



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

### **Investment Criteria**

The HVC key investment criteria are: -

- Companies requiring £75k or greater
- A preference for businesses which are based in and operate from the Highlands and Islands
- A preference for Businesses which operate in Scotland.

### **Deal's Process**

The process is: -

1. The process starts with submission of an Investment Deck and/or Business Plan. As an alternative you can find an "Investment Proposal doc" from the 'Seeking Investment' page of the HVC website.

It is recommended that before submitting a plan, entrepreneurs check that their proposal adequately covers all of the items on that form, or clearly explains why they are excluded.

2. Your proposal is initially reviewed to ensure that the case lies within the syndicate's current target investment sectors.

Thereafter, you will be asked for further information which would normally include:

- A Business Plan, if not already submitted
- Detailed Historical Statutory Accounts (if the business has traded)
- The latest Management Accounts
- Detailed Financial Projections for 3 years showing Profit & Loss, Balance Sheet, and Cashflows on a monthly basis.
- Detailed assumptions to support the Financial Projections.
- Any other matters that arise from the initial review of papers submitted.

3. After a full review of the documentation submitted, you will be contacted to advise whether or not the project is one that HVC would be interested in having you present to the membership at a meeting.
4. If you are invited to present, HVC meetings take place 4 times per annum, and you can be asked to present either in person or via Zoom (online). Your presentation is expected to be via Powerpoint within which you set out the key aspects of your business proposition. These key aspects should include:
  - Your product/service
  - The addressable market
  - The competition
  - Your USP and its protectability- via Patent/Intellectual Property etc.
  - What you are asking for, and offering in return
  - Your plans for eventual exit, including timing, the likely exit valuation and who you think would be likely purchasers .
5. Your presentation would normally take some 45 minutes- being 30 minutes for your presentation itself and a further 15 minutes for questions.
6. Following your departure, the members attending will discuss your proposition. They will decide whether to invest, or whether they require further information/diligence to be carried out to support any potential investment.
7. We will revert to you with the syndicate's decision within a few days of the presentation to advise you how things went.
8. If this requires further information or diligence then we will work with you to deliver this. If the decision is negative, we will try to offer some advice on feedback from the members in order to assist you going forward.
9. If the syndicate has decided to invest, then we will seek to arrive at an agreed position for funding with you. This would involve agreeing valuations, quantum of investment, and timing thereof. This will be contained in a Heads of Terms document.
10. If investment is conditional on further diligence required, then this too will be agreed.
11. On some investments, Scottish Enterprise (SE) may provide matching funding to support HVC's investment.
12. Once the Heads of Terms are signed, lawyers will need to be engaged on both sides (with SE lawyers also required if SE is involved) to prepare Investor Agreements and Documentation. It would be normal for the investee company/business's lawyers to prepare these documents. The costs of legal for all parties will be the responsibility of the investee company/business (although SE may cover their legal costs in some cases).

13. Wherever appropriate the funding of investments will be tranced in line with key milestones so that investors can gauge the performance of the investment against the business plan. There can be a number of funding rounds for the investment.
14. It is usually a condition of any investment being offered to HVC members that a non-executive director be appointed on behalf of the investors.
15. On investment, a Research and Administrative Fee of between 3 and 5% is payable on funds invested at each round.
16. In addition, a monthly investment monitoring fee is also normally charged by HVC to the investee company/business.
17. Upon an exit event. there will be an exit fee chargeable to the company/business of 1% of the gross value achieved upon exit/realisation of our members' investments in the company. This will be invoiced and paid upon completion of an exit.

### **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 made available to a company in less than four months from initial contact, but more complex opportunities can take considerably longer.

### **Further Information**

For further information or to discuss submitting a plan to HVC, please contact:

Glenn Carnegie (HVC Business Manager) on:-

Mobile telephone: 07598935668

Or email: [Glenn@Highvc.co.uk](mailto:Glenn@Highvc.co.uk)