



Highland Venture Capital Ltd (HVC)

Investment Criteria

Our key investment criteria are: -

- Companies requiring £75k or greater
- A preference for companies operating in Scotland
- A preference for companies who are based and operate from 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 "Investment Proposal doc" is available from the 'Seeking Investment' page of our website.

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

This Executive Summary is emailed to our members.

2. At the next syndicate meeting (we have a meeting once every 2 months) the plan is discussed and if sufficient members are interested, a management presentation will be arranged, usually for the next meeting.
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 Heads of Terms on the offer of investment 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 Heads of Terms are 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 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 research fee of between 3-5% 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 Julie Findlay on 07934 986793 or email julie@highvc.co.uk.