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# PRAETURA INHERITANCE TAX PLANNING SERVICE DUE DILIGENCE PACK

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Praetura Investments

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## Overview

<b>What is Business Relief?</b>	Business Relief (BR), also known as Business Property Relief or BPR, is a tax relief that works to mitigate inheritance tax via investment into BR-qualifying companies. BR can be used as a valuable tool in estate planning as BR-qualifying investments are intended to benefit from IHT relief after a two-year holding period.
<b>How does Praetura's Inheritance Tax Planning Service work?</b>	The Praetura Inheritance Tax Planning Service ("PITPS" or the "Service") enables the investor to invest in unquoted companies (those that aren't listed on a stock exchange). Should the investor hold shares for at least two years and still be in possession of the shares upon their death, then they should be exempt from inheritance tax.
<b>What are the Key Benefits?</b>	<b>Access:</b> Investing in this type of inheritance tax planning service enables the investor to maintain access to their capital. The investor can withdraw from the Service at any point (the Service aims to facilitate withdrawals within 30 business days from receipt of written instruction, but there is no guarantee the Service will be able to facilitate within this timeframe). Investors also have the option to set up regular withdrawals. <b>Speed:</b> BR-qualifying investments become free from inheritance tax after just two years of holding shares, subject to the individual holding their shares at the time of death. <b>Conservative Investment Strategy:</b> The companies that PITPS invests in are focused on creating long-term sustainable growth, with a focus on secured lending and risk mitigation. To date, PITPS has achieved its target return of 4.5%. <b>Industry Leading Management Team:</b> The management teams in the Praetura group of companies have a long-established track record of providing asset finance and commercial finance to SMEs. The team have held management positions at leading banks including ABN AMRO, Shawbrook and Close Brothers.
<b>What are the Key Risks?</b>	<b>Risk to Capital</b> The value of an investment in PITPS may go down as well as up and investors may not get back the amount originally invested. Investors should not consider investing unless they already have a diversified portfolio and are able to bear the associated financial risks involved in investing through PITPS.  <b>Investment Performance</b> Prospective investors should be aware that past performance is not a guide to future performance and that any statements made in relation to expected future performance are projections rather than guarantees. There is no guarantee that the strategies will achieve their return expectations or targets and the investor should recognise that their capital is at risk, and they may not get

	<p>back what was invested. The amount of any fees, charges or expenses payable will affect returns.</p> <p><b>Diversification</b></p> <p>While the underlying lending that an investor can access through PITPS is likely to be diversified, an investor can be invested into a single company. This limited diversification could increase the risk for investors.</p> <p><b>The Manager</b></p> <p>Praetura Ventures Limited has been appointed as the Alternative Investment Fund Manager of PITPS (the “Manager”) and its performance is dependent on certain key individuals. The success of the Service will depend upon the ongoing ability of the Manager to identify, source, select, complete, and monitor appropriate investments.</p> <p><b>Business Risk</b></p> <p>The performance of the companies in which the Manager arranges investment is dependent upon several factors which include the quality of their customer bases and their respective revenue streams, the strength of management and controls, and the value of any assets held as security. Both specific and general circumstances can adversely affect customers’ abilities or willingness to meet their obligations. Businesses may also be affected by competition, interest rates, inflation, employment rates, and other macroeconomic factors over which the Manager has no control. There is therefore a possibility that one or more of the businesses into which investments are arranged may underperform and cause a loss of value for PITPS Investors.</p> <p><b>Tax Risk</b></p> <p>Tax treatment depends on individual circumstances and an investment through PITPS will not be suitable for all investors. Tax reliefs may be lost by investors taking, or not taking, certain steps or by changes in the tax regime. The Manager will only arrange investments through PITPS into companies that are reasonably believed to have BR-qualifying status; however, there can be no guarantee that a company will attain or maintain such status. Levels, bases of, and relief from, taxation is subject to change. Such changes could be retrospective. The tax treatment of a sale could be affected by the mechanism of the withdrawal and thus, result in income tax being due. The tax reliefs described are based on current legislation, practice and interpretation and the value of tax reliefs depends upon the individual circumstances of investors. The availability of Business Relief is assessed by HMRC on a case-by-case basis based on the circumstances at the time of death of the investor. Investors should seek advice from a qualified financial or tax adviser as appropriate.</p>
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	<p><b>Investment Period and Illiquidity</b></p> <p>PITPS will arrange investments in unquoted companies whose shares are not as readily realisable as, for example, companies listed on the London Stock Exchange. As the shares held will be unquoted, they can be difficult to value and sell. Therefore, the Manager cannot guarantee that an investor's funds will be returned in the target timeframe set out in the Information Memorandum. Investors can request the withdrawal of funds at any time and the Manager will attempt to arrange realisation of investments within 30 days from the end of the month at which the written withdrawal request was received. However, substantial withdrawals could take longer to satisfy and therefore cannot be guaranteed to meet the above target timeframe. In exceptional circumstances, such as a change of legislative framework, the process to realise investments could take much longer and investors may receive withdrawals in instalments and investors may be required to wait until sufficient cash is available from new subscriptions or the sale of assets. Investments in Business Relief qualifying companies must be held for at least two years (and held at the point of death) to benefit from inheritance tax relief and therefore investments arranged through PITPS should be viewed as long term investments. If the investor sells, transfers, or withdraws any of their holdings, they may lose the inheritance tax reliefs available on the amount withdrawn.</p>
<p><b>Statistics of the offer</b></p>	<p><b>Minimum Subscription:</b> £25,000.00</p> <p><b>Target Return:</b> The Service is targeting a return of 4.5% p.a.</p> <p><b>Capital Deployment:</b> Capital will be deployed within 30 days of receipt of funds.</p> <p><b>Current AUM:</b> £91m</p>

### The Manager

<p><b>Background of the Praetura group of companies</b></p>	<p>The Praetura group of companies ("Praetura") was established in 2011. The group comprises of several trading companies and currently employs over 150 employees across 4 offices in the North West. The group has invested or lent over £1.5 billion since inception and currently has over £800 million in assets under management.</p> <ul style="list-style-type: none"> <li>- Praetura Asset Finance: Hard asset funding</li> <li>- Praetura Commercial Finance: Asset-based lending</li> <li>- Praetura Invoice Finance: invoice finance</li> <li>- Kingsway Finance: term loans and soft asset lending</li> <li>- Zodeq: Invoice finance for recruitment businesses</li> <li>- Praetura Ventures: Venture capital investment</li> <li>- Praetura Investments: Alternative investments provider</li> </ul>
<p><b>Background of the Manager</b></p>	<p>Praetura Investments is a trading name of Praetura Ventures Limited (Company number 11439791). Praetura Investments</p>

	<p>is a retail investor focused asset manager based in Manchester, which specialises in tax advantaged offers. Since 2011, Praetura has supported UK businesses through both equity and asset finance – both as a successful venture capital manager (through EIS &amp; VCT) and an asset-based lender (which is the asset class for the BR-qualifying solution). To date, the Praetura group of companies has lent and invested over £1.5bn. The Praetura team has longstanding experience in lending, having been part of senior management teams of market leading lending teams including Close Brothers, Bank of Ireland, and Centric Commercial Finance. The team has advanced over £1.5 billion to SMEs since 2013 and have built the aggregate lending book to over £600 million.</p>
<b><i>Is the manager FCA authorised?</i></b>	Yes, the FCA reference number is 817345.
<b><i>Who are the Directors of the Manager?</i></b>	<p>David Foreman: David co-founded Praetura with a background of over 13 years in corporate finance and venture capital. He qualified as an ACA with KPMG and has considerable experience in backing financial services and recurring revenue businesses. David has a focus on the application of data, IT, and technology to enable efficiencies within businesses.</p> <p>Jonathan Prescott: Jon is a core member of the Praetura Investments team. As a Partner, he heads up the business development team and has helped to develop many of the services offered today. He boasts over 20 years financial services experience, with 15 of those spent at AJ Bell forging links with advisers across the country in his role as Business Development Manager. Jon was also a key member of the Octopus Investments team, working across the North, Scotland, and Northern Ireland as the business's Area Sales Director.</p> <p>Stephen Caunce: Steve spent 13 years as CEO of FTSE 250 group AO World, the owner of AO.com and was previously CFO of Phones4U. Steve has significant expertise in scaling businesses having overseen the rapid growth at both AO World and Phones4U.</p> <p>Jonathan Brown: Jonathan has extensive legal experience and is currently a partner at Hill Dickinson LLP. With a range of legal and financial expertise, Jonathan has an extensive understanding of the M&amp;A market, covering mergers, acquisitions, IPOs, joint ventures, and more. He has overseen corporate transactions across Europe, as well as America, Australia, and India.</p>

	Darren Carter: Darren is an experienced CEO and director, with significant experience in the financial services and investment sector. Formerly managing director at D.E Shaw & Co and CEO at KBC Financial Products, Darren currently sits as Non-Executive Director of Peel Hunt.
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### The Offer

<b>Name:</b> Praetura Inheritance Tax Planning Service		
<b>Structure of the Offer</b>	<p>The Praetura Inheritance Tax Planning Service (“PITPS” or the “Service”) is an investment solution that aims to provide investors with 100% relief from inheritance tax after two years. It invests clients in private trading companies seeking stable and predictable returns. These companies are underpinned by high quality assets and have a conservative trading strategy.</p> <p>PITPS is an AIF and, as the AIF’s Investment Manager, Praetura Ventures Ltd (the “Manager” or “Praetura”) is responsible for identifying, monitoring, and advising the Service’s portfolio companies in which the investor’s funds will be deployed.</p>	
<b>What is the Service’s investment strategy?</b>	<p>To date, the investment strategy of PITPS has focused on asset-backed lending, which the Manager considers meets these investment objectives. The Praetura Inheritance Planning Service seeks to invest in companies that have a strong reputation for lending against realisable assets or debts as part of a prudent underwriting approach across the UK, which includes Quay Street Trading Ltd (“QST” or “Quay Street”). The Manager may also consider for the PITPS portfolio other types of lending businesses which offer the ability to generate attractive returns for its investors underpinned by real assets.</p>	
<b>About Quay Street Trading</b>	<p>Quay Street Trading Limited, is a UK company that has carried out a successful lending trade since it was founded. Its business activities are in line with the aims of the Praetura Inheritance Tax Planning Service.</p> <p>Quay Street operates in sectors where the Praetura group of companies has extensive experience, namely asset finance, commercial finance, and invoice discounting. Quay Street will leverage the Praetura group of companies’ wealth of experience and an exceptional track record providing asset backed financing facilities to SMEs. The Praetura group of companies’ established lending relationships seek to stable and predictable returns to the shareholders of Quay Street.</p>	
<b>What is the Service’s Fund-Raising History?</b>	<b>Tax Year</b>	<b>Funds Raised</b>
	TY20 / 21	£1.11m
	TY21 / 22	£12.13m
	TY22 / 23	£7.29m
	TY23 / 24	£9.52m

	<p>TY 24/25 £26.60m      TY 25/26 £36.20m  <b>TOTAL £92.85m</b></p>
<b><i>Who are the Quay Street Trading Board of Directors and Credit Committee?</i></b>	<p><b>David Allanson – Independent Non-executive Chairman, Quay Street Trading Ltd</b></p> <ul style="list-style-type: none"> <li>- Independent Chairman of Quay Street, David is a career banker and a former Managing Director at Lloyds Banking Group where he spent over 20 years. Throughout his career, he has supported SMEs and larger regional businesses such as Euro Garages, JD and Redrow. More recently, he has worked in non-executive and board advisory roles for the likes of KPMG and Tosca Debt Capital.</li> </ul> <p><b>Susan Kelly – Independent Non-executive Director, Quay Street Trading Ltd</b></p> <ul style="list-style-type: none"> <li>- Independent Director of Quay Street, Susan was a career lawyer and a former Partner at Squire Patton Boggs where she spent 20 years and led the European Restructuring Practice Group. Susan previously worked for Linklaters. Susan was a Fellow of the Association of Business Recovery Professionals, a board member of the Turnaround Management Association Europe and was certified by the European Association of Certified Turnaround Professionals.</li> </ul> <p><b>Peadar O'Reilly – CEO of Praetura Lending Division and Director of Quay Street Trading Ltd</b></p> <ul style="list-style-type: none"> <li>- Peadar, a founding partner at Praetura, has over 25 years secured lending experience having previously held senior roles at Bank of Ireland and ABN Amro. He helped establish a successful UK ABL business for Bank of Ireland and is responsible for raising over £200m of bank facilities from mainstream and specialist institutions for the Praetura Group companies.</li> </ul> <p><b>Sam McArthur – Independent Non-executive Director, Quay Street Trading</b></p> <ul style="list-style-type: none"> <li>- Sam McArthur is an experienced investment professional having previously held the role of Chief Operating Officer for Puma Investments, forming part of the board and senior management team responsible for growing AUM from £100 million to £950 million over 8 years. Prior to that, Sam's previously held positions include CEO of a multi-site wholesale and distribution business as well as Associate Director at KBC Financial Products.</li> </ul> <p><b>Lisa Wood – Chief Credit Officer of Praetura Lending Division</b></p> <ul style="list-style-type: none"> <li>- Lisa is Chief Credit Officer of the Praetura Lending Division and has over 25 years of lending experience. Before joining Praetura, Lisa was the deputy MD of</li> </ul>

	<p>Shawbrook Business Credit, chief credit officer at Shawbrook Business credit, and held roles at GE Commercial Finance, NMB Heller, Bank of Scotland and Lloyds International Factors.</p>
<b>How to subscribe?</b>	<p>The Manager recommends that investors take financial advice before making any investment decisions. Following this the application process is as below:</p> <ol style="list-style-type: none"> <li><b>1. Application:</b> Read Praetura's Service literature and complete an application.</li> <li><b>2. Account:</b> Praetura will confirm acceptance of the client's application and create both an investor account and grant access to the individual's personalised investor portal.</li> <li><b>3. Deposit:</b> Once the investor has deposited their subscription amounts via bank transfer or cheque, the investor portal will be updated with the subscription details.</li> <li><b>4. Investment:</b> The service aims to invest 100% of funds (less fees) into one or more private trading companies, such as Quay Street Trading Ltd, within 30 working days of the receipt of funds.</li> <li><b>5. Valuations:</b> Valuations will be provided monthly via the online portal. These valuations will be based on the Net Asset Value (NAV) of the private trading company in the investor's portfolio.</li> <li><b>6. Updates:</b> Praetura will provide each investor with a detailed investment report.</li> </ol>
<b>Can an investor redeem?</b>	Investors can withdraw funds from the service on an ad-hoc basis, but they must be invested into the fund for a minimum of 12 months. All withdrawals are subject to a dealing charge of 1.0%.
<b>Can an investor make regular withdrawals?</b>	Regular withdrawals are paid on a bi-annual basis, in April and October (calculated based on the NAV as at 31 March and 30 September).
<b>How does an investor redeem?</b>	Investors can submit a written request to the Manager requesting a withdrawal from the Service. Normally, any client's withdrawal is expected to take place within 30 days of the end of the month in which written instructions are received.
<b>Are there Cancellation Rights?</b>	Upon receiving an Application Form, the client will receive written confirmation of their right to cancel. Should the client wish to exercise their right to cancel, they must notify the service, in writing, within 14 days of receipt of such notification by writing to Praetura at its address. If the investor exercises their cancellation rights, the service will refund any money paid, less any charges already incurred

	<p>for any service undertaken in accordance with the terms of the Agreement.</p> <p>The Manager is obliged to hold the client's investment monies until the service has satisfactorily completed the Anti-Money Laundering checks in place. The Manager will endeavour to return any such money as soon as possible (but in any event, not more than 30 business days following cancellation). The client will not be entitled to interest on such money.</p> <p>Should they not exercise their right to cancel within this period, the client will still be entitled to exercise their rights under section 15 to terminate this Agreement. The right to cancel under the FCA Rules does not give the investor the right to cancel/terminate/reverse any particular transaction made before cancellation takes effect.</p>
<b><i>Is the offer covered by the FSCS?</i></b>	<p>The Manager participates in the Financial Services Compensation Scheme (FSCS). The FSCS may provide compensation to eligible claimants in the event of the firm being unable to meet its liabilities. The FSCS does not cover losses in the event of the poor performance of a fund or failure of an investee company. Further information about the FSCS can be found at <a href="http://fscs.org.uk">fscs.org.uk</a></p>
<b><i>What is the FSCS coverage?</i></b>	<p>The service has two types of FSCS protection in place:</p> <ol style="list-style-type: none"> <li>1. £85,000 deposit protection which compensates for the failure of a UK authorised bank whilst money is held in it. This covers monies held in the Custodian's client accounts when that money is held for its clients and investors in connection with regulated activities such as arranging for investment in the Service. Typically, this includes monies awaiting investment, income generated for investors before it is returned or reinvested, and amounts representing the return of capital at the end of the investment period.</li> <li>2. £85,000 investment protection which may provide compensation if the client has a claim against an investment firm for issues such as misleading advice, poor investment management, or misrepresentation when the firm that gave the service has since failed or otherwise can't pay the investor's claim. The Service is a discretionary fund management service to which the FSCS investment protection might apply.</li> </ol>

### **The Charges**

#### ***Initial fee: 2%***

An initial charge is payable to the Manager, this charge will be reflected in the number of shares issued upon investment.

#### ***Dealing fee: 1%***

Dealing charges will be payable to the Manager for executing investments and withdrawals from the Service.

#### ***Deferred Annual Management Fee: 0.5%***

The Annual Management Charge of up to 0.5% per annum for managing the Service will be deferred until full or partial withdrawal from the Service and is contingent upon the Investor achieving a minimum net compound return of 4.5% per annum on the amount invested in BR Qualifying companies. Accordingly, the Manager will not achieve the full 0.5% AMC unless an Investor's gross return is 5.1% per annum (exit dealing fees are excluded from this calculation).

#### ***Other Fees:***

The Manager provides a range of administration, secretarial, deal monitoring and transaction services to the underlying companies in the service. The companies pay Praetura a service charge of up to 2% p.a. for these activities. An arrangement may also be payable to Praetura by the companies in which investments are made into.

<b><i>What are the Adviser Fees Associated with the Fund and How Will They be Processed?</i></b>	<p>The Manager can facilitate initial and ongoing adviser charges may be facilitated subject to investor approval.</p> <p>- Adviser Initial Charge ~ Up to 3% The initial adviser charge will be paid by the Manager prior to the purchase of shares into selected private trading company.</p> <p>- Adviser Annual Management Charge ~ Up to 1% p.a. The ongoing adviser charges will be paid quarterly in arrears, and following the first full quarter invested. Ongoing charges are paid based on the NAV at the month preceding the start of the quarter.</p>
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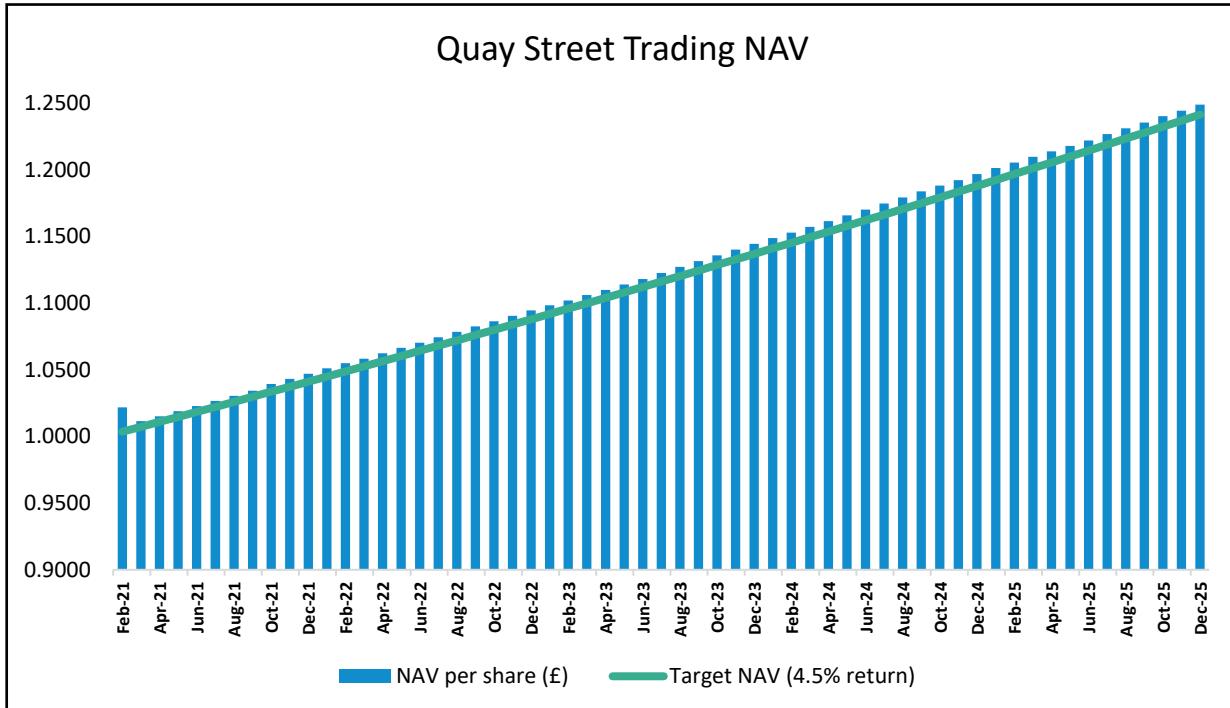
### **Previous Performance**

<b>Share Price Tracking and performance</b>	Quay Street Trading Limited's share price is calculated monthly and is overseen by the majority independent board of the company. The performance of Quay Street Trading Limited does not take account of initial fees, dealing fees and annual management fees associated with investing in the Praetura Inheritance Tax Planning Service. The monthly share price will be updated and posted along with the historic share price on the Quay Street Trading Ltd website.
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Please see the NAV per share of Quay Street Trading.

Month	NAV per share (£)	% Growth	Annual Performance
Jan-21	1.0000	0.00%	
Feb-21	1.0220	2.20%	
Mar-21	1.0115	-1.03%	
Apr-21	1.0153	0.38%	
May-21	1.0191	0.37%	
Jun-21	1.0229	0.37%	
Jul-21	1.0267	0.37%	
Aug-21	1.0306	0.38%	
Sep-21	1.0344	0.37%	
Oct-21	1.0394	0.48%	
Nov-21	1.0433	0.38%	
Dec-21	1.0472	0.37%	4.72%
Jan-22	1.0511	0.37%	
Feb-22	1.0550	0.37%	
Mar-22	1.0584	0.32%	
Apr-22	1.0625	0.39%	
May-22	1.0665	0.38%	
Jun-22	1.0705	0.38%	
Jul-22	1.0746	0.38%	
Aug-22	1.0787	0.38%	
Sep-22	1.0827	0.37%	
Oct-22	1.0866	0.36%	
Nov-22	1.0907	0.38%	
Dec-22	1.0946	0.36%	4.53%
Jan-23	1.0984	0.35%	
Feb-23	1.1022	0.35%	
Mar-23	1.1061	0.35%	
Apr-23	1.1101	0.36%	
May-23	1.1142	0.37%	
Jun-23	1.1183	0.37%	
Jul-23	1.1228	0.40%	
Aug-23	1.1273	0.40%	
Sep-23	1.1317	0.38%	

Oct-23	1.1360	0.39%	
Nov-23	1.1403	0.38%	
Dec-23	1.1446	0.38%	4.57%
Jan-24	1.1489	0.38%	
Feb-24	1.1531	0.36%	
Mar-24	1.1574	0.37%	
Apr-24	1.1617	0.37%	
May-24	1.1660	0.37%	
Jun-24	1.1703	0.37%	
Jul-24	1.1749	0.39%	
Aug-24	1.1794	0.38%	
Sep-24	1.1839	0.39%	
Oct-24	1.1883	0.37%	
Nov-24	1.1925	0.35%	
Dec-24	1.1970	0.38%	4.58%
Jan-25	1.2015	0.38%	
Feb-25	1.2055	0.34%	
Mar-25	1.2099	0.36%	
Apr-25	1.2140	0.34%	
May-25	1.2181	0.33%	
Jun-25	1.2222	0.34%	
Jul-25	1.2270	0.39%	
Aug-25	1.2314	0.36%	
Sep-25	1.2356	0.34%	
Oct-25	1.2405	0.40%	
Nov-25	1.2446	0.33%	
Dec-25	1.2491	0.36%	4.36%



<p><b>What is the service's key differentiators from the rest of the market?</b></p>	<ul style="list-style-type: none"> <li>• The management team at Praetura &amp; the Quay Street Trading Board have significant lending experience.</li> <li>• The underlying lending book beneath QST is highly diversified, with over 4600 loans across multiple sectors and products. QST will look to invest in loans like the following: finance lease agreements, hire purchase agreements and commercial loans underpinned by security charges as well as invoice discounting secured by the debtor books.</li> <li>• The companies that QST lends to hold unique first loss positions. Each underlying lending agreement will include a first loss capital position which acts as a buffer to all PITPS investors. In the event of a default or loss on the loan book, the investors have an increased likelihood of regaining their capital owing to the first loss position.</li> <li>• Praetura has a market leading credit process, with a default rate of &lt;0.1% on lending of over £1.5 billion due to the extensive due diligence undertaken and the securities in place. Praetura also has an effective process to help manage customers in arrears.</li> <li>• The service will defer its annual management charge until full or partial withdrawal from the service. Praetura expects to deliver growth of 4.5% on average each year over the lifetime of the investment, and the service will not take the full annual management charge of 0.5% unless an investor's gross return is 5% per annum.</li> <li>• Praetura has an experienced team of underwriters who assess potential borrowers' circumstances and complete detailed reviews of the asset provided as security. The team utilise a custom-built tech platform (Praeview) to aid the process through providing ongoing risk monitoring and streamlining the underwriting process to enable the team to access information more efficiently.</li> </ul>
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<b>How does the service report to its clients?</b>	Quay Street Trading investors have the ability to check the NAV per share, which is updated monthly, with every subscriber to the service will have access to the Praetura Investor Portal. The Portal is a web-based platform that enables Investors (and their advisers / associates) to monitor their Praetura portfolio online. It provides interactive, 24/7 access to the subscription details and the Net Asset Value of the investment. It also provides digital storage of important documents that relate to the service. Valuations are available via the Praetura Investor Portal and the investors will also receive bi-annual reports.
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<b>What is the target market of the service?</b>	Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
	Investors looking to maximise tax allowances after having used up their annual pension and ISA allowance	Distribution approach is to facilitate investments through FCA authorised financial advisers who recommend the EGF as part of a strategy to reduce potential income tax or CGT liabilities	Access to Income tax relief, loss relief and Capital Gains Tax deferral
	Investors with the financial capacity to withstand loss of some or all their investment in the service	Distribution approach is to facilitate investments through FCA authorised financial advisers who recommend the EGF to clients with the appropriate capacity for loss	Investor is not relying on the capital invested to meet any future personal financial liability