



## **Highland Venture Capital Ltd (HVC)**

Highland Venture Capital Ltd. is a company Limited by Guarantee and is a vehicle used by a group of over 40 Highland Businessmen to enable them to invest in the equity of growing or new start businesses.

Each member makes their own decision about making an investment or not. As a result each member invests their own money and gets their own share certificate, but through a shareholders agreement they will act in concert whilst invested in a company.

We are a partner of the Scottish Co-Investment Fund.

### **What type of Investments are we looking for?**

The members of Highland Venture Capital see their investment into a company as enabling a **transformational** change in that company. It might be changing the size or location of a market or simply starting a new company to provide an innovative service or product.

We prefer companies that have some form of IP or product protection.

Although we will consider most opportunities, we are particularly interested in the following sectors:-

- Technology
- Renewables
- other “green “ opportunities.

On the other hand we have 3 sectors that we will not invest into:-

- Property
- Traditional Retail
- Computer Games

## **Investment Criteria**

Our key investment criteria are:-

- Companies requiring £75k or greater.
- A preference for companies operating in the Highlands
- A preference for companies wanting to supply their goods and services beyond the Highlands

## **Deal's Process?**

The process is:-

1. The start of the process is the receipt of a short business plan. This short business plan should be no more than 4 pages long. A separate document called "Short Business Plan Essentials" is available from our website.

It is suggested that before submitting a plan, entrepreneurs check that their plan covers off the items on that list, or consciously excludes them.

This Executive Summary is emailed to our members.

2. At the next syndicate meeting (we have a meeting once a month) the plan is discussed and if sufficient members are interested, a management presentation will be arranged, usually for the meeting on the next month.
3. After the presentation, a decision is taken whether or not to progress the opportunity.

If sufficient members indicate an interest in the project, then one of our members will lead some elementary diligence and negotiate an outline of the deal with the executives.

This is a process of discovery and can be over very quickly, or in more complex cases could take a number of months.

4. When we are happy with the initial diligence and the outline deal, the latest set of information and the full business plans are emailed to syndicate members. We ask them to indicate whether they are interested in the opportunity, and if so, how much they want to invest, all subject to satisfaction with a fuller diligence process.

Provided the syndicate can raise sufficient funds the process will move to the next step.

If the transaction requires the help of the Scottish Co-Investment Fund at least 4 of our Directors need to commit to the investment in order to access those

funds.

This will also trigger us starting to shape a legal agreement and the syndicate will send the entrepreneur a generic “deal outline” so that the entrepreneur is aware of the likely shape of the final deal.

5. As the Diligence proceeds we will agree an “offer to invest“ with the company. This is not a legally binding document (apart from the section that refers to legal expenses) but will be the basis of the investment documentation, and build on the Deal Outline, and previous negotiations.
6. Once the Offer to Invest is signed we will move to preparing all the Investor Agreements and Documentation.
7. Wherever possible the funding of investments will be staggered in line with key milestones so that investors can gauge the performance of the management.

Thus there may be a number of funding rounds for each investment.

8. It may be a condition of any investment being offered to our members that the Chairman post and one non-executive director may be appointed on behalf of HVC.
9. Each member makes up his own mind whether to invest or not. If they choose to invest the amount invested is entirely their own decision, with share certificates being issued directly to each investor.

### **How long will it take?**

Each opportunity is different and there is no prescribed timescale from start to finish. However, it is unlikely that funding can be in a company in less than 4 months from initial contact, and more complex opportunities could take double that.

### **What will it Cost the Investee Company?**

The company will be expected to carry all the legal costs of the transaction, along with a documentation charge equal to 3% of the funds raised which will be due to Highland Venture Capital Ltd. on completion of the transaction.

### **Further Information**

For further information or to discuss submitting a plan to HVC please call Iain Scott on 07802 805 873 or 01 463 712588 or email him on [iain@highvc.co.uk](mailto:iain@highvc.co.uk).