUM of MMC. This should help promote alignment of interest between investors and those managing their money."

Martin Churchill (Tax Efficient Review, November 2016)

OUR APPROACH

This investment methodology means that each investor Subscription will be allocated into both new deals and follow-on investments to achieve a balance of investment stage and risk.

SECTOR BREAKDOWN OF CURRENT INVESTMENTS – BY NUMBER OF COMPANIES



Deal flow

We search out deals in our target sectors. Our in-house research function is a major contributor to identifying, assessing and monitoring these investment opportunities. This proactive approach complements the network we have built over the past 17 years which yields over 1000 applications for funding each year.

For investors, this means we have a good record of deploying subscriptions efficiently and have, on average, invested 80% of an investor's Subscription within 12 months.

We regularly co-invest with institutional venture capital (VCs), which are an important deal source. All of our current EIS Fund investments are co-investments alongside a combination of institutional VCs, super-angels and corporate investors.

MMC is a member of key industry bodies which are also sources of deal flow, including the British Venture Capital Association (BVCA), where we are represented on the Venture Committee, and the Enterprise Investment Scheme Association (EISA), where we are represented on the board.

Co-investment

We seek to invest the EIS Funds alongside our other managed funds, including those that do not benefit from EIS reliefs, a policy which demonstrates our commitment to avoiding making investment decisions based on tax benefits alone but concentrating on the commercial merits of each deal.

We apply this policy of co-investment externally. Wherever possible we co-invest MMC Funds with third party investors that can bring value, particularly experienced, well-connected business angels, institutionally-backed VCs and strategic corporate investors.

Recent co-investment partners include Mitsui, Salesforce, Unilever, Halfords, Mastercard, J.C. Flowers and Bessemer Ventures.

"The investment process is exhaustive with a comprehensive level of due diligence and a sufficient level of governance around the decision-making process."

'The Tax Shelter Report', published by Allenbridge, December 2016

Process

MMC follows a highly disciplined approach to due diligence. Each investment is led by an investment director with support from our general counsel and investment associates, using third-party experts where required, to analyse the business, the market, the team, existing commercial contracts and the sales pipeline to confirm the investment opportunity and validate management's claims.

Each deal will go through two Investment Committee stages before MMC proceeds with an investment. We require investment agreements that contain investor controls and protections and obtain advanced assurance from HMRC that each new Investee Company is EIS qualifying at the time of the investment.

Portfolio management

Each EIS portfolio company is assigned an MMC partner or investment director who will typically take a board seat.

Our long experience of working with entrepreneurs in the technology sector means that we bring deep expertise and advice to the difficulties that every growing company experiences. In addition, we make our research team available to assist our entrepreneurs on special projects that can impact the strategic direction of the company.

Members of our Syndicate are a source of advice, support and introductions for our portfolio companies and, in several cases, sit on boards.

MMC places great emphasis on working closely and in partnership with our management teams through the lifecycle of the business. We agree on a set of working principles up-front with management teams and follow with regular strategy sessions to review progress and exit considerations.

EIS PORTFOLIO

We have a diversified portfolio of strongly performing companies across a variety of technology sub-sectors including retail, travel and transport, financial services, education and healthcare. During 2016 these companies averaged 79% revenue growth, employed an average of 122 full-time staff and attracted an additional £65m of investment in addition to funding provided by MMC.

Examples of current portfolio companies include:

Interactive Investor
iii.co.uk

Sector
Financial services

Total MMC investment
£6.2m

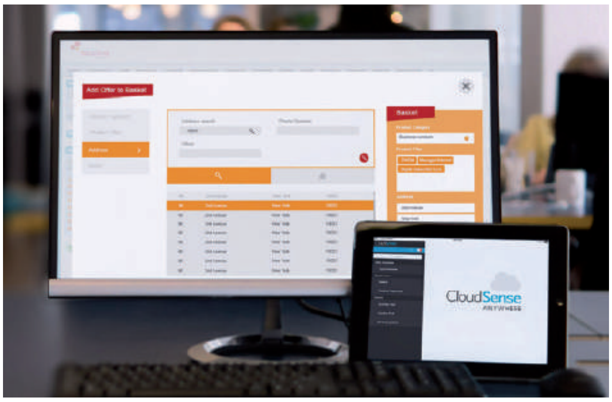
First MMC EIS investment
2012

Co-Investors
J.C. Flowers, Augmentum, Unicorn VCT

Interactive Investor is a fintech platform that offers low-cost trading and investment to retail investors.

In 2017 Interactive Investor acquired TD Bank Group's European direct investing business and has over £21bn of assets under administration. The company's 300,000 customers can trade in nine currencies in 32 countries.

interactive investor



CloudSense
cloudsense.com

Sector
Business software

Total MMC investment
£4.0m

First MMC EIS investment
2014

Co-Investors
Liberty Global, Salesforce

CloudSense offers a software solution that manages the entire sales cycle from product design and order capture through to fulfilment. Its customers benefit from higher order values, reduced order errors, increased automation of sales processes and quicker product launches.

With notable success in the telecoms and media sectors, CloudSense has worked with businesses including the BBC and O_2 to improve performance. With offices across the world and customers in over 30 countries, CloudSense has grown quickly and been recognised by numerous awards.

CloudSense
Industry platforms for Quote-to-Cash

Tyres on the Drive
tyresonthedrive.com

Sector
Consumer internet

Total MMC investment
£6.5m

First MMC EIS investment
2012

Co-Investors
Halfords, True Capital

Tyres on the Drive (ToTD) combines online sales of tyres with a fleet of state-of-the-art fitting vans to reduce the cost and improve the customer experience of replacing tyres. Customers use the ToTD tyre price comparison website, then pick a convenient time and place for a technician to come out and fit them.

ToTD has signed partnerships with Halfords and the RAC to channel customers to its site and widen the range of services provided.

TyresOnTheDrive.com

Masabi
masabi.com

Sector
Travel and transport

Total MMC investment
£6.0m

First MMC EIS investment
2014

Co-Investors
Mastercard, Keolis, M8 Capital, Lepe Partners

Masabi provides mobile ticketing and fare collection software to mass transit authorities in cities around the globe, Masabi makes city transport smarter, enabling passengers to use their mobile devices to travel.

Masabi currently works with more than 22 transport operators and agencies around the world, including Virgin Trains, Abellio, Thames Clippers, New Orleans RTA, Boston's MBTA, San Diego's MTS, Transport for Athens, and New York's MTA.

masabi
the ticket machine in your pocket

Further information

For more information on the full EIS Fund portfolio:
Visit: **www.mmcventures.com** | Telephone: **020 7361 0212** | Email: **fundenquiries@mmcventures.com**

EXIT STRATEGY

MMC decides with each company board and management the appropriate exit strategy. Exit routes have included AIM IPOs, trade buyers, financial buyers and secondaries funds. The target exit horizon for MMC EIS investments is 4-7 years.

Since inception, the EIS Fund has made investments in 39 companies and has a historic failure rate of 22.5%, which reflects the high risk attached to investing in early-stage, unquoted companies. For more information on the impact of capital losses from an EIS investment see section entitled 'Loss Relief' on page 26.

For investors wishing to re-invest exit proceeds into further EIS qualifying assets, MMC offers a Rollover Facility which can be opted into at any time. See page 21 for more information.

Recent exit examples

Breathing Buildings

2.7x (not including EIS relief)
SALE TO A PUBLIC COMPANY

Theme/Sector: Cleantech
Total investment: £1.9m
Exit: 2016

Breathing Buildings was formed in 2006 as a spin-out from the University of Cambridge, collaborating with Massachusetts Institute of Technology (MIT) with patents for natural ventilation solutions. The company is a leader in the UK's natural and hybrid ventilation market, deploying its proprietary technology in schools across the UK.

Breathing Buildings was sold to Volution Group plc in December 2016, providing a gross return of up to 2.7x for MMC investors.

TOTALMOBILE

8.7x (not including EIS relief)
SALE TO A PRIVATE EQUITY FIRM

Theme/Sector: Software
Total investment: £740k
Exit: 2015

TotalMobile is a leader in the delivery of mobile work applications. By building mobile products that simplify workflow, the company increases workplace productivity and simplicity.

TotalMobile has developed a market-leading position in local government and healthcare, where its customers include Fife Council, Nottinghamshire County Council, Bristol Community Health and Virgin Care. TotalMobile was sold to Lyceum, a private equity firm in 2015.

SafeGuard World International

Your Payroll In Safe Hands

4.3x (not including EIS relief)
PARTIAL SALE

Theme/Sector: Financial services
Total investment: £3.8m
Exit: 2015

SafeGuard World International (SafeGuard) provides global managed payroll and global workforce solutions to companies of all sizes, with small or large employee populations, in mature and emerging international markets. SafeGuard's software ensures payrolls can be integrated across geographies and time zones and can be calculated in real time allowing them to be controlled from one site.

In 2016 MMC sold a proportion of its holding in SafeGuard to a secondaries fund which provided a gross return to investors of 4.3x on shares sold, thus returning the capital invested and retaining full upside on the approximately 75% holding retained.

LOVE HOME swap

4.2x (not including EIS relief)
SALE TO A PUBLIC COMPANY

Theme/Sector: Travel
Total investment: £2.6m
Exit: 2017

Love Home Swap is an online travel club allowing holidaymakers to access stylish home swaps around the world.

In 2017 the business was acquired by RCI, the worldwide leader in vacation exchange, which forms part of the Wyndham Worldwide group.

The exit provided a gross return of up to 4.2x for EIS Fund investors.

INVESTING WITH MMC

We aim to make EIS investment as transparent and straightforward as possible.

APPLICATION PROCESS

Investors complete an application. This includes Anti-Money Laundering protocol and an appropriateness questionnaire.

Payment can be made by bank transfer or cheque.

ACCOUNT OPENED

Once the application has been accepted and funds have been cleared we will inform the investor that the account has been activated.

INVESTMENTS MADE

Investors can typically expect 10 underlying investments to be made on their behalf within 12-18 months.

These investments will comprise new deals and follow-on funding rounds for existing EIS qualifying MMC companies.

For more detail please see page 9.

TAX RELIEF

MMC provides Investors with a contract note and EIS3 certificates following each investment.

In order to obtain the tax reliefs, Investors need to file the EIS3 certificates with their tax return.

For more information please see page 25.

MONITORING YOUR INVESTMENT

We give Investors the opportunity to engage with our portfolio companies through regular 'At Home' events and our Annual Investor Event.

Online access to all investment documentation (including EIS3 certificates).

INVESTING WITH MMC

Investor communications

We pride ourselves on open and transparent communication with our investors. As each Subscription is invested, investors receive a contract note with investment details and a short description of the Investee Company.

In addition:

- We provide quarterly reports with trading updates on each company and performance against target. Reports include a valuation of each company, which is independently audited annually.
- Investors should receive EIS3 certificates within, on average, 12-16 weeks of investment. Timings may vary depending on HMRC.
- We offer an online portal where all customer documentation is stored and available to view. Access to each investor's online account can be granted to advisers on request.
- Investors are invited to regular 'At Homes' held in MMC's offices where portfolio CEOs update on progress. We also hold an Annual Investor Event where all portfolio companies are represented.

MMC EIS Fund fees

MMC charges an initial fee of 1% for customers investing through an intermediary. For non-advised clients, the initial fee is 3%. There is an annual management fee of 2.5% payable quarterly in advance for years one and two.

The annual management fee of 2.5% for years three, four and five is accrued and paid on returns of capital. There are no management fees after year five. There are no custodian, administration, dealing or other charges.

A performance fee of 20% of the net profit achieved on each Investor's portfolio of investments applies. The performance fee is payable only after the full amount of the Investor's Subscription has been returned.

The table below shows when MMC's fees will be paid by Investors in the MMC EIS Fund:

On Subscription	
Initial fee	1% (or 3% for non-advised clients)
Years 1 & 2 withheld (paid quarterly)	
AMC per year	2.5%
Years 3,4, & 5 payable on first exits (accrued)	
AMC per year	2.5%
Once 100% of initial Subscription is returned to investor	
Performance fee	20% of gains above 100p (total initial investment)*

For further information on fees please refer to the MMC EIS Fund Customer Agreement.

Please note:
Fees are subject to VAT where applicable.
EIS tax relief applies to actual monies invested in portfolio companies net of fees.

**Only chargeable once MMC has generated returns to cover accrued AMC and total amount Subscribed. Meaning an implied hurdle rate of 17.5% (for advised investors).*

How to apply

For further information and copies of the Customer Agreement please contact the Investor Relations team:

Email: **fundenquiries@mmcventures.com**
Telephone: **020 7361 0212**

Rollover Facility

MMC operates a Rollover Facility which allows clients to reinvest the proceeds of exits in order to maintain their tax-efficient status, without requiring clients to 'top up' to the minimum investment size for the EIS Fund.

The minimum investment for the Rollover Facility is 20% of the Subscription the gains originated from. MMC's Rollover Facility matches its allocations to the Subscription from which the gains were realised, investing in a minimum of two underlying investments.

This facility will be invested in EIS qualifying investments.

Growth Generation Fund

MMC is keen to attract younger investors to this asset class. To that end, we have designed a Growth Generation Fund (GGF) that is exclusive to investors aged between 18 and 35. The Growth Generation Fund offers younger investors access to this asset class at low cost and a low minimum investment. To our knowledge, the Growth Generation Fund is the only venture capital fund specifically created for younger investors.

The Growth Generation Fund participates in the same flow of EIS deals that the MMC EIS Fund invests in and GGF investors enjoy the same EIS tax benefits. In the same way as the EIS Fund, Subscriptions will be typically invested in 10 private UK companies that are eligible for EIS investment. Investments will be made in both new and follow-on deals.

We charge no front end fee or annual management fees for the GGF (a performance fee of 20% is charged on net gains made after the initial capital subscribed has been returned). Thus the GGF is not intended to raise significant sums and a maximum Subscription of £10,000 applies. There is a minimum Subscription of £2,500.

Syndicate

The MMC Syndicate is a group of active and experienced venture investors. The Syndicate is not limited to EIS qualifying investments and investors may have the opportunity to invest in non EIS qualifying deals.

Syndicate members retain their investment discretion and choose which MMC investments to make on a deal-by-deal basis.

MMC also offers the option for individuals to invest in EIS Fund Plus. This allows investors to have the managed Fund experience, creating a portfolio of 8-12 companies at MMC's discretion, whilst opting to 'top-up' into any deals they choose. To invest as EIS Fund Plus investors, individuals must subscribe to the EIS Fund and join the Syndicate.

Further information

For more information on the MMC Rollover Facility, the Growth Generation Fund or the MMC Syndicate please contact one of the Investor Relations team on:

Email: **fundenquiries@mmcventures.com**
Telephone: **020 7361 0212**

OUR TEAM

Alan Morgan

Chairman & Partner

Alan co-founded MMC Ventures in 2000. He is chairman of the investment committee and leads MMC's financial services sector focus. He works with MMC portfolio companies Small World, Obillex and Growth Intel.

Alan spent 28 years at McKinsey & Co where he was head of the financial services practice in UK, Europe and the Middle East. He was also a board member of the McKinsey Investment Office which manages about $8 billion of staff and partner retirement and investment products.

Alan has an MA in Law from Trinity College, Oxford University, an MBA from Harvard Business School, and is a qualified barrister.

Alice Davidson

Office Manager & Investor Relations

Alice joined the team in 2017 to support the investor relations team and act as office manager.

Alice's previous roles have been in customer experience and client service. She has worked with Camp Beaumont Day Camps, Epsom and Ewell Borough Council and Merlin Entertainments.

Alice has a BA in Drama from Bath Spa University.

Ameerul Miah

Partner & COO

Ameerul joined MMC in 2014. He is responsible for finance and operations, regulation, and supervises MMC's fund administration.

Before joining MMC, Ameerul worked as the overseas entity controller for the Ashmore Group and James Caird Asset Management where he was responsible for finance, tax and regulatory reporting for both onshore and offshore entities.

Ameerul qualified as an accountant with Ernst and Young and graduated from University College London with a First Class Honours BSc in Economics.

Anna Slemmings

Director, Marketing & Investor Relations

Anna joined MMC in 2013 and leads the marketing and investor relations team. Anna's role is to ensure consistency of MMC messaging to all stakeholders.

Prior to joining MMC Anna worked as the marketing manager for a media production company and as a publisher of special interest reports for The Times newspaper.

Anna graduated from Exeter University with a BA in Politics.

Bruce Macfarlane

Managing Partner

Bruce co-founded MMC in 2000. He is a member of the investment committee and has oversight of the MMC portfolio.

Bruce works with MMC portfolio companies: Tyres on the Drive, Elder, Love Home Swap, Somo, Interactive Investor, Pact Coffee, Neoss, and The Practice. He is a member of the Venture Committee of the BVCA.

Before founding MMC, Bruce was a Managing Director at Merril Lynch, where he was head of UK Investment Banking, and senior managing director at Bankers Trust. Earlier in his career he practised as a US securities lawyer at Skadden, Arps, Slate, Meagher & Flom in New York.

Bruce has a BA in English from Leeds University and is a Chartered Director. He qualified as a barrister in London and an attorney in New York.

Cecilia Torres

Investment Director

Cecilia joined the MMC investment team in 2017. She focuses on sourcing new deals and deal execution.

Before joining MMC, Cecilia was responsible for Corporate Development at AXIO Data Group, a private equity backed portfolio of B2B data and analytics businesses where she executed a number of acquisitions and the successful phased exit of the portfolio, returning 5x to shareholders over a four year period. Prior to that, Cecilia was a Manager in the TMT M&A team at KPMG having started her career in investment banking at Deutsche Bank in Boston and London, executing a number of M&A transactions, IPOs and Follow-On Offerings.

Cecilia has a Masters in International Business from Université Paris Dauphine.

Dan Bailey

Manager

Dan joined MMC in 2015. He is responsible for sourcing new deals and new deal execution.

Prior to joining MMC, Dan worked at Deutsche Bank in the UK Corporate Finance team, advising companies across the Consumer, TMT and Industrials sectors on M&A and Equity fundraising.

Dan read Economics and Management at Oxford University.

David Kelnar

Director & Head of Research

David joined MMC in 2016 and leads the Firm's research team, which provides MMC with a deep and differentiated understanding of the technologies, themes and sectors in which it invests. David has eight years of entrepreneurial leadership experience in early-stage companies, having served as the founding CEO and CFO, respectively, of two consumer service technology companies, and is an advisor to a range of early stage ventures.

Previously, David was an equity research analyst in the European technology sector at Goldman Sachs in London and a hedge fund in New York.

David graduated with double First Class Honours in Philosophy from the University of Cambridge.

Dominic Sando

Associate

Dominic joined MMC in 2016. Working within the investment and research teams, he supports deal sourcing and primary research projects.

Dominic graduated with double First Class Honours in Economics & Management from Oxford University.

Giles Woodward

Compliance Officer

Giles joined MMC in 2016 and is responsible for the firm's compliance with existing and future regulation.

Giles has over 20 years' experience in the financial services industry and has held a number of compliance-related positions during that time. Most recently, he was European compliance manager for a major health insurer.

Giles graduated from Brunel University with a BSc in Politics and Modern History. He holds the Financial Planner Certificate 1, 2 and 3 and the Investment Management Certificate (Regulatory paper).

Henry Emson

Business Development Manager

Henry joined MMC is 2016 and his role is to develop relationships within the advisor and introducer community for MMC Fund distribution.

Prior to joining MMC, Henry worked for an early-stage clean tech venture and has in his own time syndicated and co-founded three consumer internet businesses. His other past roles have included investment manager at a private equity family office and working at a boutique corporate finance house.

Henry has a BA from the University of Newcastle-Upon-Tyne and holds a CISI Level 3 Diploma in Corporate Finance.

Jonathan Coker

Managing Partner

Jon joined MMC in 2007 and is responsible for leading new investments and representing MMC on portfolio company boards. Jon works with MMC portfolio companies: Gousto, Bloom & Wild, Reevoo, Invenias, Opal, CloudSense, SafeGuard and Mastered. Jon sits on the board of the EIS Association.

He has significant experience helping early-stage UK businesses grow into sizeable international organisations. Jon believes that MMC's true value comes from helping founder-led businesses build strong executive teams and driving good business processes from the board down.

Before joining MMC, Jon was a member of the global leveraged fund team at JP Morgan. He has an MEng in Engineering Science from St Peters, Oxford University.

OUR TEAM

Mina Samaan
Associate

Mina joined the investment team in 2017. He is responsible for sourcing new deals, deal execution and supporting MMC portfolio companies.

Prior to joining MMC, Mina worked at Lazard in London, advising companies on Equity Capital Markets and M&A transactions across a number of sectors including industrials and technology. He was previously an aerodynamics engineer for Williams Formula 1 team, working on race-car design & development as well as control software and testing.

Mina graduated with a First Class Honours in MEng Aeronautical Engineering from Imperial College London.

Simon Menashy
Partner

Simon joined the MMC investment team in 2011. He focuses on the execution of new and follow-on investments. Simon works with MMC portfolio companies: Signal, Masabi, BrightPearl, Sky-Futures, Admedo and Mubi.

Previously, Simon was a senior consultant in the Strategy practice at Deloitte, working with media, telco and technology companies across Europe on corporate strategy, analytics and M&A projects.

Simon has a BSc in Physics and Space Research and a post graduate diploma in Business Administration from the University of Birmingham, where he also started a small IT business.

Shiva Vagani
Accountant

Shiva joined MMC in the finance function in 2017.

Before joining MMC, Shiva worked as an assistant accountant (General Insurance) for Nationwide Building Society. Prior to which, he worked in public sector audit at KPMG (formerly The Audit Commission) and in fund accounting at Langham Hall.

Shiva has a First Class Honours degree in Accounting and Finance from De Montfort University.

Victoria Ferguson
General Counsel

Victoria joined MMC in 2014. She is a qualified solicitor and advises on all legal aspects of MMC Ventures' work, including responsibility for the documenting and completing of investment deals.

Victoria is a member of the EIS Association's Regulatory Committee, working closely with relevant members of HM Treasury and the Financial Conduct Authority to consult on proposed changes to the marketing, promotion and management of EIS issues and funds.

Victoria joined MMC from international law firm Jones Day where she was an associate in the Business Restructuring and Reorganisation practice.

Victoria has an LLB Law from King's College London. She continued her studies at BPP Law School before completing her training at Simmons & Simmons.

TAX CONSIDERATIONS

The tax benefits referred to below (other than those referred to under 'Investing through a SIPP') are not available to an Investor who elects to make an investment in shares which do not qualify for EIS relief. Please note that EIS reliefs will only be available following the Subscription for shares in qualifying Investee Companies. However, prospective Investors should note that no assurance can be given that EIS qualifying status will be maintained or achieved for the requisite period.

Please note that the conditions for relief, and the circumstances in which reliefs are available and can be withdrawn, are complex and subject to change.

The descriptions and examples below are intended only as a brief summary of the rules, are not exhaustive and do not constitute, and should not be considered as, tax advice.

Anyone considering investing in the MMC Funds should seek appropriate professional advice before making an investment in any MMC Funds.

EIS tax reliefs in summary

Assuming the qualifying conditions for EIS investing are satisfied, there are four main types of tax benefits available to Investors. In order to qualify for these benefits shares must be generally held for a three year period.

Income tax relief on Subscription

- 30% of the amount invested *(up to £1 million per tax year)*

Income tax relief Loss Reliefs

- Relief for losses arising on disposal of shares against income for which income tax relief was obtained and not withdrawn
- Potential for loss relief against income for losses arising on disposal of shares where deferral relief only was claimed, subject to an overall cap on income tax reliefs

Capital gains tax reliefs

- Tax-free capital gains on the investment *(if held for minimum 3 years)*
- To qualify for CGT Deferral relief, the EIS qualifying investment must be made within either one year before, or three years after the date the gain to be deferred originally arose
- Relief for any capital losses which may be offset against other capital gains as an alternative to income tax relief

Inheritance tax relief

- Business Property Relief from inheritance tax *(as long as the investment is held for two years)*

Income tax relief

Qualifying individuals can claim income tax relief of up to 30% of the amount subscribed for EIS qualifying shares. The maximum subscription is a total investment of £1 million in a tax year and the income tax relief is restricted to the amount that reduces the individual's income tax liability (excluding the remittance basis charge if the individual claims the remittance basis and is liable for the charge) to nil. This tax relief is calculated on a per investment basis. This means that whenever an investment in EIS qualifying shares is made, qualifying individuals will be able to claim income tax relief up to 30% of the amount invested in that Investee Company, subject to such annual limit. Some or all of the income tax relief obtained may be withdrawn and fall to be repaid if, inter alia, during the Three Year Period, the shares are sold or otherwise disposed of, or the Investee Company loses its EIS qualifying status.

EIS investments made at any time within a single tax year may be carried back and treated as if they were invested in the previous tax year, subject to the maximum permitted subscription for that year and any other subscriptions made for that year.

Example of income tax relief

Mr X is an additional rate tax payer (the additional rate being 45% for 2017/18). He invests £100,000 in EIS qualifying companies through the MMC EIS Fund. By doing so, Mr X is entitled to reduce his income tax liability by a maximum of £30,000 (30% of £100,000) in the tax year that the Fund subscribes for shares in the EIS qualifying companies.

Alternatively he can claim for the amount subscribed, or part of it, to be carried back to the previous tax year, subject to the maximum permitted subscription for that year and any other subscriptions made for that year.

TAX CONSIDERATIONS

Tax-free capital gains

Any capital gains made on the disposal of EIS qualifying shares (where EIS income tax relief has been given and not withdrawn) are tax-free, provided that the EIS qualifying shares have been held for the Three Year Period. Where EIS income tax relief is withdrawn, or the shares are disposed of within the Three Year Period, then any capital gains arising will be chargeable gains and will be subject to CGT in the normal way.

Example of capital gains tax relief

Mrs Y is an additional rate tax payer. She invests £100,000 in EIS qualifying companies through the MMC EIS Fund and receives her 30% income tax relief. After holding the shares in the companies for the minimum Three Year Period, the Fund starts selling its portfolio Investee Companies. Any gains that are made are tax free and Mrs Y may not need to declare these gains on her tax return, depending on other disposals made in the year when the Fund shares are disposed of.

CGT Deferral relief

An Investor with a taxable capital gain from the disposal of any asset can reinvest the chargeable gain in EIS qualifying shares and claim for the gain (and so the tax payable on that gain) to be deferred until the shares are disposed of or qualifying conditions cease to be satisfied (although it may be possible to defer the gain again under certain circumstances). To benefit from this deferral relief, the Investor must have been resident (or in certain circumstances ordinarily resident) in the UK both at the time when the chargeable gain on the disposal of the assets occurred and at the time of making the reinvestment. The financial limits that apply to EIS income tax relief do not apply to deferral relief so that this applies to any amount invested in EIS qualifying shares if there are gains to be reinvested.

Since 6 April 2016 new CGT rates were introduced which reduced the CGT rate for a higher rate taxpayer to 20% on all assets apart from residential property gains (where the rate remains at 28%). Gains deferred through a subscription for EIS shares will come back into charge at the CGT rate in force at the time. At current rates this will be 20% regardless as to whether the original gain related to residential property which would have been taxable at 28%. Please note the CGT rates can be subject to change year on year.

The CGT Deferral rules can therefore, in applicable cases, contribute significantly to the funding of the EIS investment by reducing the effective cost to the individual making the investment. To qualify for CGT Deferral relief, the EIS qualifying investment must be made within either one year before, or three years after the date the gain to be deferred originally arose.

Example of CGT Deferral relief

Mr Z is an additional rate taxpayer who makes a capital gain of £550,000 in December 2015 on the sale of an investment property. He has not used his annual capital gains exemption of £10,900 and has capital losses brought forward of £40,000, so he only needs to claim deferral relief of £499,100 to reduce his capital gains for the year to nil and utilise his annual exemption.

In February 2016 he invests £550,000 in the MMC EIS Fund which will apply his investment in making subscriptions for shares in qualifying companies within 3 years of December 2015. Thus he will have reinvested £499,100 of his gain within three years of it arising in shares qualifying for EIS relief and will be able to claim to defer capital gains of £499,100 (for a capital gains tax saving of £99,820, being £499,100 @ 20%) for 2016/17 once he has the forms EIS3 for the investments made.

The deferred gain will become chargeable as shares in each of the investee companies are disposed of at the rate prevailing at the time of disposal, which under current legislation will be 20% for an additional rate taxpayer.

(Mr Z may also be able to make a claim for EIS Income Tax Relief in respect of his subscription for shares and qualify for a capital gains tax fee disposal of the EIS qualifying shares).

Loss relief

Capital losses realised from an investment in EIS qualifying shares may qualify for loss relief (net of initial income tax relief). Losses arising on disposal of shares where deferral relief only has been claimed will come within the cap on reliefs available against income tax relief effective for losses arising after 5 April 2013. The cap applies to restrict the amount of losses for which income tax relief may be obtained in any tax year to either £50k or 25% of adjusted total income, whichever is the greater. Losses arising on disposal of shares

From December 2014, where the gain deferred by EIS Deferral relief was eligible for Entrepreneurs' Relief, the gain will continue to be eligible for Entrepreneurs' Relief when the gain comes back into charge.

where income tax relief has been claimed and retained will continue to be eligible for uncapped offset against income tax of the year of loss or income tax of the previous tax year on making a claim. Alternatively, as with all capital losses, they can be offset against capital gains of the same year or carried forward indefinitely.

Example of loss relief

If these benefits of income tax relief on subscription and potential income tax relief for any loss on disposal of the EIS shares where income tax relief has been claimed and retained are taken together, it means that based on currently enacted tax rates, an additional rate income tax payer risks no more than 38.5% of capital invested as can be seen in the example shown opposite.

Initial Investment	£100,000
Less income tax relief at 30%	£(30,000)
Net cost of investment	£70,000
If investment fell to £0, net loss	£(70,000)
Loss relief at 45%*	£31,500
Net loss	£(38,500)
Net loss as percentage of original outlay	38.5%

These benefits can also add further protection to an EIS portfolio (see example below and overleaf).

For example, Mr P pays tax at the highest marginal rate (45%) and decides to invest £100,000, after fees, in a portfolio of five Investee Companies. He receives his 30% income tax relief in respect of each investment and they are each held for the minimum Three Year Period. After that time, based on currently enacted tax rates and legislation even if four of them become write-offs and one provides a 2.0x cash return, the portfolio provides Mr P with a return of 93%.

Initial Investment (Post Fees) **£100,000**					
Portfolio Companies	Company 1	Company 2	Company 3	Company 4	Company 5
Investment	£20,000	£20,000	£20,000	£20,000	£20,000
Income tax relief at point of investment (30%)	£6,000	£6,000	£6,000	£6,000	£6,000
Net cost of investment	**£14,000**	**£14,000**	**£14,000**	**£14,000**	**£14,000**
Cash multiple	2.0x	0.0x (write-off)	0.0x (write-off)	0.0x (write-off)	0.0x (write-off)
Return	£40,000	–	–	–	–
Loss relief (45% of capital loss)*	–	£6,300	£6,300	£6,300	£6,300
Return from investment/loss relief	**£40,000**	**£6,300**	**£6,300**	**£6,300**	**£6,300**

*Subject to applicable legislation in year loss arises – additional rate for 2017/18 of 45% applied.

Portfolio	
Net cost of investment	(£70,000)
Total return from portfolio	£65,200
Net profit	**(£4,800)**
Portfolio return as % of outlay	**93% (7% loss)**

It is important to realise that the above examples are for purely illustrative purposes and based on currently enacted tax rates and legislation and should not be relied on to predict actual returns. This example is not an indication of the future performance of investee companies in which the Fund will invest. All fees and expenses have been excluded from the calculations for simplicity. They will reduce the return on investment.

TAX CONSIDERATIONS

If the scenario is different for Mr P's portfolio of four Investee Companies, in that four of the Investee Companies provide a 2.0x cash return and only one is a write-off, then the portfolio provides Mr P with a return of 238%.

Initial Investment (Post Fees) **£100,000**					
Portfolio Companies	Company 1	Company 2	Company 3	Company 4	Company 5
Investment	£20,000	£20,000	£20,000	£20,000	£20,000
Income tax relief at point of investment (30%)	£6,000	£6,000	£6,000	£6,000	£6,000
Net cost of investment	**£14,000**	**£14,000**	**£14,000**	**£14,000**	**£14,000**
Cash multiple	2.0x	2.0x	2.0x	2.0x	0.0x (write-off)
Return	£40,000	£40,000	£40,000	£40,000	–
Loss relief (45% of capital loss)*	–	–	–	–	£6,300
Return from investment/loss relief	**£40,000**	**£40,000**	**£40,000**	**£40,000**	**£6,300**

*Subject to applicable legislation in year loss arises – additional rate for 2017/18 of 45% applied.

Portfolio	
Net cost of investment	(£70,000)
Total return from portfolio	£166,300
Net profit	**£96,300**

Note: Assumes a 45% income tax rate for 2017/18. All fees and expenses excluded.

It is important to realise that the above examples are for purely illustrative purposes and based on currently enacted tax rates and legislation and should not be relied on to predict actual returns. This example is not an indication of the future performance of investee companies in which the EIS Funds will invest. All fees and expenses have been excluded from the calculations for simplicity. They will reduce the return on investment.

Claiming EIS relief

EIS relief is claimed on an investment-by-investment basis; each Investee Company applies to HMRC for authorisation to issue the relevant EIS certificates (known as EIS3 certificates) to investors. The EIS3 certificates are forwarded to Investors when they are received from HMRC and should then be used by Investors to claim EIS income tax relief or capital gains deferral relief. EIS income tax relief is claimed by the Investor, who must include details from the EIS3 certificate in his self-assessment return for the tax year in which the relief is to be claimed. If the relevant self-assessment return has already been submitted then the Investor can instead complete the claim section on the EIS3 certificate and send it to his tax office. CGT Deferral is claimed by the Investor completing the claim section on the EIS3 certificate and sending it to his tax office, in the same way as a claim for EIS income tax relief, but the EIS3 must always be submitted to claim deferral relief.

The last date for submitting a claim for EIS income tax relief and CGT Deferral is the fifth anniversary of the 31 January immediately following the end of the tax year in which the investment was made. The responsibility for submission rests with the individual Investor.

Prospective Investors should note that they will be regarded, for EIS income tax relief and CGT Deferral purposes, as having made their investment on the date that the shares in the Investee Company are actually issued to them as opposed to the date of Subscription to the Fund. This means that Investors in the MMC EIS Fund may not receive EIS income tax relief and CGT Deferral on their Subscription (net of fees) in the tax year in which the Subscription is made. Relief from CGT on the disposal of shares may be claimed through completion of the Investor's self-assessment return and completion of the relevant capital gains supplemental pages.

Please note that no assurance can be given that EIS status will be maintained or granted for the Three Year Period that the investment needs to be held for it to benefit from EIS income tax relief and EIS CGT exemption.

There were significant changes in the EIS legislation during 2015, enacted in November 2015 in Finance Act (No.2) 2015, and announced in the March and July Chancellor's budgets, largely relating to the qualifying conditions of the company. We are aware of the new restrictions and they would have had minimal impact on our current portfolio, as such we do not see the changes as having much impact on our investment strategy, or operating style.

IHT relief

Each underlying investment should qualify as Relevant Business Property (RBP) and therefore qualify for Business Property Relief (BPR) from IHT at up to 100% in the event of the death of the Investor, as long as the Investor has held the investment for at least two years prior to death. Similar relief is also available on gifts of shares which qualify as Relevant Business Property, subject to a potential clawback of relief if the donor Investor dies within seven years of the gift and the donee does not hold the gifted shares (or replacement assets which qualify as RBP) at the date of death.

Where an investment in Relevant Business Property is made as a replacement of Relevant Business Property previously sold, provided the combined periods of ownership (ignoring any period between the sale and replacement) amount to more than two years out of the five years immediately prior to death, the replacement property should likewise qualify for full relief from IHT. For example, if shares in an unquoted Investee Company, qualifying as Relevant Business Property, were purchased and held for one year and then sold – and all the resulting cash held for two and a half years before being reinvested in shares in another unquoted Investee Company (or any other asset) qualifying as Relevant Business Property – that further investment would qualify for IHT relief were the Investor to die at least one year after the reinvestment.

Investing through a SIPP

Prospective investors may invest through a SIPP, subject to its terms. Income generated from investments made via a SIPP is not taxed (except that the tax credit attaching to dividends is not recoverable) and growth is free from CGT. EIS tax reliefs are not available to those investing via a SIPP. If you are contemplating investing via a SIPP you should contact your independent financial adviser authorized under FSMA and the SIPP trustee.

TAX CONSIDERATIONS

Supplementing pensions

Restrictions on pension contributions to UK registered pension schemes are now in place.

- The Annual Contribution Allowance (the total value of pensions that you can accrue under a defined benefit or defined contribution scheme) has been reduced from (a) £255,000 in 2010/2011 to (b) £50,000 with effect from 6 April 2011 to (c) £40,000 with effect from 6 April 2014 d) The Government has introduced new measures where, for mid to high earners with a taxable income over £150k, the Annual Allowance could be reduced to a minimum of £10,000 with effect from 6 April 2016. The exact Annual Allowance will depend on an individual's total income.
- The introduction of the Money Purchase Annual Allowance of £10,000 for those contributing to a money purchase arrangement to which they are also receiving pension benefits through the new flexibilities.
- The Lifetime Allowance has been reduced from (a) £1,800,000 in 2011/12 to (b) £1,500,000 with effect from 6 April 2012 to (c) £1,250,000 with effect from 6 April 2014 to d) £1,000,000 with effected from 6 April 2016.

  As a result of these changes, high earning employees may now be liable for a personal tax charge of:

  - up to 45% on at least a portion of their pension accrual each year.
  - 55% on at least a portion of the value of their benefits they receive at retirement.

This has meant that a growing number of individuals are now looking at EIS as a highly tax efficient means of supplementing their pension investments.

Disclaimer

You should note that the favourable tax treatment outlined above may not continue in the future and that other taxes or costs may arise which are not paid through MMC or imposed by MMC. The information in this document has been drafted on the basis that each Investor is an additional rate taxpayer, the additional rate being 45% for 2017/18.

ADVISERS

Fund Manager

MMC Ventures Limited
2 Kensington Square
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Tax Advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Nominee

Mainspring
20-22 Bedford Row
London
WC1R 4EB

Compliance Advisers

Bovill Limited
82 Blackfriars Road
London
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Portfolio Valuation Consultants

Rees Pollock LP
35 New Bridge Street
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EC4V 6BW

DEFINITIONS

The following definitions apply throughout this document and the Customer Agreement unless the context requires otherwise:

AIF
Alternative Investment Fund, that is a collective investment undertaking, including investment compartments thereof, which (a) raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and (b) does not require authorisation pursuant to Article 5 of the UCITS Directive

AIFM
Alternative Investment Fund Manager, that is a legal person whose regular business is performing AIFM investment management functions for one or more AIFs

AIFMD
Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010

AIM
The Alternative Investment Market of the London Stock Exchange

BIR
Business Investment Relief. Applicable to qualifying investments by UK resident non-domiciles

BPR
Business Property Relief – relief from IHT pursuant to sections 1.3-14 IHTA 1984 for IHT purposes

BVCA
British Venture Capital Association

CGT
Capital gains tax

CGT Deferral
EIS reinvestment (deferral) relief for chargeable capital gains under section 150C and Schedule 5B TCGA

Co-investment Fund
The MMC Co-investment Fund

Customer Agreement
Each of the agreements governing the relationship between MMC and the Investors

ECF
The MMC Enterprise Capital Fund

EIS
The Enterprise Investment Scheme as set out in Part 5 of ITA and sections 150A-D TCGA and Schedule 5B TCGA

EISA
Enterprise Investment Scheme Association

EIS Funds
The MMC EIS Fund and the Growth Generation Fund

FCA
Financial Conduct Authority

FSMA
Financial Services and Markets Act 2000

Government
The Department for Business, Innovation and Skills

Growth Generation Fund
The MMC Growth Generation Fund

HMRC
HM Revenue & Customs

Information Memorandum
This document, but not any document which accompanies it

Investee Company/Investee Companies
Companies in which one or more of (1) the ECF, (2) the EIS Fund or (3) the Syndicate invests

"Investor", "you", "your"
A person whose application is accepted and who becomes an investor in the EIS Fund, the Growth Generation Fund, the Co-investment Fund, the ECF or a member of the Syndicate

IPO
Initial public offering

IHT
Inheritance tax

IRR
The internal rate of return on investments calculated in accordance with BVCA Guidelines

ITA
The Income Tax Act 2007

London Stock Exchange
The London Stock Exchange plc

"MMC", "we", "our"
MMC Ventures Limited

MMC Funds/MMC's Funds
The EIS Fund, the Growth Generation Fund, the Co-investment Fund and, membership of the Syndicate, (to which funds this Information Memorandum relates), and in addition the MMC BIR Fund, the MMC Enterprise Capital, the MMC London Fund and any other funds managed by or for which MMC provides services from time to time

Nominee
The Nominee appointed by MMC acting as nominee and custodian for Investors (currently Mainspring Nominees)

Qualifying Companies
Companies that qualify under EIS

Relevant Business Property
The assets set out in the definition contained in section 105 Inheritance Tax Act 1984 (and which includes any unquoted shares in a company)

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

Retail Client
A client who is neither a professional client nor an eligible counterparty

Rollover Facility
The MMC Ventures EIS Rollover Facility

SIPP
A self-invested personal pension

SME
Small and Medium Enterprises

Subscription
The amount of cash invested or committed to any one of MMC's Funds by an Investor pursuant to one Application Form (including applicable MMC fees but excluding any intermediary or independent adviser fees payable). For the avoidance of doubt, an Investor can have multiple Subscriptions in one or more of MMC's Funds

Syndicate
The group of persons who have become clients of MMC and become members of the Syndicate and who have executed the Customer Agreement relating to the Syndicate

TCGA
The Taxation of Chargeable Gains Act 1992

Terms & Conditions
The terms and conditions of an investment set out in the applicable Customer Agreement

Three Year Period
The period commencing when shares are issued to EIS Investors and ending three years from the date of issue or three years from commencement of trading, if later

NOTES

For further information
please contact:

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MMC VENTURES