

INGENIOUS

INGENIOUS ESTATE PLANNING (IEP)

Private Media

IMPORTANT INFORMATION

This document is intended for Retail and Professional Investors resident in the UK.

All capitalised terms have the meaning given to them in Schedule 1 of the Investor Agreement unless otherwise defined.

For each individual Investor in IEP Private Media, a discretionary investment management mandate is provided by Fernlakes Limited (hereafter, ICML or the Manager), who selects and manages the Investor's Portfolio of Shares. Those shares will be Shares in one or more Portfolio Companies – unquoted companies of which a number of ordinary shares are beneficially acquired for an Investor and included in the Investor's Portfolio. All of this will be carried out in line with the terms of the Investor's Investor Agreement which, together with specified areas of the Brochure and the Application Form, comprise the entire agreement between the Investor and the Manager.

This Brochure does not constitute investment, tax, legal or other advice; is provided as of the date written; and is subject to change without notice. Every effort has been made to ensure the accuracy of the information provided, but the Manager makes no warranty, express or implied, regarding such information.

Our investments are considered high risk and investment decisions regarding them should be made with the guidance of a regulated adviser. Except as otherwise required by law, ICML shall not be responsible for any trading decisions, damages or losses resulting from, or related to, the information, data, analysis, or opinions or their use. **This Brochure outlines the types of trading activity the subsidiaries of the IEP Private Media Portfolio Companies might carry out and shows examples of the sectors in which activity might take place as currently envisaged by the Manager. This is for illustrative purposes only and the Manager may well exercise its discretion to adjust the strategy from time to time in order to target activity it thinks is best suited to achieving the Investment Objectives.**

The Tax Benefits described in this Brochure are not guaranteed and are based on current tax legislation and our interpretation of that legislation. There is no guarantee that any Shares issued by Portfolio Companies into which we invest on your behalf will be wholly or partly Business Relief (BR) or Investors' Relief (IR) qualifying at the date of a future transfer of your shares. Tax rules could change in the future and the value of any tax relief will depend on your personal circumstances.

Past Performance is no guarantee of current or future returns and Investors may receive back less than invested. The price of investments and any income deriving from them can go down as well as up and are not guaranteed. Full details of the risk factors and associated mitigation strategies can be found on pages 18 and 19 of this Brochure and in the Investor Agreement, which should be read in conjunction with this Brochure.

Fernlakes Limited is authorised and regulated by the Financial Conduct Authority under FRN 562563.
Registered Address: 15 Golden Square, London, W1F 9JG.

July 2021

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IEP PRIVATE MEDIA

A comprehensive service designed to deliver financial and well-being benefits through a straight-forward investment strategy, in a tax-efficient manner.

The Manager seeks to deliver 7 key benefits to Investors

1

Carefully managed returns

Preserving and increasing wealth whilst carefully managing risk

2

Low volatility

Seeking steady growth with low volatility compared to Business Relief (BR)-qualifying AIM investments, which can be more sensitive to market sentiment

3

Optimised tax efficiency

Mitigate the impact of Inheritance Tax (IHT) on death and Capital Gains Tax (CGT) on earlier disposal

4

Flexibility to adapt

Retain access to and control of the investment in case circumstances change

5

Not just an investment service

Plan for complex health or care needs

6

Competitively priced¹

Pay less than most other comparative services for a more comprehensive solution

7

Supportive of ESG² objectives

Investments in the UK's media sector support the creation of diverse content and employment within the sector, which tends to employ a high volume of highly experienced freelance workers

¹Tax Efficient Review, June 2021

²Environmental, Social and Governance








AN INVESTMENT DESIGNED FOR BOTH INVESTORS AND THEIR BENEFICIARIES

As people are living for longer and spending more time in retirement, they have a number of important objectives, both for themselves and their beneficiaries.

Whilst investments focused on capital growth can increase an investor's savings throughout their life, in the absence of efficient tax planning, IHT liabilities can ultimately leave beneficiaries with a poor outcome. On the other hand, by focusing too much on just IHT planning and ignoring how their wealth is being invested, investors may be left with little or no growth in their savings, whether that be due to the negative impact of poor investment management, volatility, or high fees – all of which may reduce an investor's options in later life.

Only through striking a balance between preserving and carefully growing their savings, whilst doing so in a tax-efficient manner, can investors achieve the desired benefits for both themselves and their beneficiaries.

To deliver careful investment growth, each opportunity put forward by our team of experts seeks to meet the following requirements:

-  • Growth above inflation
-  • Robust risk mitigation
-  • Steady returns with low volatility
-  • Low fees and charges
-  • Maximum tax efficiency
-  • Access and control in case plans change
-  • A complimentary service to plan for complex health and care needs

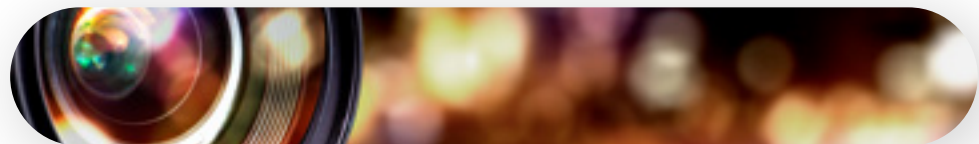
And, we are able to provide the following additional benefits to further enhance the outcome for investors and their beneficiaries:

COMPREHENSIVE INVESTING THAT DELIVERS MORE

1 Invest in a tax-efficient manner > to optimise wealth transfer for investors and their beneficiaries. >

2 Seek to carefully grow the investment > to preserve savings or drawdown to pay for life's needs. >

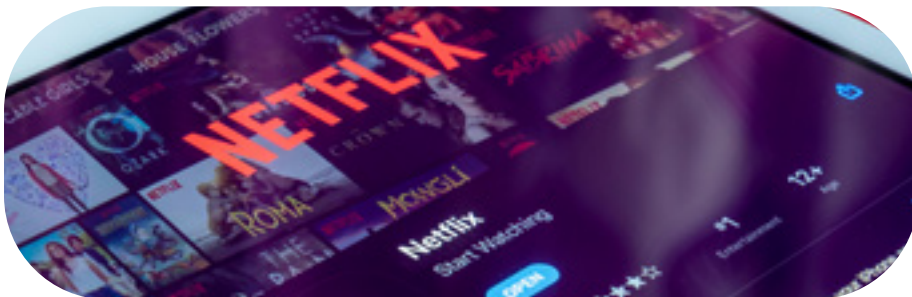
3 Consider health and care needs > and plan for future well-being through a care advisory service. >



DESIGNED TO MEET INVESTORS' FINANCIAL NEEDS

IEP Private Media objectives

- 1** Aim for long-term return of 1-3% per annum, net of fees*
- 2** Low volatility
- 3** Low correlation to listed assets and IHT-qualifying AIM investments
- 4** Invests in Business Relief-qualifying companies for IHT efficiency
- 5** Invests in Investors' Relief-qualifying companies, to provide tax-efficient access to the investment and returns



TECHNOLOGY, MEDIA & TELECOMS (TMT)

UK creative industries are global and recognised as being world class, incorporating sectors such as film, television, music, video games, theatre, publishing, live events and beyond. Significant advances in technology and telecommunications mean that great content is now available at the click of a button or swipe of a finger, 24 hours a day, 7 days a week.

The opportunity

The TMT sector presents a wide-range of opportunities for knowledgeable investors. Loans are provided to experienced counter parties with the benefit of robust underlying security to protect the repayment of the loan and interest. This strategy takes advantage of the following market themes.



Proliferation of smart devices

More and more people own a smart device, be it a mobile phone, tablet, laptop or equivalent, with the ability to download or stream high quality content. The cost and capability of these devices mean people are accessing more content in more ways than ever before.



Greater connectivity

Technology has reduced the cost of creating, distributing and storing content, making it possible for creators to reach a global audience in ways that were never previously possible.



The rise of streaming platforms

The rise of streaming platforms, such as Netflix, Amazon Prime Video, Apple TV+ and others have created strong demand not only for new content, but also for content that can be licensed over and over again, reaching both new and old audiences alike.



Building brand loyalty with your audience

Beyond the expectation of being able to download and watch 24/7, there remains strong audience demand to connect with their favourite artist or programme in a range of different ways, such as shared live experiences.

Types of trading activity



Lending secured against specific assets, such as existing receivables and against estimates of future receivables from the exploitation of assets, for instance sales of a film or television series.



Lending secured against company cash flows arising from part or all of a TMT company's wider business.



ASSESSING OPPORTUNITIES

Given the scale of the TMT market, the Ingenious team can be highly selective in the opportunities and projects they engage with. They do this through a strict screening process.

Strict screening process



Understand the sector and external market in which the borrower operates, including the purpose of the secured loan being sought and the key associated risks



Assess the financial viability of the opportunity including valuation, credit risk and timing of any loan repayments



Determine the type and value of security for the loan, which can be used to protect the full repayment



Full legal review and documentation of the opportunity

Environmental, Social and Governance

At Ingenious, we believe investing should be a force for good. Achieving the financial objectives of your investment is our number one priority, but it does not end there. We also believe that investments must be undertaken in a sustainable and responsible way and we actively look for opportunities that have a positive impact on the TMT community.

How production financing works

First, we identify a film or television project suitable for production by reviewing the script, key talent involved, sales estimates, budget and the contracts for distribution already concluded.

We then work with the producers to help conclude the finance plan for the production, sometimes introducing third party finance to the project.

We assess the amount of the loan with which we are comfortable, this could be any combination of pre-agreed distribution contracts, government-backed tax credits and an advance against unsold territories.

Complex security and interparty agreements are negotiated and concluded as part of the financial closing of the film.

The film is shot and post-produced, then delivered about 15-18 months later.

The distributors pay the amounts due on the previously agreed contracts and the tax credits are collected. If possible, further sales are made in the territories where the film had been originally unsold. These sales are typically concluded following the film's initial screening at a film festival or market.

The film is released to audiences around the world in any combination of cinemas, streaming platforms, television and formats such as DVD and Video-on-Demand.



RISK MANAGEMENT

The loans benefit from the same security arrangements that you would expect to see from a traditional lending bank. The lender takes a senior position on each commercial opportunity and the loans are secured in one of two ways:

1. Against specific assets, such as existing receivables and against estimates of future receivables from the exploitation of assets, for instance sales of a film or television series.
2. Against company cash flows arising from part or all of a TMT company's wider business.

This means that the lender is the first to be repaid on completion of a production. The lender will be added to all customary insurances for any given production.

1

Execution risk

Proven lending model benefiting from strong underlying banking security.

2

Liquidity risk

Liquidity is provided once a production is delivered and available for exploitation, or, if a corporate loan, from a borrower's existing cashflows.

3

Volatility risk

The discounting of signed contracts from film distributors and/or tax rebates from government programmes will generally be the collateral against which loans are made, hence the expected values are known from the outset. Further security is provided from the potential sales to further territories. Receivables in foreign currencies are hedged to minimise exposure to foreign exchange fluctuations.

4

Valuation risk

Transparent valuation through audited NAV and a simple valuation methodology compared to equity assets.

DESIGNED TO DELIVER TAX EFFICIENCY



Business Relief

Whilst prudent investment management can deliver steady, consistent returns to maintain and grow an Investors' wealth, the value available to their beneficiaries on death can be significantly reduced by IHT, meaning they may not achieve the outcome they desire.

Business Relief (BR)-qualifying investments can reduce the impact of IHT whilst allowing Investors to retain control over their money for unexpected circumstances.

IEP Investors acquire Shares in one or more Portfolio Companies that are engaged in a BR-qualifying trade. This means any transfer of the Shares should be free of IHT after just two years (or sooner if the investment constitutes replacement business property).

Comprehensive financial benefits



Careful investment
management



Business Relief and
Investors' Relief for tax
efficiency

DESIGNED TO GIVE INVESTORS FLEXIBILITY

Tax-efficient access

We understand it is important for Investors to maintain control of their assets. Investors can be tempted to lock their savings into a trust, or gift them to family members to seek IHT efficiency. But when people are subsequently faced with unexpected costs, retrieving Investors' savings can be complicated.

There are several ways in which IEP Private Media Investors can, subject to liquidity, access their investment, including regular draw-down of growth, set annual payments or partial or full redemption.

Investors' Relief

20% > 10%

CGT EFFICIENCY

Just as IHT can reduce the value of an investor's savings, Capital Gains Tax (CGT) can reduce the value of withdrawals for all-important life needs.

Incoming Investors into IEP Private Media will receive newly issued shares, so after three years, a disposal of the shares should qualify for Investors' Relief. This means that the applicable rate of CGT should be 10% rather than the higher rate of 20%.

All realisations will be subject to the terms and conditions set out in the Investor Agreement. Any funds withdrawn during the Investor's lifetime may give rise to tax charges. Further detail on the taxation of the investment can be found in the Taxation section of this Brochure on page 21.

DELIVERING ADDITIONAL WELL-BEING BENEFITS: THE IEP CARE SERVICE

Through recognising that financial outcomes and well-being go hand in hand, investors can ensure they make holistic plans, especially in later life, preparing not only for financial outcomes, but also for potential care needs. At Ingenious, we recognise that this is a specialist area with limited support, so investments in IEP Private Media include complimentary access to the IEP Care Service.

The IEP Care Service offers independent, specialist advice, delivered by a third party care adviser, Grace Consulting, to help families plan for care needs. The support is provided by a team of care industry experts, on a bespoke basis, to Investors and their immediate family. Not all Investors need the service immediately, but they have the peace of mind that support is on hand if they or a loved one require it. For complete details of how the service works, please refer to Schedule 4 of the Investor Agreement.

Grace Consulting provides independent care advice, and is not registered with the FCA as it is not authorised to provide financial advice.



“My experience of planning for my husband’s care needs changed overnight with the use of the IEP Care Service. The value of being listened to and having someone spend the time to thoroughly consider his options has given me total confidence that he is now receiving the best possible care.”
IEP Care Service client.

What does the IEP Care Service offer?

The IEP Care Service is a tailored and bespoke service, so there are a wide range of ways in which it helps people, but here are some of the most common uses.



Visit

Personalised visit or phone conversations with a dedicated specialist to assess the specific situation



Guidance

Guidance on appropriate care options for the circumstances with the individual's best interests at heart



Search

Detailed, bespoke search and assessment of the most appropriate, local providers



Advice

Advice about potential cost of care in the area and how to prepare

COMPETITIVE FEES MAXIMISE INVESTOR RETURNS

One off charges	Ongoing charges
<p>Investment Fee</p> <p>1.5% of the subscription in the Service</p>	<p>Management Fee</p> <p>1% of the value of the Portfolio per annum*. This Management Fee accrues on a daily basis and is paid at the end of each quarter or redemption</p>
<p>Dealing Fee³</p> <p>1% of the subscription upon investment and 1% of the value of the shares sold upon withdrawal</p>	<p>Administration Fee</p> <p>0.25% of the value of the Portfolio per annum* paid to cover administrative costs and expenses of the Manager in relation to the Service. The administration fee accrues on a daily basis and is paid at the end of each quarter or redemption</p>

*Unless stated otherwise, all fees are paid to the Manager. *Calculated by reference to the applicable Portfolio NAV, prior to deduction of fees for the relevant accrual period.*

Approximately 0.1% of the investment in the Service is paid to the Custodian for custodial and nominee services.

Adviser charges

Investors may have agreed an upfront and/or ongoing charge payable to their financial adviser. These fees can be specified in the adviser charge section of the Application Form in order for the Manager to facilitate the payment to the adviser. Upfront adviser charges will be taken from the subscription before Shares are allotted. Ongoing charges will be paid through realisation of Shares in companies invested in by the Service. Further detail can be found in the Application Form. Investors should consult their financial adviser for any financial and tax implications of adviser charges.

The Manager and/or any affiliated company may provide or procure certain additional administration, management and other services to, or on behalf of, the Investor and/or some or all of the Portfolio Companies (as applicable). Examples of which may include, but are not limited to, custodian, nominee or similar services; legal, accounting, company secretarial, taxation, audit, administration and transactional services; and assistance in the sourcing of opportunities, structuring of opportunities, financing of opportunities, due diligence, monitoring and day-to-day trading operations, in consideration of which the company/ies providing such services shall be entitled to charge or recover (as the case may be) their reasonable costs and/or fees.

With the aim of reducing risk while maintaining quality deal flow for Portfolio Companies, Ingenious may arrange mezzanine finance to sit behind a Portfolio Company's loan. Such finance, if provided at all, may be partly or fully provided by part of the Ingenious Group or related parties in return for which the providers of such finance will earn a return commensurate with the risk position taken.

All fees and charges will be subject to any applicable VAT.

³The Manager reserves the right, in the event of an increase in the applicable rate of stamp duty, to increase the dealing fee charged upon disposal of shares by an equivalent amount.

For an illustrated example of how the Service's fees impact an investment, please refer to the illustration on our website www.theingeniousgroup.co.uk.

INVESTING IN IEP FOR THE FIRST TIME

To invest in IEP Private Media, a potential investor should first read this Brochure and the Investor Agreement in full and speak to their regulated financial adviser who can assess if the investment is right for them.

To apply, a potential investor should complete the Application Form that can be downloaded at

 theingeniousgroup.co.uk

The form contains full details on the application process.

The minimum initial investment is £25,000.

Once Shares are allotted, an Investor's Portfolio consists of a number of Shares in one or more Portfolio Companies. The Manager has full discretion to manage the rights of each investment in an Investor's Portfolio and determine the appropriateness of each investment selected.

How the investment works

The potential investor should discuss the investment with a regulated financial adviser and fully read and understand the Brochure and Investor Agreement.

1

The potential investor should complete the Application Form, providing all requested information.

2

Shares are allotted, usually within 21 days, though this can take longer. The countdown for the two year BR-qualification period and the three year IR-qualification period begins.

3

The Investor gains immediate access to the IEP Care Service for themselves and their immediate family. This can be used at any time.

4

The Investor and their adviser both receive a login for the myIngenious portal where the investment can be tracked and relevant documents and communications can be found.

5



6

Ingenious should be instructed if the Investor would like to draw regular payments from the investment. If not, the full amount will remain invested, including any growth, though it can be accessed at any time, subject to liquidity.

7

If an email address is provided upon application, the Investor begins to receive quarterly emails from Ingenious, updating on the Portfolio and the investment performance.

8

After 2 years, Shares qualify for BR, so if the Investor were to die, they can be transferred to beneficiaries free of IHT.

9

After a further year (a total of three years), Shares qualify for Investors' Relief and so if the investor elects to draw on growth, they should only pay 10% CGT.

Topping up or drawing down



Topping up

After initial investment, further investments of at least £10,000 can be made. Smaller amounts may be accepted at the discretion of the Manager.



Regular withdrawal

The Investor can draw down any growth generated by the investment, or take a fixed amount annually (payable in February, subject to available liquidity). Alternatively, growth remains in the Portfolio and should qualify for BR and IR along with the rest of Investors' Shares.



Partial or full redemption

The Investor or their executor(s) can elect to realise some or all of the investment at any time. The Manager will aim to facilitate payments within one to six months, depending upon available liquidity.

Investors who already own BR shares

If the Investor already owns BR qualifying shares in another service, but would prefer to instead invest in IEP Private Media, it is often possible to realise the existing investment and invest in IEP Private Media without having to begin the two-year holding period for BR qualification again, through the replacement business property provisions. For more information, Investors should consult their financial adviser.

ROBUST GOVERNANCE

IEP Private Media benefits from a robust governance process, delivered by the Manager.

The Manager's Investment Committee is separate from the Manager's Fund Management Team and the Non-Executive Chairman of the Board is independent from the Manager.

The key governance arrangements include:



Board

Oversees strategy, performance, target market assessment, valuations and liquidity.



Independent Non-Executive Chairman of the Board

Provides independent judgment and advice on issues of strategy, performance, resources and standards of conduct for IEP Private Media.



Investment Committee

Responsible for reviewing and approving opportunities proposed by the Fund Management Team against Investment Objectives of the Service.



Fund Management Director

Day to day oversight, reporting, identification of risks and opportunities.



Fund Management Team

Identification of new opportunities and responsible for end to end transaction management and NAV preparation.



Technical Team

Monitor BR and IR qualification.



Net Asset Value (NAV) external audit

The quarterly Net Asset Value (NAV) of the Portfolio that is communicated to Investors is externally audited every six months.

IEP Private Media benefits from resources across Ingenious: The Remuneration Committee, Audit and Risk Committee, Board of Directors of the Manager, Risk Management & Valuation Committee and Compliance Function.

RISK FACTORS

A potential investor should carefully consider all of the information set out in this Brochure and whether a subscription in the Service constitutes a suitable investment in light of their personal circumstances, tax position and the financial resources available to them. A subscription in the Service involves risk and may not be suitable for all potential investors. A potential investor should, therefore, seek professional advice before making any decision to invest. A potential investor is also recommended to consult a professional adviser regarding their personal tax position.

This section contains material risk factors that the Manager believes to be associated with a subscription in the Service. If any of the following events or circumstances arise the value of the Investor's Shares and/or results of the Service could be materially and adversely affected; as could the availability of tax reliefs to an Investor. In such circumstances, an investor may lose all or part of their investment. Additional risks and uncertainties not presently known, or that are deemed to be immaterial, may also have an adverse effect on the Investor's funds and the risks described are not intended to provide an exhaustive list of all the risks associated with a subscription in the Service.

There is no assurance that any targeted returns or other targets indicated in this Brochure will, in practice, be achieved. The indications on page 5 to 7 of the current IEP Private Media Investment Strategy are an indication of the Manager's current Investment Strategy which may, at the Manager's discretion, be adjusted from time to time where the Manager considers such change is necessary, having regard to the Investor's Investment Objectives.

Financial performance risks

Whilst the Investment Strategy for an Investor's Portfolio targets steady growth and low volatility, this cannot be guaranteed. The valuation of an investment can go down as well as up and Investors could lose some or all of their investment. Assumptions, projections, intentions or targets included within this Brochure are not a forecast of how an Investor's Portfolio will perform. The past performance of the Manager is not a guide to future performance of the investments made through this Portfolio management service.

Diversification of projects is one method by which the performance risk is mitigated. If the availability of suitable deployment opportunities is limited or a Portfolio Company is capitalised with limited funds, the opportunities for diversification may be reduced, which may adversely impact returns.

Risks relating to taxation and Business Relief

The Business Relief-qualifying status of investments made is contingent upon the Manager being able to identify Portfolio Companies that carry on, and continue to carry on, a sufficient level of permitted activity for the purposes of Business Relief. There is no guarantee that the investment made will qualify for Business Relief throughout the life of the investment and in this case, a liability to IHT may arise if a transfer takes place at such a time.

The tax outcomes described in this Brochure, including the treatment for Capital Gains Tax, are based on our interpretation of the current legislation and HMRC practice. These may change from time to time and, as such, they are not guaranteed and any such changes can affect the return an Investor receives from his or her Portfolio. Neither the Manager nor Custodian accept any liability for tax reliefs not being available, or being reduced. In addition, tax reliefs may depend on personal circumstances. For example, if the Investor borrows to acquire shares in the Service then the investment is unlikely to qualify for Business Relief.

Market risks

Portfolio Companies operate in competitive industries where commercial risks exist, these include, but are not limited to counterparty credit risk, project risk and interest rate risk.

As part of the assessment process for any trading activity presented to a Portfolio Company, the Manager will consider the commercial, financial and legal aspects of each opportunity, the focus of which may be different for each opportunity. As a guide only, the following are examples of the types of assessment which may be undertaken. This is not a complete list of all considerations, nor will each of the following examples be relevant for every assessment.

- Availability of a sufficient number of suitable trading opportunities
- Financial assessment of the opportunity including sensitivities to potential outcomes and the possible impact of changes to interest and inflation rates
- Current and potential future valuation of the asset or company
- Financial viability of key third parties involved in the trading activity
- Experience of the borrower
- Level of complexity and execution risk associated with the trading activity
- Market demand for the completed project or asset, the commercial opportunity or the borrower's ongoing product or services, as appropriate
- Security and enforcement rights available should the trading activity not go to plan
- Any regulatory risks associated with the proposed trade

These are illustrative of the risks assessed by the Manager and the Boards of Portfolio Companies and are not necessarily a complete list of all possible risks associated with each loan made. Any of the assumptions associated with managing market risk are subject to change, the impact of which could be that the loan and interest on the loan are not recovered in full which would negatively impact the projected return to Investors.

If a project is not produced in accordance with the requirements set out in the contracts, or a project is not completed, this could adversely affect the revenue derived from it, particularly where a distributor refuses to accept delivery of the project. In order to mitigate this risk, the Manager will monitor the production of each project on an ongoing basis and, where appropriate, contract with an entity known as a completion bond to give protection against certain production risks that can be incurred in completing and delivering a film.

Liquidity risks

An Investor's ability to seek repayment of part or all of their investment is subject to the Manager's policy on acceptable payment requests. The Manager will have due regard for the need to fund the various commitments that the Portfolio Companies have made to existing borrowers, with the requirement to fund Investor withdrawal requests. Whilst the Manager will seek to facilitate Investor requests for withdrawals as promptly as possible, the Manager's ability to fund such requests immediately is driven by the underlying availability of liquidity of the Portfolio Companies invested in and so can take several months, especially if a number of withdrawal requests are made at the same time. In addition to commitments already made by the Portfolio Companies, the timing of payment of Investor withdrawal requests may also be influenced by the timing of when loans are repaid to the subsidiaries of the Portfolio Companies.

As the Portfolio Companies are privately owned companies, there is unlikely to be a ready market to purchase Shares in these Portfolio Companies. Such investments will have less liquidity than investments in listed shares. The realisation of such investments in unquoted companies may therefore take considerably longer than targeted, particularly if a number of material company or asset disposals were to coincide.

Valuation risks

The valuation of the loans made requires a forward-looking assessment that an underlying asset will hold upon completion including the value of presale receipts or applicable film and television tax incentives. The Manager will work with independent, external experts where appropriate to monitor the valuations, including during production, in order to assess the appropriate carrying value of each loan made. The NAV of IEP Private Media is subject to audit every 6 months.

Indebtedness risks

The Portfolio Companies may access bank funding in order to provide additional liquidity to grow and expand their lending activities with the aim of increasing returns to Investors and diversification within Investors' Portfolios. Analysis by a bank of the loans being made adds further independent scrutiny to the activities of the Portfolio Companies and the loans being proposed. The use of bank funding may increase the financial risk to Investors in situations in which the valuations of the loans on which the bank funding is secured are reduced and the bank facilities come under pressure to be repaid. This is because the bank will have a first legal charge over the Portfolio of loans and will therefore have the right to be repaid first in any distribution of capital from Portfolio Companies. The Manager will actively manage and monitor the level of indebtedness within the Portfolio Companies as part of its wider risk management procedures.

Conflicts of interest

Conflicts of interest may arise in situations where the Manager has an interest in the activities being undertaken. Where such conflicts arise, the Manager will ensure that the conflicts are appropriately managed through independent decision-making and in line with the Manager's conflicts of interest policy for dealing with such situations.

Financial services compensation scheme

Although the Manager and the Custodian are covered by the Financial Services Compensation Scheme (FSCS), the FSCS is only available when an authorised firm goes into default and is unable or is likely to be unable to pay claims made against it by clients. An Investor's access to the scheme depends on the type of business and the circumstances of the claim, and compensation is limited to a maximum of £85,000. Further information about compensation arrangements is available on request from the Manager, or from the FSCS.

Forward-looking statements

The Investor should not place undue reliance on forward-looking statements, which speak only as of the date of this Brochure as they may not be a representation that such trends or activities will continue in the future.

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “continues”, “expects”, “intends”, “may”, “might”, “will”, “would” or “should”.

Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, not historical facts.

Subject to any requirement under applicable laws and regulations, the Manager gives no undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



TAXATION

This summary is based upon current UK tax law and practice and is intended as a guide only. It is not intended to constitute legal or tax advice and a prospective Investor is recommended to consult his or her own professional advisers concerning the possible tax consequences of investing in, purchasing, holding, selling or otherwise disposing of Shares. The value of any tax reliefs will depend on the individual circumstances of an Investor and may be subject to change in the future. The Service has been structured to allow for the value of an Investor's Portfolio to be eligible for relief from IHT and benefit from IR, as described here.

IHT Business Relief

The Shares should constitute relevant business property (as defined at s105 IHTA). Accordingly, once such Shares have been held for a period of two years, they should qualify for 100% Business Relief, which would reduce the IHT liability on a transfer of the Shares to nil.

Where an investment in relevant business property is made from the proceeds of a disposal of other relevant business property, the new investment should qualify when the combined ownership period over the last five years reaches two years.

Where relevant business property is inherited from a spouse, the ownership period of the transferee spouse includes the ownership period of the transferor spouse.

The ownership period commences on the date the Investor acquires beneficial ownership of the underlying Shares, and not from the date of subscription in the Service. There may be a period of time between the Investor making a subscription in the Service and the Manager allotting Shares on the Investor's behalf.

The process for claiming Business Relief

To obtain Business Relief the executors of the estate will need to complete a copy of probate return form IHT412 and return this to HMRC. The relief is assessed by HMRC and cannot be guaranteed. The estate may need to provide additional information if requested.

Investors' Relief

The Shares should constitute qualifying shares (as defined at s169VB(2) TCGA 1992). Provided such Shares have been held for the required 3 year period, Investors should be able to claim a 10% rate of Capital Gains Tax on any gains made on a disposal of the Shares. There is a lifetime limit, currently set at £10m on the amount of relevant gains that can access this lower rate of Capital Gains Tax. Investors will need to make a claim for Investors' Relief on or before the first anniversary of 31 January following the tax year of disposal.

Taxation of payments

A realisation in value from an Investor's Portfolio may be facilitated by the Manager by way of either a sale of the applicable Shares or a reduction in capital. Any return for an Investor from investments held in their Portfolio will be subject to either Income Tax or CGT, and will be dependent on the form of the transaction. If a realisation is achieved by way of sale of shares, any gain will be subject to CGT. If a capital reduction is undertaken, income tax charges may apply to any returns in excess of the amount originally subscribed for the shares. The form of the transaction will depend on the liquidity available at the time of the request, and the Manager cannot guarantee that payments will attract capital treatment in all cases. Where payments are subject to Income Tax, exit fees are not deductible from the profits for tax purposes.

Stamp duty

Share disposals arranged by the Manager on behalf of an Investor may be subject to stamp duty at the prevailing rate (currently 0.5%). This will be a liability of the Manager and will be paid from the Manager's Dealing Fee, except in cases where the Dealing Fee is not applicable, where the cost of stamp duty will be borne by the Investor. The Manager reserves the right, in the event of an increase in the applicable rate of stamp duty, to increase the Dealing Fee by an equivalent amount.

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