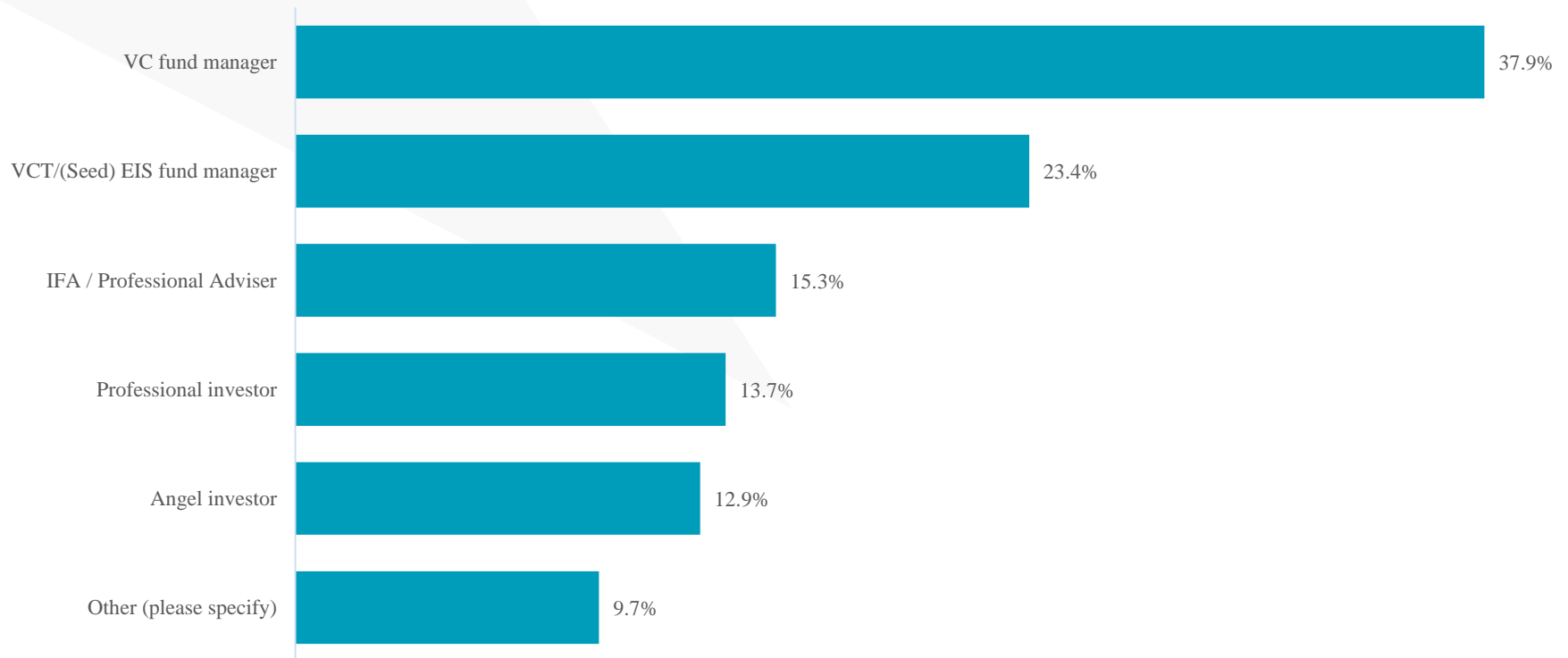


Government's Patient Capital Review

Survey Results

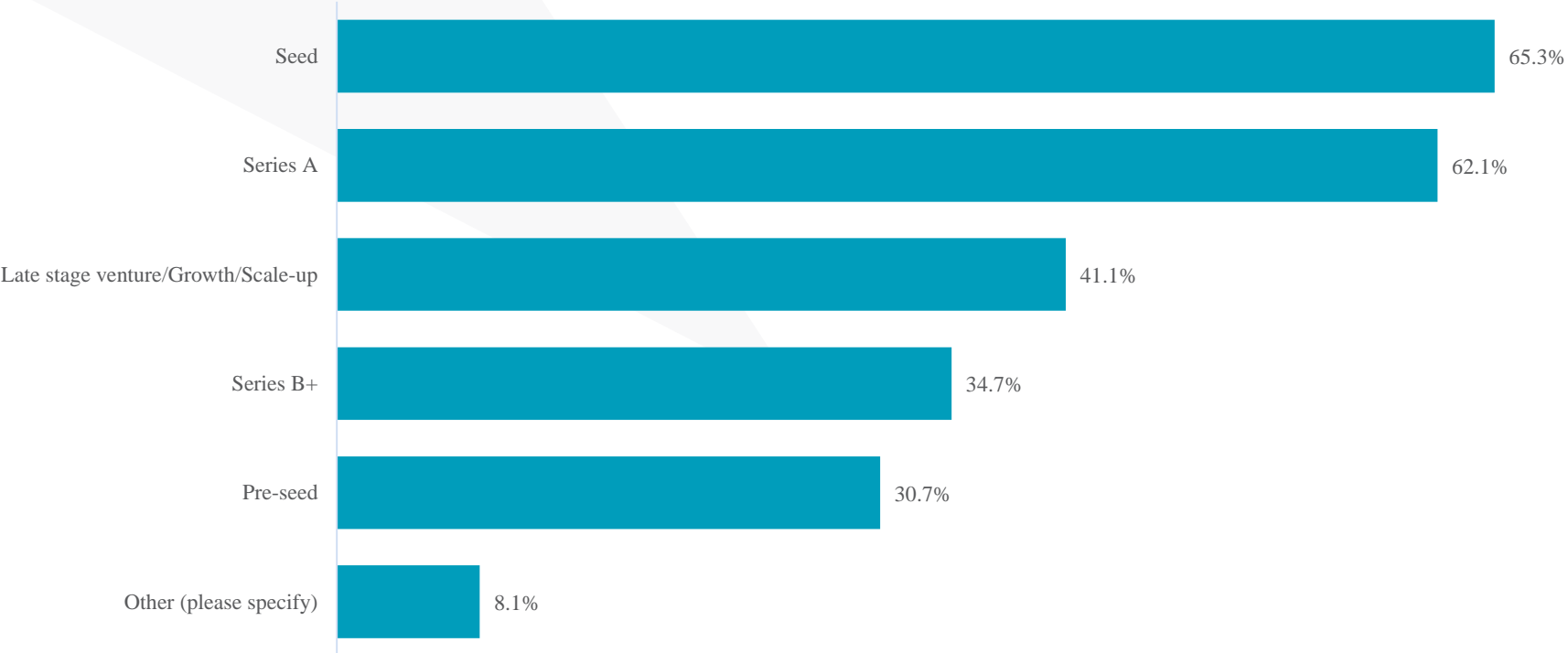
Q1. Please specify your primary activity:



Other:

- European VC Fund of Funds
- Consultant
- Private equity and Later stage growth
- Advising high growth on long term equity finance
- EIS/VCT Investor
- Analyst of Tax Advantaged Investments
- EIS Company operator
- Private Equity Firm
- AIM IHT Fund manager
- Stock market listed balance sheet patient investor
- Corporate Finance Adviser

Q2. In which of the following investment stages do you invest in or advise others to invest in?

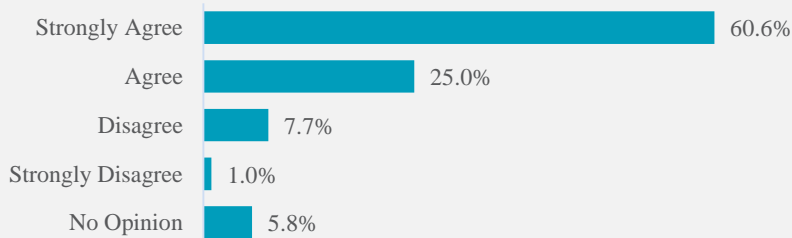


Other:

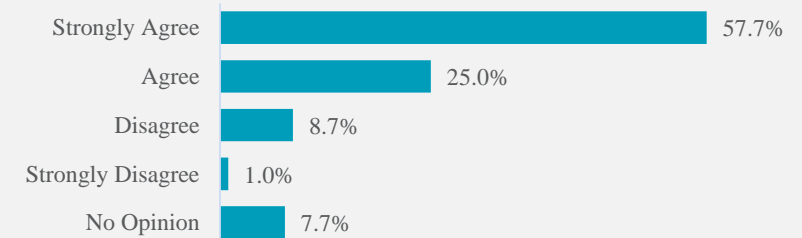
- Seed & A /B European VC
- Corporate
- Secondary
- Buyout
- AIM
- Buyout
- We receive investment
- AIM listed, BPR qualifying companies
- Mature businesses
- Secondary funds

Q3. Please indicate your level of agreement with the following statements:

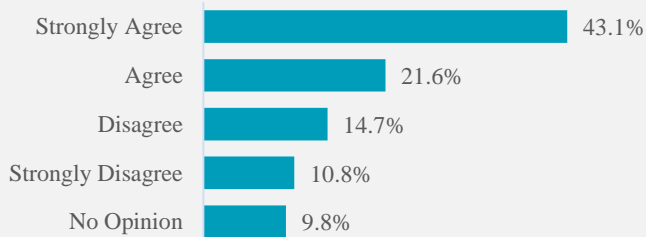
EIS and Seed EIS has aided the development of the companies I or my clients have invested in



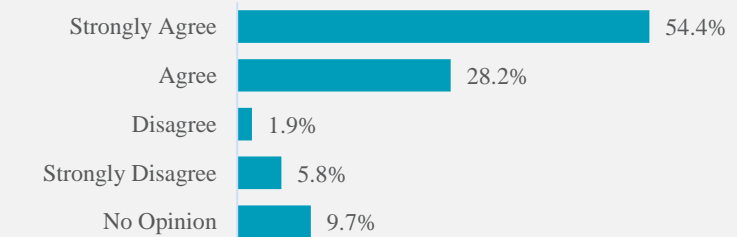
EIS and Seed EIS has aided the growth potential of the companies I or my clients have invested in



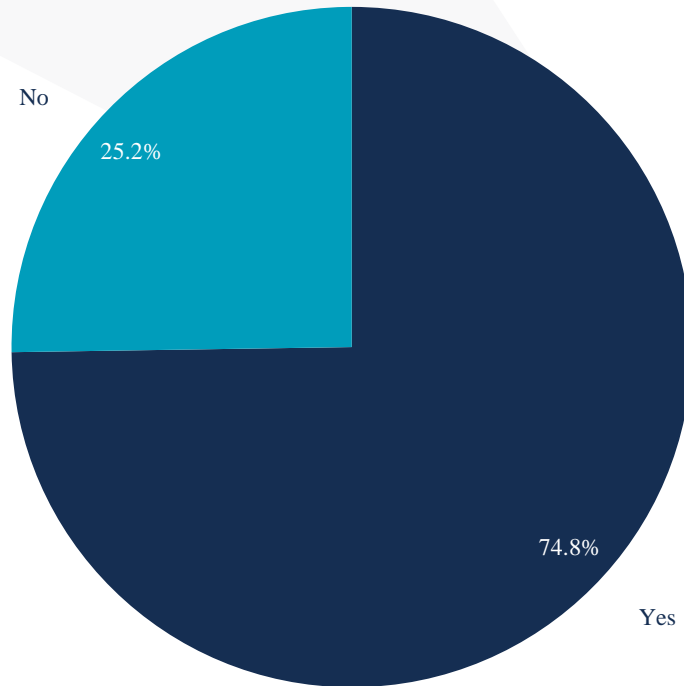
Without EIS/Seed EIS, I would not have invested in one or more companies I or my clients invested in



Tax relief should not be lost if proceeds from a sale of EIS/Seed EIS shares received within 3 years of investment are recycled into another qualifying business



Q4. Do you believe that the current 3 year holding period for (S)EIS investments is appropriate?



If no, please indicate what length of time would make a more suitable holding period:

“There should be another opportunity to do follow-on investment into a company that needs it to scale up and if investors are willing to lock in more capital for longer, it would be sensible for the government to consider supporting that with additional tax incentives.”

“Do it on a fund level i.e. average across portfolio and allow some companies to be sold quickly if opportunity emerge. Don't block liquidity in an already illiquid market.”

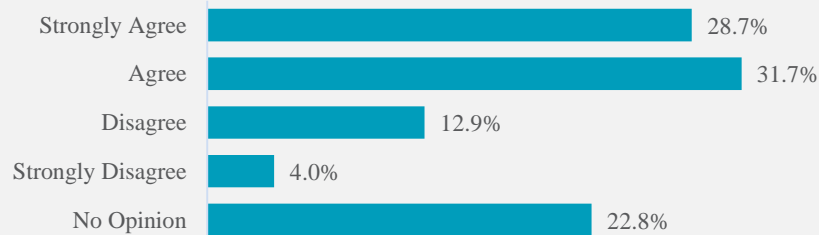
“It's stupidly arbitrary. What if Facebook acquires the company one year in for a silly price. That's a win. Or what if the biz is failing and you have to park it (acquire) in 2 years when it can't raise. Why should you be penalized?”

If no, please indicate what length of time would make a more suitable holding period:

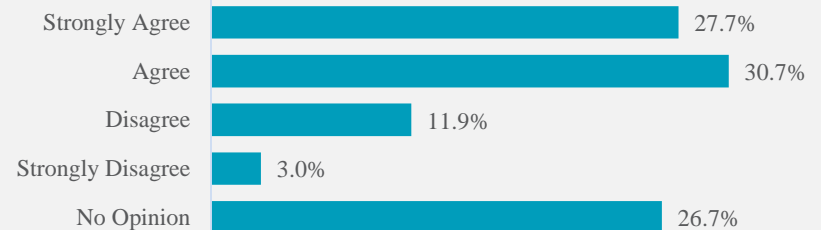
- 12 months
- In software things move faster, 2 years is better
- 2 years (x3)
- 4 years
- 5 years (x2)
- I recommend a minimum of 6 years
- 5 to 7 years
- 8 years
- Should be longer
- But re-investment relief would address involuntary disposal
- Anytime easy access would be better
- 2 years in line with IHT. Genuine exits are possible in that time frame.
- Depends on the goal. If 'patient capital' is the goal this is too short a period
- Achieves nothing.

Q5. Please indicate your level of agreement with the following statements:

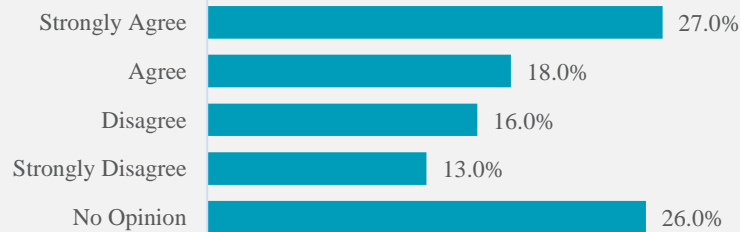
The VCT regime has aided the development of the companies I or my clients have invested in



The VCT regime has aided the growth potential of the companies I or my clients have invested in



Without the VCT regime, I or my clients would not have invested in one or more companies I/they invested in

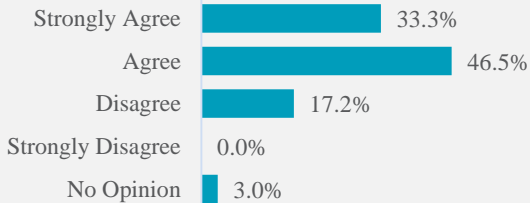


“VCTs are basically competing directly with Series A funds, investing in the same kinds of businesses, so they just drive up prices for everyone, and sort of push external capital (e.g. LPs into regular Series A funds) out of the market.”

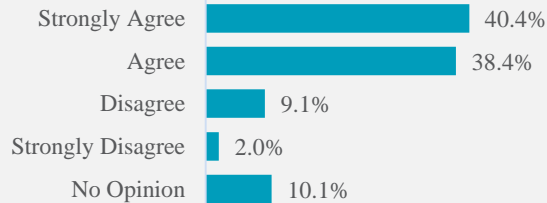
VC FUND MANAGER

Q6. Please indicate your level of agreement with the following statements:

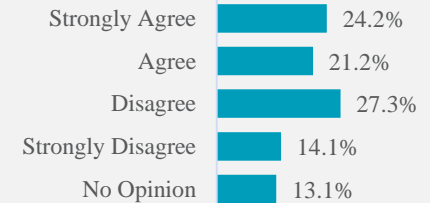
Early-stage businesses in the UK lack the long-term finance to scale up successfully



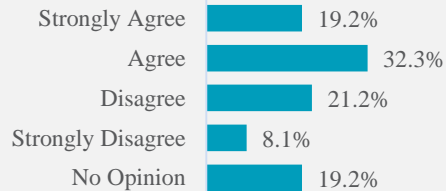
The Government should introduce incentives to encourage investing through the “scale up phase”



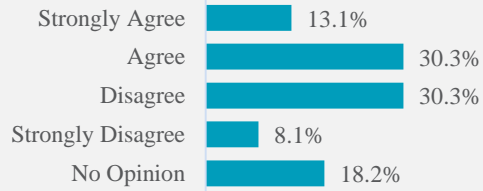
The Government should launch a new scale-up fund for UK early-stage companies



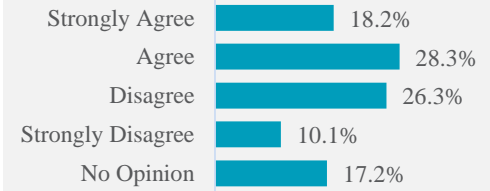
Government run investment funds (e.g. Northern Powerhouse, British Business Bank) are playing an important role



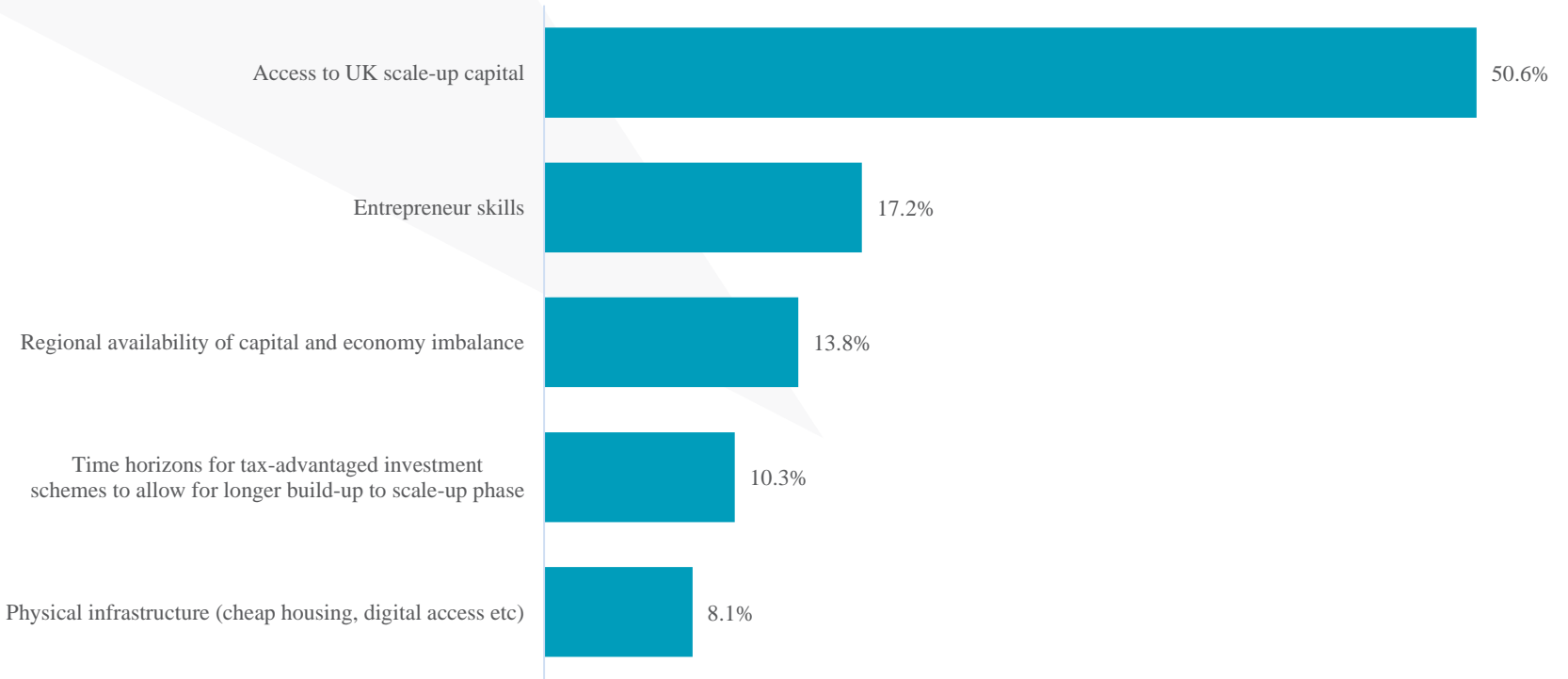
A Government-sponsored VC expertise development programme would attract new talent to the UK fund management industry and increase start-up funding



Venture debt investments should attract equivalent tax incentives to equity investments



Q7. In terms of closing the gap between UK and US successful scale-ups, which of the following bottlenecks do you consider is most urgent that the government help to address?



Q8. What else should the Government do, in order to help close the gap between the U.S. and the U.K. in scale-up funding?

BREXIT

“EIF has pulled back significantly post Brexit and something is needed to fill the void - government should step in here”

“Remain in EU for a start! Will close down investment in scale ups if there’s lack of clarity in accessing EU markets”

“Stop Brexit. Loosen up visas for talent.”

“Be bold with government initiatives, lighten regulation post-Brexit, encourage entrepreneurs to move to the UK.”

“Stay in the EU for access to EIF and talent!”

TAX INCENTIVES

“Enhanced tax incentives for second and third round equity investments during the "scale-up" journey.”

“The Government should give the same tax incentives to fund investors such as ECF investors that are given to EIS investors to make a level playing field.”

“Targeted tax reliefs.”

“Use tax incentives to steer capital away from safer or capital backed companies.”

“Consider tax incentives for LP participation in small (<£100M) VC funds”

NEW TALENT

“It all boils down to people + capital. The UK doesn’t have enough trained people to scale up great companies. Immigration solves this, or relocating the business to the U.S. solves it.”

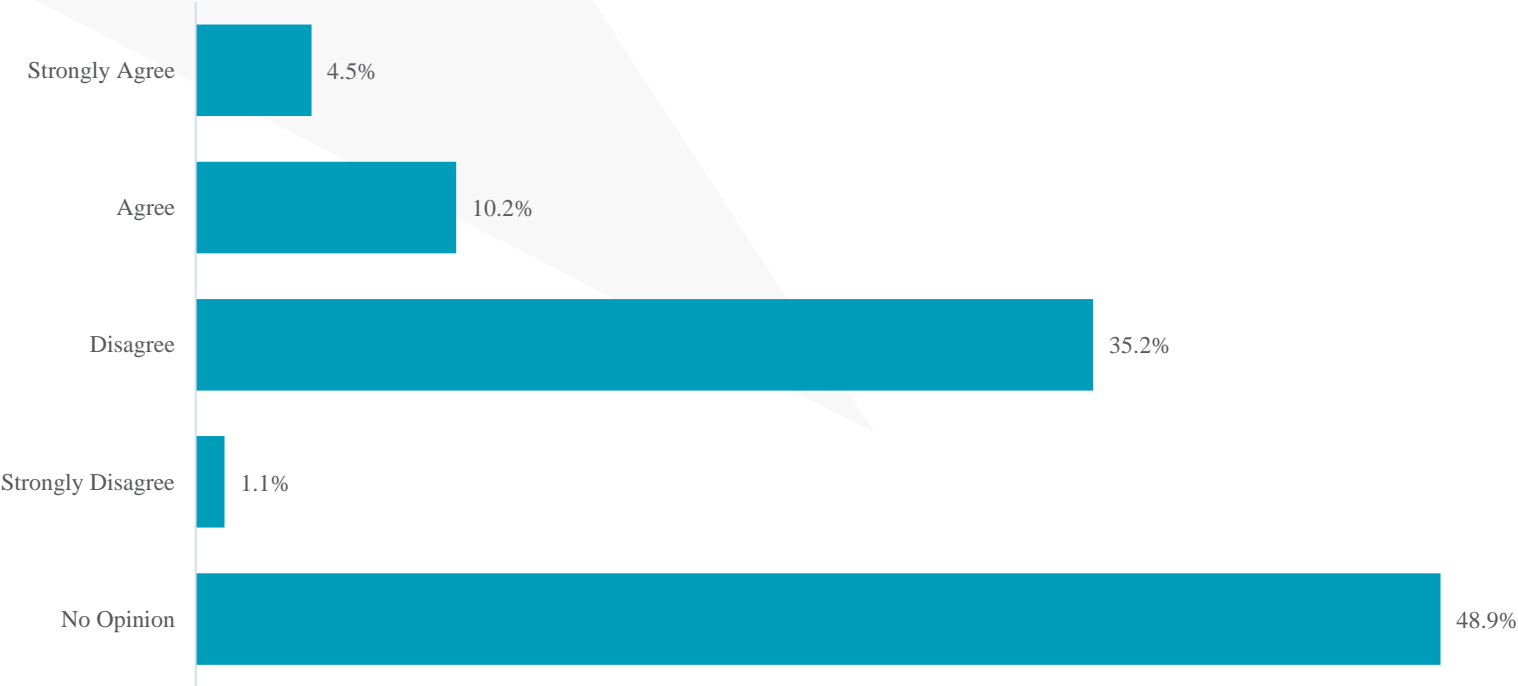
“Encourage a more diversified VC LP base from Europe Inst. Capital”

“Attract more talent. Visas. Etc.”

“Remove barriers for movement of people... Potential customers and business should be able to travel freely without need for visas etc.”

“Get more skilled people to immigrate here.”

Q9. Do you think the upcoming budget will have a positive effect on your or your client's business?



Q10. In anticipating the Government's response to the Patient Capital Review, what is your greatest fear?

EIS / SEIS / VCT INCENTIVES

"A blanket reduction on the level of initial tax relief on EIS/VCT. An exclusion of cynical trades feels more appropriate."

"Losing EIS relief and therefore losing the ability to attract support to build future businesses"

"EIS and VCT are good pools of capital and 90% take funding under these schemes"

"Restriction of asset backed EIS investments and/or reduced tax incentives"

"They take away tax relief for investors of VCT/ EIS"

"They will disadvantage VCTs just when they are doing what they were supposed to do."

"Reduction in EIS/ SEIS/VCT incentives for technology businesses"

"They withdraw EIS relief."

"Removal of support for early stage VCs who fund start-ups"

"Removal or reduction of EIS and / or similar reliefs"

BREXIT

"That short term political goals around Brexit will prevent the government from responding effectively."

"Any further changes to the legislation may cause (more) uncertainty, compounding the fallout of Brexit."

NEW REGULATIONS

"Too much red tape and not enough forward thinking and speed which is vital for tech sector."

"Rules will not be effective in promoting growth or higher employment."

"Further complex and restrictive regulation"

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