



MEDIA FUND

**INFORMATION
MEMORANDUM**

Version 5

www.chfenterprises.co.uk

IMPORTANT NOTICE

Key risks are explained on pages 30 to 35 of this Information Memorandum and should be carefully considered.

This Information Memorandum is provided for the purpose of providing certain information about investment in the CHF Media Fund (the “Fund” or the “CHF Media Fund”). This document describes arrangements by which Investors who wish to make venture capital investments in Seed EIS and EIS qualifying companies which carry on the business of developing, producing and monetising family and children’s entertainment shows or concepts have appointed Sapia Partners LLP, a limited liability partnership registered in England and Wales with the registered number OC354934 and whose registered office is at 134 Buckingham Palace Road, London SW1W 9SA (the “Manager”) to act as their common discretionary investment fund manager and to manage the investments which are made on their behalf. The Manager is authorised by the FCA to act as an investment fund manager; its FCA registration number is 550103. In connection with its discretionary investment management services, the Manager will be advised by CHF Enterprises Limited, an English private limited company with the registered number 08321672 and with its registered address at 2 Hurlle Road, Clifton, Bristol, BS8 2SY (“CHF Enterprises”). These arrangements constitute the CHF Media Fund.

This document constitutes a financial promotion relating to the CHF Media Fund and is both issued and approved by the Manager for the purposes of section 21 of the Financial Services and Markets Act 2000 (“FSMA”). The promotion is only suitable for, and should only be distributed to, individuals who are classified as being at least one of the below:

- (a) a professional client;
- (b) an existing client of an authorised firm that will confirm whether this investment is suitable for them, as per COBS 4.7.8(2)R;
- (c) certified as a high net worth investor within the meaning of COBS 4.7.9(1)R;
- (d) certified as a sophisticated investor within the meaning of COBS 4.7.9(2)R;
- (e) self-certified as a sophisticated investor within the meaning of COBS 4.7.9(3)R;
- (f) certified as a restricted investor within the meaning of COBS 4.7.10R.

The Manager has taken reasonable care to ensure that this Information Memorandum is fair, clear and not misleading but the statements of opinion or belief contained in this document regarding future events constitute its own assessment and interpretation of information available to it at the date of issue of this document and no representation is made that such statements are correct or that the objectives of the CHF Media Fund will be achieved. Additionally, some information contained in this document has been obtained from published sources prepared by other

INFORMATION MEMORANDUM

parties and no responsibility is assumed for the accuracy or completeness of such information. Accordingly, each prospective Investor must determine for himself/herself what reliance (if any) he/she should place on such statements and information and no responsibility is accepted by the Manager in respect thereof. The information and illustrations in this document are stated as at 1st April 2018.

The information contained in this Information Memorandum makes reference to the current laws of England and Wales concerning SEIS/EIS Relief and associated tax benefits as at the date of the Information Memorandum. The levels and bases of relief may be subject to change. The Tax Reliefs referred to herein are those currently available and are of summary nature only. The application and value of such Tax Reliefs depends upon individual circumstances of each Investor. Accordingly, the Tax Reliefs may or may not apply to any specific individual depending on their circumstances, and may change or be withdrawn by the government or the taxation authorities. If you are in any doubt as to your position, you are strongly advised to consult your professional adviser before making an investment.

This Information Memorandum does not constitute an approved prospectus within the meaning of section 85(7) of FSMA and it does not constitute an offer to the public in the United Kingdom or elsewhere. You must represent and warrant to the Manager that, amongst other things, you are able to receive the Information Memorandum without violating applicable laws.

This Information Memorandum should not be considered as a recommendation or advice in any form by the Manager, CHF Enterprises, or their respective subsidiaries, parent undertakings, affiliates (including their respective directors, shareholders, partners, officers, employees, agents or advisers) to invest, and each potential Investor must make his/her own independent assessment of the merits or otherwise of investing in the CHF Media Fund and should take his/her own professional advice.

Prospective Investors should not regard the contents of the Information Memorandum as constituting advice relating to legal, taxation or investment matters. It is very important that prospective Investors carefully read and fully understand this document and the risks involved with the arrangements described in this document. The opportunity described in this document is not suitable for all investors.

You should seek your own independent advice and then rely on your own independent assessment of the CHF Media Fund; nothing in this document constitutes tax, legal or investment advice. The value of any investment may go down as well as up and an Investor may lose all or any of the amounts originally invested. Please note that applications may only be made, and will only be accepted, subject to the terms and conditions of the Investor's Agreement, a copy of which can be found on page 40 of this Information Memorandum.

DIRECTORY

THE MANAGER

Sapia Partners LLP, a limited liability partnership registered in England and Wales with the registered number OC354934 and whose registered office is at 134 Buckingham Palace Road, London SW1W 9SA. Authorised and regulated by the FCA under number 550103

STRATEGIC ADVISER

CHF Enterprises Limited, an English private limited company with the registered number 08321672 and with its registered address at 2 Hurle Road, Clifton, Bristol, BS8 2SY

ADMINISTRATOR

The City Partnership (UK) Limited, a private limited company incorporated in Scotland with the registered number SC269164 and whose registered address is 110 George Street, Edinburgh EH2 4LH

CLIENT MONEY CUSTODIAN

Woodside Corporate Services Limited, a company registered in England and Wales with registered number 06171085 and with its registered address at 4th Floor, Mark Lane, London, EC3R 7QR. The Client Money Custodian is authorised and regulated by the FCA with reference number 467652.

NOMINEE

CHF Nominees Limited, an English private limited company with registered number 09060750 and with its registered address at 2 Hurle Road, Clifton, Bristol, BS8 2SY

TAX ADVISERS & SOLICITORS

R W Blears LLP, an English limited liability partnership with the registered number OC349449 and whose registered address is 125 Old Broad Street, London, EC2N 1AR

CREATIVE SECTOR TAX CREDITS ADVISERS

Saffery Champness, an English private limited company with the registered number 01851581 and whose registered address is Lion House, Red Lion Street, London, WC1R 4GB

IM DESIGN

Studio Six, Bristol, www.studio6.co.uk;
Creation Design, Bristol, www.creationdesign.co.uk



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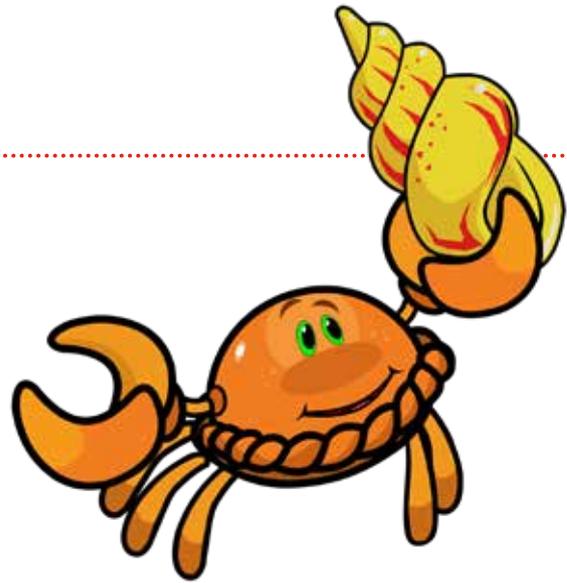
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INTRODUCTION TO COSGROVE HALL

Manchester based Cosgrove Hall was formed in 1976 by Brian Cosgrove and his business partner the late Mark Hall. Their enthusiasm and creative brilliance was immediately recognised, resulting in the studio quickly establishing itself as the leading producer of animated programmes in the UK, creating shows and films that have entertained and are continuing to entertain millions of people all over the world.

Over the past four decades, Cosgrove Hall have created or produced such iconic children's programmes as Danger Mouse, which was regularly watched by 21 million viewers, Count Duckula, The BFG, The Wind in the Willows, Postman Pat and Roary the Racing Car to list just a few. During their illustrious careers, Brian Cosgrove and Mark Hall chalked up over 25,000 minutes or approximately 1,000 episodes of animation and scooped a host of awards including six BAFTAs and two international Emmys.

More recently, the success of Cosgrove Hall was highlighted at the 2012 British Academy Children's Awards when Brian Cosgrove was presented with a special award for his outstanding creative contribution to the industry.

In 2011 Brian Cosgrove and Mark Hall came out of retirement to form CHF Entertainment, the production arm of Cosgrove Hall, which has become a creative force to be reckoned with and is now back doing what

it does best – producing high quality, imaginative and trusted family entertainment for children and their families across the globe.

CHF's new suite of shows and concepts are produced in the UK by a highly talented creative team. CHF fully support the Government's Creative Sector Tax Credits and use of the EIS and the SEIS to fund and monetise new animation productions and concepts through broadcast, digital and organic media.

By investing in the CHF Media Fund, an Investor not only has the opportunity to become part of the Cosgrove Hall tradition of creating or producing internationally renowned, original, intelligent and educational family entertainment much loved by children – and their parents – but also sharing in the potential of commercial returns enjoyed by the likes of Peppa Pig, Thomas and Friends, Bob the Builder and many other children's favourites.



FOREWORD BY SIR DAVID JASON OBE



“

Having been involved with Cosgrove Hall Films for many years, I was delighted to join forces with Brian Cosgrove and team when they set up the new Cosgrove Hall, CHF Media Group. I knew the production company, CHF Entertainment, would be vibrant and imaginative with wonderful, exciting new characters to emerge. I was absolutely delighted to have helped to launch Pip Ahoy! and to have been invited to voice some of the characters. I am now enjoying seeing these new characters come to life on our television screens, capturing the hearts of families across the UK and beyond. ”

A handwritten signature in black ink that reads "David Jason". The signature is stylized and written in a cursive script.

SIR DAVID JASON OBE

CHF were delighted when long time friend of Cosgrove Hall, Sir David Jason OBE, agreed to come on-board as a voice actor in CHF's new suite of animated shows. But what is more, the good news did not end there: Sir David also accepted the invitation to become an ambassador of CHF Media Group as well as personally investing in the underlying companies.

With a long and established relationship with Cosgrove Hall, Sir David has provided the voices for a number of the studio's animation series in the past including Wind in the Willows, Count Duckula, BFG and the iconic Danger Mouse and, more recently to a number of characters in Pip Ahoy!, CHF's latest show on television.

CHF MEDIA FUND INVESTMENT STRATEGY

The CHF Media Fund may invest in companies which individually own the intellectual property rights to a new family entertainment concept or show, either originated or developed by CHF. The capital raised will be used to develop, produce and monetise the shows or concepts.

The CHF Media Fund aims to invest in a selection of shows or concepts, both those in development and/or in production. An explanation of what constitutes a show or concept in development and a show or concept in production is set out on page 6 of this Information Memorandum.

The success of investee companies will derive from all revenue inflows relating to their intellectual property rights such as broadcasting, licensing and merchandising sales. The potential returns to Investors are not capped and so will be shared with other investors according to their respective shareholdings and in accordance with the provisions in each investee companies' Articles of Association. Please see Exit Strategy for further information.

CHF Media Group will typically hold 50% of each investee company's voting rights with Investors holding the balance. On a sale of any investee company, sale proceeds will be distributed pro rata their shareholding.

The CHF Creative Commercial Committee (the "CCC") is at the heart of the CHF Media Fund and is key to its success. It is responsible for identifying prospective shows or concepts that not only offer excellent family entertainment but also offer the potential to generate significant commercial returns to Investors. The members of the CCC are set out on page 8 of the Information Memorandum together with brief biographies.



EIS, SEIS AND CREATIVE SECTOR TAX CREDITS

The CHF Media Fund's investments in investee companies with shows or concepts in production should qualify for EIS Relief while Investments in investee companies with shows or concepts in development should typically qualify for SEIS Relief.

As a consequence, the Investors in the CHF Media Fund could benefit from a blend of the EIS and SEIS reliefs and other tax advantages as follows:

- **between 30% and 50% upfront income tax relief**
- **unlimited Capital Gains Tax (CGT) deferral in respect of EIS investments**
- **50% CGT wipe out in respect of SEIS investments**
- **100% CGT free gains upon disposal**
- **Loss relief available – assuming an investor has capital gains to invest, an investor risks 13.5p on a £1 SEIS investment and risks 38.5p on a £1 EIS investment**
- **100% inheritance tax relief provided that investments are held at the time of death and have been held for two years**

In addition, it is anticipated that the shows or concepts in which the CHF Media Fund invests will qualify for tax credits under the Creative Sector Tax Credits introduced by the Finance Act 2013. The relief is in effect a 20% rebate on certain qualifying expenditure incurred by each investee company in producing the show. This 20% boost may serve to accentuate investee company profits and reduce any potential losses, therefore further mitigating investment risk.

DEVELOPMENT, PRODUCTION AND INVESTMENT PROCESS

CHF Entertainment, the production arm of CHF, has a team of industry leading animators, illustrators and other creatives who are employees of CHF or independent contractors whose job it is to not only produce and develop the shows or concepts but also to come up with ideas to be considered for development by the CCC. On occasion, if the concept is strong enough, the CCC will consider proposals from external sources.

The CCC aims to choose the best of these ideas – those with potential for critical acclaim and commercial success – for development and production. Generally, the CHF Media Fund will consist of animated family entertainment shows but will also, on occasion, include book concepts, app designs, other similar concepts and non- animated family entertainment concepts.

Once the CCC has made its decision, the intellectual property rights to that show or concept are transferred to a newly incorporated investee company, one for each potential show or concept.

Each investee company will have at least one director who is wholly independent of CHF. This Independent Director will act as the shareholders' champion and will assist with monitoring the affairs of the investee companies on a regular basis.



Jean Hawkins will act as the "Investors' Champion" and as the Independent Director for each investee company in the CHF Media Fund.

During a career spanning over thirty years, Jean Hawkins worked as a partner in a chartered accountancy firm, held various Financial Directorships and is currently co-owner of a large independent firm of electrical contractors.

Jean brings financial, commercial and corporate expertise to the role of Independent Director and commits many hours each week to ensure the smooth running of each of the investee companies.

Jean has also personally invested into the slate of CHF investee companies and therefore has a strong interest in protecting and championing shareholder rights.

EXIT STRATEGY

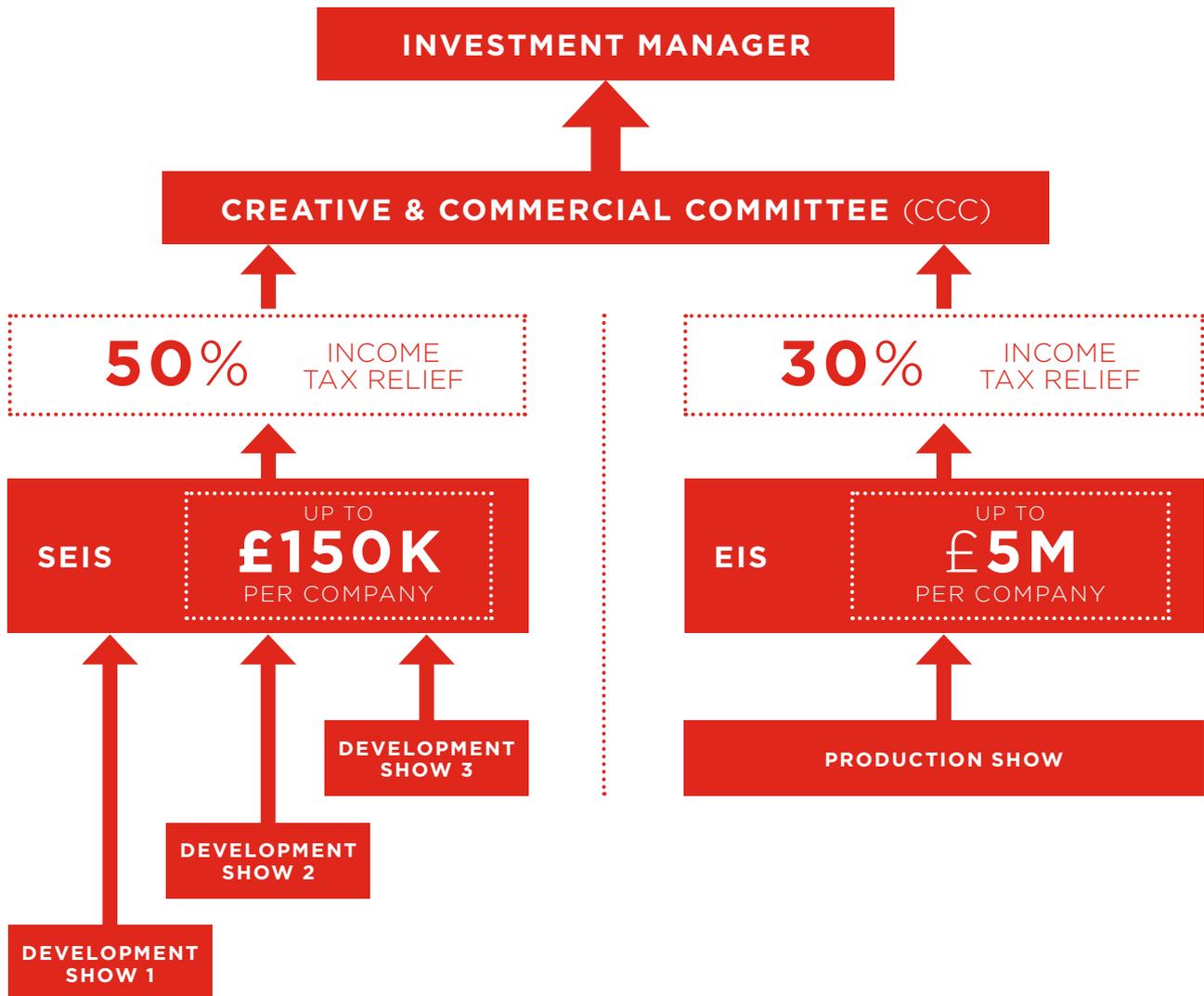
It is anticipated that the optimum holding period of investment in each investee company will be 3-5 years from the date of first broadcast for a show or the date of first release for other concepts. This is due to the 3 year holding period for S/EIS investments, coupled with industry standard models for family entertainment shows return profiles and the fact that an Investment in an investee company may commence before the date of the first broadcast.

Pursuant to the rules of EIS, an exact exit cannot be prescribed at the point of investment. However, at the relevant time, with input from the Independent Director, a decision will be made as to the exit likely to provide the highest return for all shareholders. The intention is that CHF will be able to leverage against its shareholding to buy out the Investors in each investee company. It is very important to have various exit strategies for each investee company as Investors, including CHF, can only make a profit upon a successful sale or buy-out. Exit Strategies to be considered are a trade sale of an investee company through management buy-outs, share buy backs, refinancing and liquidation. The Independent Director will take appropriate advice concerning any exit strategy, acting always to best protect Shareholders' rights.



JEAN HAWKINS

EXAMPLE OF POTENTIAL SPLIT OF INVESTOR FUNDS AND SHOWS IN THE CHF MEDIA FUND



Given the greater risk of investing in investee companies with shows or concepts which are still being developed or have yet to secure a commercial broadcast platform, where the CHF Media Fund makes an investment into these companies, it is anticipated that it will invest at a lower share price than it would were the show to be in production or the concept to be in full scale development. This potentially increases the upside for an Investor should a show or concept in the early stages of its development be successfully produced, broadcast and/or monetised. An Investor should always be aware though of the risky nature of investing in early-stage companies - please refer to the Risk Factors section of this Information Memorandum on pages 30 to 35.

When referring to a show or concept in development, that show or concept will typically still be at the stage where its concept and characters are being tested and it requires further work before it can be presented to a broadcaster or a digital platform with a view to securing a contract.

Typically, the funds raised for development of such a show or concept would be used for the creation of a show bible, storyboards, character designs, scripts and a pilot as applicable. Development costs would vary from concept to concept depending on the type of animation (live action, 2D, CGI, Stop Motion etc.) and the complexity of the subject matter.

“

To ensure that investee companies' shows or concepts have the best possible chance of success – both critically and more importantly, commercially – each will have access to the full range of CHF's extensive in-house expertise and support.

”

There will be occasions when a development show or concept can be funded to completion of the project solely by SEIS monies without the requirement for further EIS investment. Concepts such as these should therefore monetise far more quickly than fully blown EIS shows which require greater budgets to complete. In this way, CHF aims to have both shorter-term and longer-term investment opportunities available in the CHF Media Fund investee companies, taking into account, however, the three year minimum holding period for S/EIS investments.

When the CCC decides that a show or concept is ready to go into production or further development, additional funds will typically be required. At this stage, the investee company can benefit from EIS investment to raise the necessary funds. Costs will vary from concept to concept but would typically be between £3 million to £5 million. It is anticipated that the majority of an Investor's Subscription Monies will be invested in investee companies with shows or concepts in production or development. However, it may also be possible to direct investment into specific EIS or SEIS properties, subject to the discretion of the Manager on the recommendation of CHF Enterprises.

To ensure that investee companies' shows or concepts have the best possible chance of success – both critically and more importantly, commercially – each will have access to the full range of CHF's extensive in-house expertise and support. Investee companies may engage CHF Entertainment for development, production and animation services, or, on occasion, an external production company. Where applicable, CHF Entertainment will take each concept from the brainstorming and storyboard stage through to the production of a full series; devising plots, scripts and commercially attractive characters, advising on colour palettes and appropriate animation or live

action techniques. In addition, CHF Enterprises will assist investee companies with their applications to the CHF Media Fund for further funding as and when required for the production and development of investee companies' shows or concepts. It should be noted that some shows may be co-produced by CHF Entertainment and another production company, depending on the style of animation and the capacity CHF has to complete a show entirely in-house at a given time.

The price per share at which the CHF Media Fund will invest in an investee company will be determined by how far advanced its show or concept is in terms of its development and production. If a show or concept is still in an incipient state – for example where it has yet to be commissioned by a broadcaster or is still in development – the risks for an Investor are greater than where a show or concept has already been picked up by a broadcaster or digital media platform. This is the case even when the reliefs under the SEIS are taken into account. To reduce these risks and to give an advantage to those Investors who invest in the CHF Media Fund at an early stage, where an investee company's show or concept is still in development, it is anticipated that the CHF Media Fund will invest at a lower share price. The price at which the CHF Media Fund invests will be approved by the Independent Director.

There is no minimum target investment required before the CHF Media Fund will invest in an investee company. The Manager, on the recommendation of CHF Enterprises, will always reserve the right to switch the flow of investment funds from one investee company to another according to the CCC's perception of which shows or concepts are more likely than the others to attract interest from broadcasters or other media platforms.

THE CHF CREATIVE COMMERCIAL COMMITTEE

The members of the CCC comprise directors and senior employees of CHF's finance, production, merchandising and licensing arms. Together they have an unrivalled number of years of experience in the family and children's television industry and have been selected for their specific skill sets and track records. The committee is comprised of experts in all areas of family entertainment, from the development and creation of content through to financing, production, broadcast distribution, toy creation and licensing. The CCC also

comprises other external industry experts including creators of content, broadcasters, master toy licensees, retailers, internet TV suppliers and external content providers. As such, the committee is well-placed to rigorously screen potential shows or concepts, including the stress test of the commercialisation avenues, before such shows or concepts are transferred to investee companies and recommended to the Manager by CHF Enterprises, the Manager's strategic adviser, for investment by the CHF Media Fund.

THE MEMBERS OF THE CCC ARE AS FOLLOWS:



ADRIAN WILKINS

Adrian is CEO of CHF Media Group and chairs the CCC.

He is one of the leading figures in fundraising for the UK animation industry and recently participated in a successful consultation with the UK government, which resulted in the introduction of the Creative Sector Tax Credits for animation shows or concepts. It is anticipated that the investee companies' shows or concepts will all qualify for this government tax credit.

Adrian has over 28 years' experience in advising investors, raising capital and structuring media investment funds and has an extensive understanding of EIS, SEIS and Venture Capital Trust tax products.

Adrian structured the EIS fundraise for the CHF pre-school show Pip Ahoy! which is airing on Channel 5's Milkshake pre-school slot. He has also raised significant funds into CHF Media Group and into shows in development.



NICOLA JOHNSTON

Nicola is Head of Finance and Director of CHF Enterprises.

She heads up the corporate finance arm of CHF Enterprises and manages its sales and investor relations team of industry professionals.

Her background is firmly rooted in the marketing of complex structured products for several international investment banks in the City and also in her previous career as a structured finance lawyer with Clifford Chance in London, Moscow and Rome.

Prior to CHF, she worked for Gen Re Financial Products Bank where she ran the sales teams for Italy, the UK and Scandinavia.

Nicola is also responsible for the promotion of the CHF Media Fund and for overseeing the relationship between the CCC, CHF Enterprises and the Manager.



TONY GARTH

Tony is a Creative Producer.

Tony began his career in animation with the original Cosgrove Hall team as an animator on Dangermouse. While he was there, he created and developed their next series "Alias the Jester" before heading out into the world as a freelance artist.

Over the years, Tony has worked as an animator, designer, writer and director on many popular children's series including: Henry's Cat, The Beano Video, The Fiddley Foodle Bird, Poddington Peas, Spider! and Williams Wish Wellingtons. He also originated, designed, wrote and directed two of his own series: Little Monsters and Microscopic Milton which were broadcast on the BBC and the Disney Channel.

More recently, Tony has been involved with various universities as an animation lecturer covering a range of subjects including animation, character design and script writing as well as software training in Flash and Maya.

Tony returned to CHF in early 2016 and is currently working as part of the development team.



VINCE JAMES

Vince is a Creative Producer.

Vince began his career in children's animation over 30 years ago with the original Cosgrove Hall team as a storyboard artist on Dangermouse. He continued working with the team on countless Cosgrove Hall shows such as Count Duckula, Victor and Hugo and Avenger Penguins before setting up his own production studio.

At that time, Vince created, directed and produced several of his own series including 13 episodes of 'Philbert the Frog' for the BBC, 26 episodes of 'Billy' for ITV as well as three 30-minute specials, based on his own book, 'My Favourite Monsters' also for the BBC. Vince went on to direct 26 episodes of 'Slim Pig' for Children's TV Workshop, the creators of Sesame Street.

Since starting out as a children's animator, Vince has worked on over 40 different children's series, storyboarding, designing and directing well known shows such as Bob the Builder, Rory the Racecar, Pingu, Dennis the Menace, Postman Pat, Muddle Earth and Engie Bengy which earned him two BAFTA nominations for both directing and Studio Production.

Over the last few years he has been directing and developing shows with Dreamworks TV, Amazon and Hensons in America whilst also storyboarding two shows, Doc Mc Stuffins and Henry Hugglemonster, for the Disney Jnr channel. Vince re-joined CHF in 2016 and is brings his wealth of knowledge and industry expertise to the development team.



KEITH HOPWOOD

Keith is Director of CHF Music.

A talented musician and composer, Keith was an original member of the 1960's pop band Herman's Hermits, which had many number-one hits in the US and the UK.

Keith has a long history with Cosgrove Hall having written the theme tune to the adaptation of *The Wind in the Willows*, which was released as a single in 1984. Keith also co-wrote the music for Cosgrove Hall's adaptation of Terry Pratchett's *Soul Music* and produced the music to the 1989 film adaptation of Roald Dahl's *The BFG*. Other Cosgrove Hall shows he composed for were *Creepy Crawlies*, *Alias the Jester*, *Foxbusters*, *Andy Pandy*, *Discworld*, and *Albie* as well as *Pip Ahoy!*

In 2004 he composed the music for the remake of *Pingu* for HIT Entertainment and started work on the *Bob the Builder* TV series, which was to last until production ceased in 2011.

In 2013 he formed a music rights company, CHF Music, with CHF to look after all the music content for their new shows and recently composed and recorded the theme tune for *Pip Ahoy!* sung by Stacey Solomon.



HELEN BROWN

Helen is Director of Production at CHF Entertainment.

Helen has produced several award winning shows including 'Bob the Builder', 'Rory the Racing Car', 'Fifi & the Flowertots' and 'Pingu', to name just a few and most recently, 'Randy Cunningham the Ninth Grade Ninja' for Disney XD.

Helen has worked across every stage of animation production and has a true appreciation for every process and role involved in producing high quality programming, enabling her to manage the personnel and pipeline as efficiently as possible. She was tasked with the implementation of CHF's studio pipeline which has proven to be extremely efficient, successfully delivering CHF's first production, 'Pip Ahoy!' on schedule and within budget.

Helen oversees the studio production of all CHF's animated slate of shows or concepts.



CHRIS FENNA

Chris is the Creative Director of CHF Entertainment.

Chris has been in the animation industry for over 35 years and has extensive experience in all genres of animation, including traditional 2D, stop frame and high end CGI.

Chris started in the animation industry in 1980 under the tutelage of Animal Farm's Harold Whittaker. Later, Chris joined Sirlol Animation to animate Superted and went on to work on many other award winning series, specials and features. Chris then animated The Little Engine That Could and The legend of Lochnagar in conjunction with Prince Charles. In 1995, Chris was Lead animator on the Emmy Award winning Moses and The Miracle Maker feature film. At this time, Chris was also working with Cosgrove Hall on a diverse range of award winning shows, both in 2D and stop frame, including Peter and the Wolf, Disc World, Foxbusters, Little Robots and Bill and Ben.

In 2003, Chris directed 26 half hour shows for the BBC, BB3B produced by Tweenies creators Tell-Tale. In 2005, Chris joined RealtimeUK, a high end CGI studio specialising in Games trailers as Creative Director. Chris worked on many AAA rated game titles from Motorstorm to Disneyland Adventures. A desire to move back into Children's TV brought Chris Back to CHF in 2014 as Animation Director on Pip Ahoy! Chris is now Head of Studio and Directing Pip's third series.



JENNY JOHNSTONE

Jenny is the Commercial Director for CHF Media Group.

Jenny has worked in the TV distribution and licensing industry for over 23 years. She has been responsible for bringing to retail some of the most globally successful entertainment properties including Power Rangers, World Wrestling Federation, Super Mario, James Bond, Digimon and Game of Thrones where she exclusively managed EMEA licensing rights on behalf of HBO (this was in her role as Business Development Director at LMI).

Her expertise in the children's sector has seen her representing broadcast and licensing rights for some of the most widely recognised licensors and production companies including DHX Media, Ragdoll Productions, Freemantle, Fox Kids/Disney, Futurikon and Millimages.

In addition to her character and entertainment experience, she has worked with blue-chip brand owners such as Pepsi-Co and Budweiser to deliver brand extension programmes in both the UK and Europe.

CREATIVE SECTOR TAX CREDITS



Ed Vaizey, the Minister for Culture, Communications and Creative Industries, visiting the CHF studio in Didsbury.

In April 2013 the government introduced Creative Sector Tax Credits, which enable qualifying animation and children's entertainment production companies to reclaim 25% of 80% of their UK production spend per show. Based on a qualifying production spend of £5 million, this could equate to up to £1 million of tax credits per production or qualifying concept.

To qualify for the tax credit, a show or concept must pass a cultural test which determines, amongst other things, the concept or show's location and origin of production as being UK or European Economic Area based.

CHF Entertainment, the production arm of CHF, was one of the first companies to claim Creative Sector Tax Credits and all CHF productions have qualified for these since their introduction. Production budgets have directly benefited as a consequence.

When investing in shows or concepts, the CHF Media Fund will look to invest in investee companies with shows or concepts which should qualify for an interim certificate of eligibility issued by the Department for Culture, Media and Sport at the earliest opportunity.

Though the Creative Sector Tax Credits are payable to the investee companies themselves, not directly to the Investors, they aim to serve to accentuate investee companies' profits and further mitigate investment risk.





MONETISATION OF THE SHOWS OR CONCEPTS

Once a show or concept has been produced and an initial broadcast contract has been entered into with a broadcaster or digital media platform, an investee company will aim to generate revenue initially by licensing the broadcast rights to its show or concept on a worldwide basis and by exploiting the ancillary rights.

Investee companies could benefit from a diverse set of revenue streams ranging from broadcasting, publishing and gaming to mobile and internet content and merchandising depending on the interest in a show or concept.

DISTRIBUTION

Broadcast distribution lays the foundations for exploitation of merchandising and licensing rights in the future and can also be a good source of revenue in its own right. CHF Media Group will source the best global opportunities for investee companies.

LICENSING AND MERCHANDISING

It is the intention that each show or concept will generate income streams from licensing and merchandising opportunities globally. When it comes to monetising shows or concepts, the investee companies will enlist the services of CHF's in-house licensing team who are well-placed to source commercial avenues for exploitation of an investee company's intellectual property rights.

TRADITIONAL AND E-PUBLISHING

Many of the shows or concepts will be developed and produced with a view to generating revenue streams from all forms of publishing including books, comics and magazines.

MOBILE AND INTERNET CONTENT

It is anticipated that each show or concept will be supported by internet content which could include short form video, audio and games, all of which could be distributed on an individual website or via apps.

MUSIC

Each show or concept benefits from its own music score that may generate license income when used within toys and games and also in its own right. The investee companies will engage CHF Music to manage the licensing of their shows' theme tunes and songs.

LIVE SHOWS

It is intended that several of the shows or concepts, particularly those aimed at the pre-school market, will license and produce live events around the UK and potentially with a global reach depending on territories covered by the show or concept in question.

THEME PARKS

For certain shows or concepts, theme parks will be ideal spin-offs, and will be located depending on the geographic subject matter of the individual show or concept.



THE MARKET AND POTENTIAL INVESTMENT RETURNS

A suite of shows with a production budget of just a few million pounds can generate return through the sale of ancillary merchandise such as books, toys and games.

The value of the UK children's book market in 2012 was £405 million, representing 14% of the total UK Market. In the UK in 2013, just over a quarter of all sales of toys and models (£730 million out of a total of £2.94 billion) involved products made under license to a marketed entertainment product, such as an animated children's TV show. The sale of toys continues to be a growing market; pre-school toys grew 12% to £400 million in 2012.

The global broadcast brand licensing industry is enormous (in 2009 it was estimated to be worth £115 billion) and the characteristics of animation mean it is well-placed to exploit the market. Indeed, the most successful television brand of all time, The Simpsons, is an animated programme with global DVD and merchandise sales of more than £5.1 billion. Closer to home, Bob the Builder is reported to have generated over £3 billion in global merchandising and license sales since 1996 and Peppa Pig generates over 150 times its original production budget every year in license sales in the UK alone.

Thomas and Friends generates over £200m per year and has done so for the last 14 years.

The CHF Media Fund targets a return equivalent to 3 times net investment after a 5 year period, but returns could be higher. Investors may seek to invest in the CHF Media Fund for capital growth rather than for capital preservation, it is important to note that returns are not guaranteed. An Investor should not invest before he/she has read and understood the risk factors set out on pages 30 to 35 of this Information Memorandum.

“

The CHF Media Fund targets a return equivalent to 3 times net investment after a 5 year period, but returns could be higher.

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FEES AND CHARGES

INITIAL FUNDRAISING CHARGES

To ensure Investors benefit from Tax Reliefs on the full amount invested, fund raising and Adviser Charges are payable by the investee companies rather than by the CHF Media Fund. The level of the fundraising charges payable to CHF depends upon whether or not commission is payable to financial intermediaries.

Adviser Charges and, in certain limited situations, intermediary commission may be paid as described in more detail below:

Fundraising Charge

(no commission or Adviser Charges payable)

CHF fee of 2.5% of an Investor's Investment in an investee company payable immediately on investment

Fundraising Charge

(Adviser Charge payable)

CHF fee of 2.5% of an Investor's Investment in an investee company plus the agreed Adviser Charge payable immediately on investment

Fundraising Charge

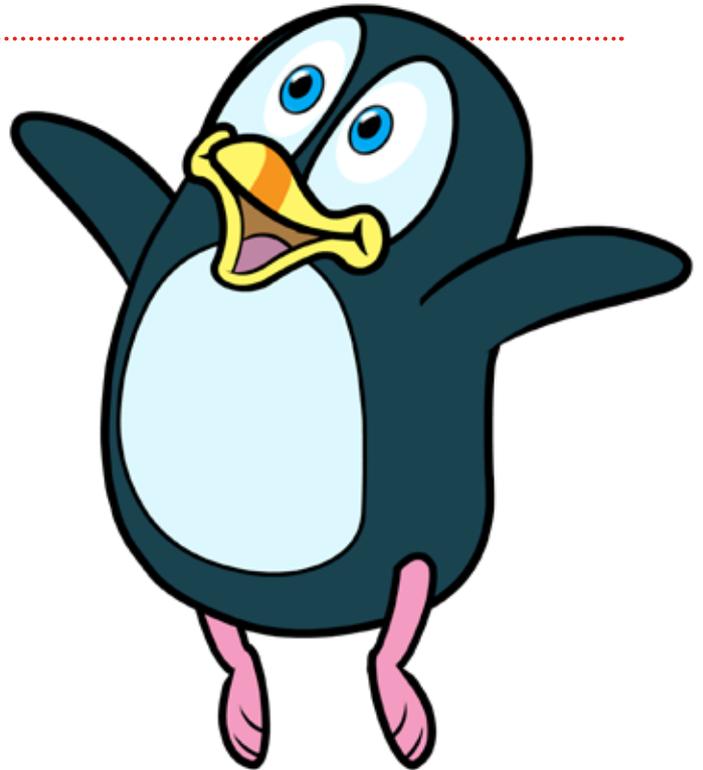
(commission payable)

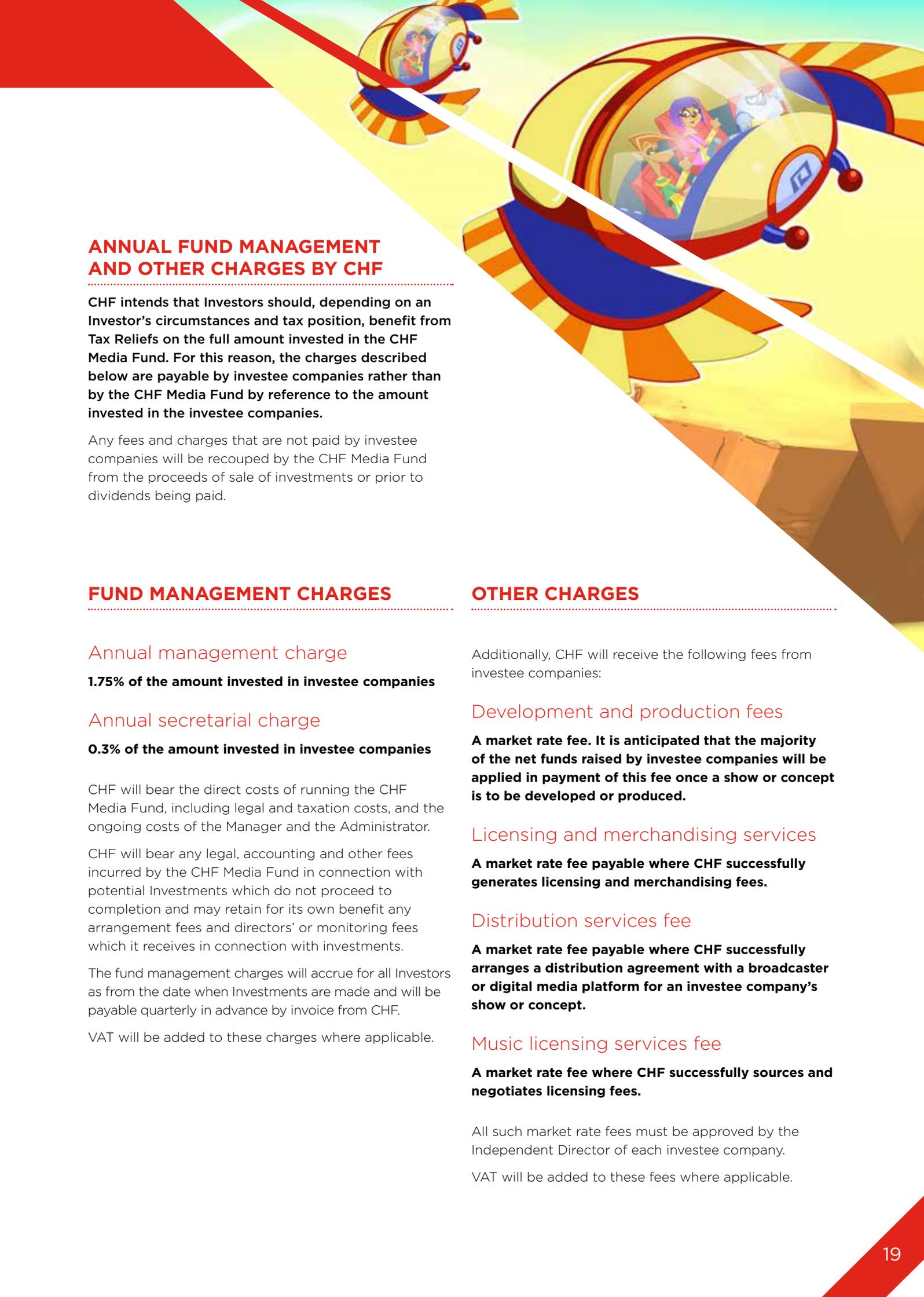
CHF fee of 2.5% and up to 3% of an Investor's Investment in an investee company payable immediately on investment plus trail commission of 0.5% pa of such investment for 4 years payable annually

The amount of the Fundraising Charges should not reduce the EIS Relief and SEIS Relief available to Investors. The Fundraising Charges will, however, reduce the value of Investors' Investments via the CHF Media Fund.

CHF have paid the costs of establishing the CHF Media Fund, including legal and taxation costs, the initial costs of the Manager, the preparation of this and other versions of the Information Memorandum and any other direct expenses incurred.

Fundraising Charges will not be payable to the extent that CHF returns any uninvested monies to an Investor prior to them being allocated as part of an Investment.





ANNUAL FUND MANAGEMENT AND OTHER CHARGES BY CHF

CHF intends that Investors should, depending on an Investor's circumstances and tax position, benefit from Tax Reliefs on the full amount invested in the CHF Media Fund. For this reason, the charges described below are payable by investee companies rather than by the CHF Media Fund by reference to the amount invested in the investee companies.

Any fees and charges that are not paid by investee companies will be recouped by the CHF Media Fund from the proceeds of sale of investments or prior to dividends being paid.

FUND MANAGEMENT CHARGES

Annual management charge

1.75% of the amount invested in investee companies

Annual secretarial charge

0.3% of the amount invested in investee companies

CHF will bear the direct costs of running the CHF Media Fund, including legal and taxation costs, and the ongoing costs of the Manager and the Administrator.

CHF will bear any legal, accounting and other fees incurred by the CHF Media Fund in connection with potential Investments which do not proceed to completion and may retain for its own benefit any arrangement fees and directors' or monitoring fees which it receives in connection with investments.

The fund management charges will accrue for all Investors as from the date when Investments are made and will be payable quarterly in advance by invoice from CHF.

VAT will be added to these charges where applicable.

OTHER CHARGES

Additionally, CHF will receive the following fees from investee companies:

Development and production fees

A market rate fee. It is anticipated that the majority of the net funds raised by investee companies will be applied in payment of this fee once a show or concept is to be developed or produced.

Licensing and merchandising services

A market rate fee payable where CHF successfully generates licensing and merchandising fees.

Distribution services fee

A market rate fee payable where CHF successfully arranges a distribution agreement with a broadcaster or digital media platform for an investee company's show or concept.

Music licensing services fee

A market rate fee where CHF successfully sources and negotiates licensing fees.

All such market rate fees must be approved by the Independent Director of each investee company.

VAT will be added to these fees where applicable.

ADVISER CHARGES AND INTERMEDIARY COMMISSION

As part of the new regulations introduced by the FCA (the Retail Distribution Review) financial intermediaries who provide advice to retail clients on certain investment products, such as the CHF Media Fund, must agree their charges with their client rather than receive commission from CHF.

A retail investor may specify in the Application Form the amount of any such charges (for initial advice) he/she has agreed with his/her financial intermediary in connection with the CHF Media Fund and request payment through the investee companies. Please note that the Manager will not facilitate the payment of any ongoing adviser fees that an investor agrees with his/her IFA; an Investor would have to pay any agreed ongoing fees directly to their IFA and would not be able to claim tax relief on this amount.

Where advice is provided to a professional investor, the adviser can still be remunerated through commission. In these circumstances the Manager would arrange for commission to be paid to the professional investor's adviser in line with the details below.

Financial intermediaries who provide execution only services may in certain situations be permitted to receive commission. In such permitted situations, financial intermediaries will be paid initial commission, usually at the rate of up to 3% of share Subscriptions, plus annual trail commission at the rate of up to 0.5% of Subscriptions for a maximum of four years (inclusive of VAT).

All commission will be paid from the Fundraising Charges described above and as shown in the worked examples below.

To ensure Investors benefit from Tax Reliefs on the full amount invested, Fundraising Charges (including Adviser Charges) are payable by the investee companies rather than by the CHF Media Fund.

To ensure fairness between Investors, shares will be subscribed by each Investor in an investee company at varying subscription prices to reflect whether any adviser fees (or where applicable, initial commission) are payable by the investee company to that investor's financial intermediary. Accordingly, each Investor will receive a number of shares in an investee company calculated by dividing the amount to be invested on his/her behalf by the subscription price determined in accordance with the formula set out below:*

$$S = N/X$$

WHERE:

- S** = the subscription price per share to be calculated
- N** = the subscription price per share agreed between the Manager and the Independent Director of the relevant investee company before taking account of Fundraising Charges
- X** = 1 minus applicable Fundraising Charge percentage (including Adviser Charge) (excluding trail commission if relevant)

*Please note that annual trail commission payable by an investee company is not taken into account in this formula.



WORKED EXAMPLE 1 - INVESTMENT VIA AN ADVISER

A retail client invests £20,000 in the CHF Media Fund following a personal recommendation from his/her adviser. The Manager makes an Investment in an investee company of £10,000. The hypothetical subscription price (before fundraising charges) is 100p. The Fundraising Charge is comprised of the CHF fee of 2.5% of the investor's investment in that investee company and the investor's financial intermediary's standard Adviser Charge, as agreed between the retail client investor and the financial intermediary, for investing in the CHF Media Fund of 2% of the amount invested in the CHF Media Fund.

Therefore, the subscription price after taking account of the Fundraising Charges is:

100/0.955 = £1.0472 (rounded up) on the basis that

"X" = 1 minus the Fundraising Charge percentage = 0.955

i.e. 1 - 0.025 (CHF fee) - 0.02 (Adviser Charge) = 0.955

The hypothetical subscription price per share of 100 divided by 0.955 gives a subscription price of £1.0472 (rounded up). For £10,000 subscribed this will result in an allocation of 9,550 ordinary shares by the investee company to the Investor's Portfolio.

The investee company then pays the CHF fee of 2.5% of the Investor's investment (i.e. £250) and the financial intermediary's Adviser Charge of 2.0% (i.e. £200). The Administrator deducts the Adviser Charge from the investee company.

Investments from the balance of funds remaining in the Investor's Portfolio will be invested on a similar basis.

WORKED EXAMPLE 2 - EXECUTION-ONLY BROKER

An Investor applies through an Execution-Only Broker. The Manager makes an Investment in an investee company. The hypothetical subscription price (before fundraising charges) is 100p. The applicable Fundraising Charge comprises the CHF fee of 2.5% of the Investor's Investment in that investee company and the initial commission payable to the Execution-Only Broker of 3% of the amount invested in that investee company. It also comprises trail commission but this is not taken into account in the formula below.

Therefore, the subscription price after taking account of the Fundraising Charges is:

100/0.945 = £1.0582 (rounded up) on the basis that

"X" = 1 minus the Fundraising Charge percentage = 0.945

i.e. 1 - 0.025 (CHF fee) - 0.03 Broker fee) = 0.945

The hypothetical subscription price per share of 100 divided by 0.945 gives a subscription price of £1.0582 (rounded up). For £10,000 subscribed this will result in an allocation of 9,450 ordinary shares by the investee company to the Investor's Portfolio.

The investee company then pays the CHF fee of 2.5% of the Investor's Investment (i.e. £250) and the initial commission to the Execution-Only Broker of 3.0% (i.e. £300). The investee company will later pay annual trail commission to the Execution-Only Broker (though this is not taken into account in this formula).

SUMMARY

TARGET RETURN	<p>The CHF Media Fund targets a return equivalent to three times your net Subscription after a five year period, but returns could be higher. Returns are not capped and can be unlimited.</p> <p>It is important to note that returns are not guaranteed and with investment capital is at risk.</p>
EXIT TIME FRAME	<p>The CHF Media Fund will aim to realise its Investments only after they have been held for three years minimum. It is anticipated that exits will be within three to five years from the date an investee company's show is first broadcast or the date of first release for other concepts and that the most likely realisation route will be through a trade sale of an investee company though management buy outs, share buy backs, refinancings and liquidation may also be considered as appropriate.</p>
SPEED OF INVESTMENT	<p>When you subscribe your Subscription Monies will be invested at the earliest opportunity. There are regular fortnightly 'closing dates'.</p>
LIQUIDITY	<p>Once invested, it is likely that capital will only be returned when the underlying Investments in investee companies are sold.</p>
TAX ADVANTAGES	<p>UK investors may be able to benefit from tax advantages provided by the SEIS and EIS. See page 23 for details.</p>
MINIMUM SUBSCRIPTION	<p>£20,000 (though lower subscriptions may be permitted at the sole discretion of the Manager). There is no maximum subscription.</p>



TAX ADVANTAGES

By investing in the CHF Media Fund, UK taxpayers are may be able to benefit from a mixture of the reliefs provided by the Enterprise Investment Scheme (“EIS”) and the Seed Enterprise Investment Scheme (“SEIS”). In addition, Investors will qualify for loss relief should they realise a loss on their Subscription to the CHF Media Fund and, should an Investor die, provided he/she has held his/her Investment for two years at the time of death, his/her Investments will be free from inheritance tax. Not all Investors may be eligible to the EIS tax benefit. Independent advice should be sought prior to making any investment decisions.

Investors should be aware of the risks in relation to EIS and SEIS investing and it is important that they read the “Risks Factors” section on pages 30-35 of this Information Memorandum.

The Enterprise Investment Scheme and Seed Enterprise Investment Scheme are government backed initiatives designed to encourage investment into certain kinds of privately-owned businesses. These incentives are summarised below.

SEIS INCOME TAX RELIEF	You can claim back 50% of the amount invested into SEIS Qualifying Companies against income tax that you have paid, either in the year of Investment or carried back to the previous tax year.
EIS INCOME TAX RELIEF	You can claim back 30% of the amount invested into EIS Qualifying Companies against income tax that you have paid, either in the year of Investment or carried back to the previous tax year.
SEIS 50% CGT WIPE OUT	Gains made in the relevant tax year which are reinvested are taxable at 50% of normal rate in respect of eligible claims for SEIS Relief.
EIS CGT DEFERRAL	You can defer CGT from the sale of other assets by investing the amount of the chargeable gain into EIS Qualifying Companies. Gains that occurred up to three years before, or one year after, the date of the EIS investment can be deferred.
TAX FREE GAINS	Any profits from the sale of your SEIS shares and EIS shares to third parties will be exempt from CGT, as long as you have owned them for at least three years.
LOSS RELIEF	If any companies in your Portfolio are not sold at a profit, you may be able to claim loss relief. Losses may be offset against capital gains or taxable income where available. Where you also take advantage of the various CGT reliefs in addition to income tax reliefs under the EIS and the SEIS, you risk 13.5p on a £1 SEIS investment and 38.5p on a £1 EIS investment.
CREATIVE SECTOR TAX CREDITS	The investee companies in which the CHF Media Fund invests will, in general be “qualifying companies” for the purpose of the Creative Sector Tax Credits and able to claim in effect a rebate of 20% on “qualifying expenditure” incurred in the production of their respective shows or concepts.

It is important to note that the allocation of SEIS and EIS investments to be made by the CHF Media Fund is at the discretion of the Manager, being advised by CHF Enterprises, and is also conditional on the investee companies and the Investors themselves satisfying a range of conditions, a summary of which is set out on page 26.

One of the key conditions is that your Investments are held for the requisite three year period.

HOW TO APPLY

If you wish to invest in the CHF Media Fund you must complete and return the following:

1.

THE APPLICATION FORM

2.

**ADVISER & ANTI-MONEY LAUNDERING
CERTIFICATE**

(IF YOU ARE APPLYING THROUGH AN IFA)

OR

**INVESTOR & ANTI-MONEY LAUNDERING
CERTIFICATE**

(INCLUDED AS PART OF THE APPLICATION FORM FOR
INVESTORS WITHOUT IFAS)
(IF YOU ARE APPLYING DIRECT)

3.

PAYMENT

You must make payment of the amount you wish to invest by sending a cheque which should be made payable to **“City Partnership - CHF Media Fund”**. Alternatively, a payment can be made directly to the following bank account:

A/C Name: City Partnership - CHF Media Fund
Sort code: 80-22-60 **A/C no:** 12407266
Bank: The Bank of Scotland

Bank transfer should be referenced with your surname and initials.

PLEASE ENSURE YOU HAVE SIGNED AND DATED THE APPLICATION FORM.

QUERIES

If you need any assistance completing the Application Pack or have any questions about the application process you should contact your authorised financial adviser in the first instance.

Additionally, you can contact City Partnership on: **0131 243 7210**

FUND MECHANICS

THE MANAGER

The Manager is Sapia Partners LLP is a Small Authorised UK Alternative Investment Fund Manager for the purposes of AIFMD. The Manager comprises a team of highly specialised, senior professionals with expertise in investment banking, principal investments and private equity.

The Manager's role is to provide regulatory oversight and approve investments for the CHF Media Fund proposed by CHF Enterprises. The Manager shall establish its own internal investment committee to consider all viable investee companies sourced and recommended by CHF Enterprises and make the discretionary investment decision for each proposed Investment. The Manager's team includes senior members who will make the investment management decisions based on advice from CHF Enterprises.

THE ADMINISTRATOR AND RECEIVING AGENT

The City Partnership (UK) Limited (the "Administrator") has been appointed as the administrator and receiving agent of the CHF Media Fund. Its role will comprise receiving and processing Application Forms from prospective Investors, carrying out anti-money laundering checks and holding prospective Investor's Subscription Monies until such time as the Investor's application has been accepted by the Manager - which it is anticipated will be two weeks from the date of the application. Once an Investor's application has been accepted by the Manager, the Administrator will transfer their Subscription Monies to the Manager's client account.

The Administrator will maintain virtual records of Investors' beneficial interests in the CHF Media Fund's Investments, taking into account any adviser fees facilitated by investee companies, and Investors' respective entitlement to any dividends, returns of capital or the proceeds of any exits.

THE CLIENT MONEY CUSTODIAN

Woodside Corporate Services Limited (the "Client Money Custodian") has been appointed as the custodian of client investment monies. All Subscription Monies will be held prior to deployment with the Client Money Custodian who will open and maintain a client account in its name with an authorised and reputable banking institution with client trust status together with cash balances. This account has been named the "WCSL CHF Client Account". Once an Investor's application has been approved by the Manager, their Subscription Monies will be transferred by the Administrator to this account to be held pending investment. In addition, all dividends, returns of capital and proceeds of sale of Investments pending their distribution will be deposited by the Manager in this account.

The mandate for operation of the account shall be held by the Client Money Custodian and any interest earned on the client money bank account will not be paid to investors and is to be retained by the Client Money Custodian.

THE NOMINEE

CHF Enterprises will provide nominee services to Investors through CHF Nominees Limited (or such other nominee company established by CHF) (the "Nominee"). Each time an Investment is to be made by the CHF Media Fund, the Manager will direct the Nominee to purchase and hold a specific number of investee company shares. The Nominee will then be the registered owner of the investee company shares, but for legal and tax purposes individual Investors will be the beneficial owners of such shares.

REPORTING AND VALUATION

Investors will receive from the Administrator a six monthly client statement electronically (unless otherwise requested) each year together with a report from CHF Enterprises. In addition, Investors will be kept informed of any significant events concerning investee companies within their Portfolio, such as a proposed sale. All investments in the CHF Media Fund will be valued according to best practice as set out under the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines. The overriding principle of these valuation guidelines is to show a fair valuation of the Investment to the Investors based on what would be a fair transaction between informed parties at arm's length. Prudence is a central concept of the valuation guidelines.

INVESTMENT PROCESS

The CHF Media Fund will have fortnightly interim closing dates. In practice, this means that within two weeks of your Subscription Monies being deposited with the Administrator and your application being accepted by the Manager, your Subscription will be invested by the Manager (on the recommendation of CHF Enterprises) into investee companies. CHF Enterprises (having consulted the CCC) will recommend that the Manager invest in investee companies where investment monies will be most usefully deployed. By way of example, this may be because CHF has already been in initial discussions with a broadcaster about an investee company's show or concept, thereby indicating that that show or concept is likely to secure a broadcasting contract with a television network or other platform. Equally, there may be a scenario where one of the investee companies has secured a contract for the production of a whole series and funds required to commence the production process more immediately.

The number of shares in investee companies which will be issued to the Nominee Company on an Investor's behalf will vary from Investor to Investor. The amount of shares to be issued in respect of a particular Investor will depend not only on the amount and timing of that Investor's Subscription to the CHF Media Fund and the Manager's discretion in allocating Subscription Monies but also on the amount of any adviser fees (or where applicable, commission) payable by an Investor to their IFA.

EIS AND SEIS QUALIFYING CONDITIONS

For Investors to obtain any of the Tax Reliefs under the SEIS and EIS and to reduce the risk of these being withdrawn by HMRC, a number of conditions need to be satisfied. Some of these conditions will relate to the investee companies, some to the Investors themselves and others are applied generally. A non-exhaustive list of some of the key conditions follows below, but investors should seek specific advice from their own tax advisers.

EIS AND SEIS QUALIFYING INVESTORS

To be an EIS or SEIS qualifying investor, the Investor must:

- not be an employee of the investee company or a qualifying subsidiary of the investee company;
- not be the recipient of a loan which would not have been made or would have been made on different terms if he or she had not subscribed for the shares;
- not have a substantial interest in the investee company at any time from the company's incorporation nor within three years of their Investment in that company. A substantial interest includes a 30% shareholding in the investee company or its subsidiaries, or the ability to control 30% of the votes in the investee company. For the purposes of calculating whether an Investor has a substantial interest in the investee company, any rights of the Investor's spouse, children, parents and certain other relatives in the investee company are added to those of the Investor; and
- be subscribing for shares in the investee company through the CHF Media Fund for genuine commercial reasons and not as part of a scheme or arrangement whose main purpose is to avoid tax.

EIS COMPANY QUALIFYING CONDITIONS

Each investee company in which the CHF Media Fund invests must initially (i.e. at the time of issue of the shares) not be listed on a recognised stock exchange (as defined for the purposes of EIS Relief) and there must be no “arrangements” in place for it to become so listed. In addition, throughout the three-year holding period, it must not be a subsidiary of, or be controlled by, another company. It must either exist to carry on a qualifying trade or else be the parent company of a trading group and there must be no “arrangements” in existence for the investee company to become a subsidiary of, or be controlled by, another company.

A trading group is a group in which, directly or indirectly, more than 50% of the shares of each subsidiary are held by another member of the group, but any subsidiary employing any of the money raised by the issue of shares must be a qualifying 90% subsidiary. Non-qualifying business activities (broadly, investment activities and non-qualifying trades) must not comprise a substantial part of the business of the group as a whole. The qualifying business activity for which the money is raised by the issue of shares must be a trade carried on by a company wholly or mainly in the UK with a requirement that the company issuing the shares under the EIS must have a permanent establishment in the UK. There must also be no “disqualifying arrangements” in existence (i.e. broadly tax avoidance arrangements). It is also a requirement that a company must not be “in financial difficulty” when shares are issued. A prospective investee company will not be treated as “in financial difficulty” within three years of its formation or if it is able to raise funds from existing shareholders or the market. The value of the gross assets of the prospective investee company and any subsidiaries must not exceed £15 million immediately before the issue of shares and £16 million immediately afterwards. The maximum fundraising per company under the EIS is restricted to £5 million in aggregate (from EIS and other state-aided risk capital sources) per year and the maximum number of full-time (or full-time equivalent) employees in a company at the time of investment is restricted to fewer than 250.

A prospective investee company must be carrying on a qualifying trade in order for it to be an EIS Qualifying Company. Rather than state what a qualifying trade is, Part 5 of the Income Tax Act 2007 defines a qualifying trade by what it is not, listing a series of trades which will not qualify. However, the vast majority of these will not be applicable to the investee companies. The business of creating and producing animation or live action will constitute a qualifying trade; however the distribution and licensing of an investee company’s intellectual property rights will only constitute a qualifying trade where that investee company is responsible for the creation of 50% or more of the value of those rights.

Shares only qualify for EIS Relief if they are ordinary shares which do not, at any time during the three year holding period, carry any present or future preferential right to dividends (save where the amount and date of payment of the dividend is not dependent on the decision of any party and provided that the dividends are not cumulative) or to a company’s assets on its winding up, or any present or future right to be redeemed.

SEIS COMPANY QUALIFYING CONDITIONS

Many of the conditions for qualification under the SEIS are identical to the EIS. The main differences are that SEIS qualifying companies:

- must be less than two years old;
- may only raise a maximum of £150,000 through the SEIS during its lifetime;
- must not have gross assets exceeding £200,000 or more than 24 employees at the point of investment; and
- SEIS investors may only invest a maximum of £100,000 under the SEIS in any tax year.

TIMING CONDITIONS

Key to an Investor being able to obtain SEIS Relief or EIS Relief is that they own an Investment for a minimum of three years. If an Investment is sold within three years any relief claimed will become repayable to HMRC by the Investor.

Reliefs, both SEIS and EIS, can be claimed by the Investor immediately upon receipt of their S/EIS 3 form. The

REGULATORY INFORMATION

The CHF Media Fund is an EIS venture capital fund where the Manager acts on behalf of all Investors in common when making and, managing investments which fall within the common investment policy for the CHF Media Fund described in this Information Memorandum. In carrying out its discretionary investment management services, the Manager will be supported by CHF Enterprises in its capacity as the Manager's strategic adviser. CHF Enterprises is in turn supported by the CHF Creative Commercial Committee made up of key directors, employees and consultants of CHF, details of whom are provided on page 8 of this Information Memorandum. In accordance with current FCA policy, the CHF Media Fund is the regulatory client of the Manager for the purposes of determining which provisions of the FCA Conduct of Business Rules will regulate the obligations owed by the Manager to Investors in common, and who accordingly, will not be treated on an individual basis as clients of the Manager for regulatory purposes. The CHF Media Fund will be a professional client of the Manager.

The CHF Media Fund is not a distinct legal entity and is not a collective investment scheme as defined in section 235 of the Financial Services and Markets Act 2000, nor a Non-Mainstream Pooled Investment. For legal and tax purposes the investor will be the beneficial owner of the shares in the Investee Company. The Nominee will be the registered holder of all investments in the CHF Media Fund.

WITHDRAWALS

Investors are entitled unless otherwise agreed with the Manager, under the terms of the Investor's Agreement, to withdraw their portfolio from the CHF Media Fund as follows:

- Cash: at any time.
- SEIS and/or EIS shares: at any time after the expiry of seven years following the issue of the shares;
- SEIS and/or EIS shares which can be dealt in on a recognised investment exchange: at any time after the expiry of five years following the issue of the shares; and
- Non-SEIS and/or EIS shares: at any time after the expiry of six months following the date on which they ceased to be SEIS and/or EIS shares.

PARTICIPATION IN CHF MEDIA FUND

Applications may be made through financial advisers providing advice who will, in accordance with COBS rules comply with the suitability rules in respect of the investment. In such cases the financial adviser will complete the Application Form and provide associated AML confirmations.

Applications may also be made by investors acting on their own behalf, and so the investor will complete the Application Form individually. Such investors will be subject to compliance with the COBS appropriateness rules (COBS rule 10), high net worth individuals (COBS rule 4.7.7(2)(a)), certified and self-certified sophisticated investors (COBS rule 4.7.7(2)(b) and (c) and restricted investors (investing only 10% of their assets in non readily realisable securities: COBS rule 4.7.7(2)(d)).

As part of the Application Pack, each Investor will separately enter into an Investor's Agreement with the Manager and the Administrator.

The Investor's Agreement provides that the Manager is responsible for selecting suitable investee companies and investing Subscription Monies in them. The Manager will have total investment discretion with regard to selecting, monitoring and realising Investments in accordance with the specified investment objectives and restrictions and in particular the need to comply with the rules set out in the Income Tax Act 2007 with a view to ensuring that the Tax Reliefs under the EIS and the SEIS accrue to the Investor.

These arrangements together constitute the CHF Media Fund. The CHF Media Fund is not a separate legal entity in its own right. The CHF Media Fund is an Alternative Investment Fund within the meaning of the AIFMD and therefore is not subject to MiFID.

HMRC STATUS

The CHF Media Fund has not been approved by HMRC under section 251 of the Income Tax Act. This means that you, as an Investor, can obtain EIS Relief or SEIS Relief (as applicable) in the tax year in which Investments in investee companies are made by the CHF Media Fund and in the preceding tax year to the extent that carry back relief is claimed in respect of the Investments. Please be aware the tax year in which the Investments are made through the CHF Media Fund may not be the same as the tax year in which you subscribe to the CHF Media Fund, notwithstanding the availability of carry back relief. Capital gains tax deferral relief is also given by reference to the dates on which the CHF Media Fund makes its Investments.

When a SEIS investment has been made in an investee company the Administrator will send Investors a SEIS3 Form. The SEIS3 Form can be used by the Investors to claim SEIS Relief in respect of the amount invested in that company. The SEIS3 Form will state the amount of the SEIS qualifying investment the Investor has made through the CHF Media Fund and is required to be sent to HMRC when claiming SEIS Relief through a personal taxation return.

When the CHF Media Fund makes an EIS investment in an investee company, so long as that company has been trading for at least four months (which is highly likely to be the case), the Administrator will send Investors an EIS3 Form. Should you wish to claim EIS Relief, as with the SEIS3 Form, you will need to send through the EIS3 Form to HMRC together with your personal tax return.

RISK FACTORS

Potential Investors are recommended to seek independent financial and tax advice before investing. Please note that the Manager is unable to provide you with advice about whether you should invest in the CHF Media Fund.

An investment in the CHF Media Fund is subject to a number of risks and Investors should consider carefully whether an investment in the CHF Media Fund is suitable for them in the light of the information in this document and the financial resources available to them. Additional risks and uncertainties relating to the investee companies that are not currently known to the Manager, or that the Manager currently deems immaterial, may also have an adverse effect on the investee companies' businesses, financial condition, operating results or share price. The value of the Investments made by the CHF Media Fund could be substantially reduced as a result of any of these risks and Investors may lose all capital invested. Past performance is not necessarily a guide to the future. The following lists of potential risks are not intended to be comprehensive or an exhaustive list.

Investors may not receive back the full amount that they have invested. The value of each Investment made by the CHF Media Fund may fall and may even lose all of its value. The rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HMRC practice. These rates may change from time to time and are not guaranteed.

GENERAL RISKS

Investment in smaller, unquoted companies, by its nature, involves a very high degree of risk. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment in such companies may offer good investment returns but the market for their shares is often illiquid and uncertain by its nature. Consequently, such investment involves a higher degree of risk than a portfolio of quoted shares. In view of the nature of the proposed trading activities of the investee companies, an investment in the CHF Media Fund should not be regarded as short-term in nature. Also the investee companies may restrict the right to sell/transfer shares. In addition, the SEIS/EIS rules require minimum holding periods or the SEIS/EIS Reliefs may be withdrawn. It is therefore very unlikely that any exit will occur during the statutory three year minimum holding period of an Investment (please see details of 'Exit Strategy' on page 5). The CHF Media Fund may not be able to arrange liquidity in the underlying Investments. There can be no guarantee that any appreciation in the value of any of the investee companies will occur or that the commercial objectives of the investee companies will be achieved. Investments in small companies are acknowledged widely to be high-risk investments. Such companies fail for many reasons and such failure often leads to a total loss of the investment monies.

SEIS/EIS investments are to an extent partially protected against such risks because of the limited Tax Reliefs which attach to such investments.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments in general and the investee companies' prospects in particular.

The shares of the investee companies will not be publicly traded and there will not be any other liquid market. As such, an Investment by the CHF Media Fund will not be readily realisable. The Investments' value will, therefore, be very difficult to determine. Additionally, an Investment in the investee companies will be inherently more risky than an investment in a publicly traded company and will be highly illiquid such that Investors may be unable to realise their Investment or may only be able to do so at a significant loss. Prospective Investors should also be aware that the reporting and disclosure requirements that apply to publicly traded companies will not apply to private companies and accordingly, shareholders may receive less detailed information about the financial and commercial progress of the investee companies in which the CHF Media Fund invests.

RISKS RELATING TO THE INVESTEE COMPANIES AND THEIR BUSINESSES

The performance of the CHF Media Fund is dependent on the ability of CHF to create and identify shows or concepts, which attract significant broadcasting, licensing and merchandising opportunities. Investee companies may fail, as may the shows or concepts they develop, and Investments in investee companies may be realised for substantially less than the acquisition cost or may be impossible to realise at all. The investee companies will be highly dependent on the skills of CHF and the departure of any of CHF's key directors, consultants or employees or other people involved in the development of the investee companies could have a material adverse effect on the business of the investee companies. Investee companies may accept other equity or debt capital which ranks higher than the CHF Media Fund's Investment in an insolvency situation.

The principal activity of the investee companies in which the CHF Media Fund invests will be the creation, production and distribution of children's and family entertainment shows or concepts, across a number of platforms including television, video, DVD and the internet and also publishing, licensing and merchandising any of their shows or concepts' content. The TV and broadcast sector is competitive in general and the children's and family entertainment sector, at which the investee companies' content is aimed, is no exception. There are a number of companies operating in this space and while a proliferation of additional specialist children's and family television channels has emerged in recent years, overall television revenue growth remains relatively sluggish. New media platforms such as the internet and mobile phones, computers, tablet computers and other technology provide potential alternative distribution options, but in terms of monetisation of children's and family content, these new platforms have not yet become as significant as television.

Whilst CHF has detailed knowledge and a wealth of experience in the animation and family entertainment industry and aims to create series or concepts of the very highest quality, it is impossible to be certain that the series created will be both a television and a multi-platform success. Children's and family entertainment content aims to derive revenues from the retail placement of consumer products; while the ambition is to exploit such downstream and ancillary revenues on a global basis, the ability of investee companies to generate these revenues in each territory is dependent on the shows attracting key broadcasters in the targeted territories. Whilst every effort will be made to attract the interest of broadcasters, until the commercial arrangements are finalised, the anticipated level of earnings derived from consumer products in the future is uncertain.

The broadcast industry involves a substantial degree of risk. The commissioning of children's and family programming by broadcasters is influenced not only by a production's artistic content but also by the quality and acceptance of other competing programming released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly or without notice and cannot be predicted with certainty. There is a risk that an investee company's show or concept will not be purchased or accepted by the public generally, resulting in a portion of the costs not being recouped or anticipated profits not being realised.

As the performance of children's and family entertainment shows or concepts in ancillary markets such as DVD, home video and pay and free television is often directly related to reviews from critics and/or television ratings, poor reviews from critics or television ratings may negatively affect future revenue. The investee companies' operating results will depend in part on the experience and judgment of CHF in developing the shows or concepts and their commercial strategies. The investee companies cannot make assurances that their shows or concepts will obtain favourable reviews or ratings, that they will perform well in ancillary markets or that broadcasters will license the rights to broadcast them or renew licenses for the shows or concepts after they have had their first run of broadcasting, assuming the shows or concepts are commissioned. The failure to achieve any of the foregoing could have a material adverse effect on the investee companies' business, results of operations or financial condition.

Other risk issues include third party decisions such as those of licensed distributors regarding the timing of release and promotional support of the shows or concepts which is important in determining the success of those shows or concepts. The investee companies do not control the timing and manner in which the licensed distributors distribute the shows or concept. Any decision by those distributors not to distribute or promote a show or concept could have a material adverse effect on that investee company's business, results of operations or financial condition.

The majority of the investee companies will have no assets (other than the intellectual property rights to its show or concept) or operating history. The investee companies' business plans will be based on assumptions about

market penetration and predicted future trade which are supported by research undertaken to date. However, there is no certainty that all or any of the elements of their business plans will be fulfilled, that the outcome of their strategies will be as anticipated or that they will achieve the required level of profitability or sufficient cash flow to achieve their stated objectives. A failure of an investee company may lead to a total loss of the capital invested therein.

RISKS RELATING TO THE EIS AND SEIS

There are several circumstances in which an Investor could cease to qualify for any of the Tax Reliefs offered by the SEIS or EIS and as a result any tax which would have been payable to HMRC, but for the Investor obtaining the relevant Tax Reliefs, could become payable. These circumstances may relate to an investee company ceasing to be a SEIS or EIS Qualifying Company or the Investor himself/herself failing or ceasing to qualify for SEIS Relief or EIS Relief. For example, CGT deferral relief could be lost if an Investor ceases to be resident in the UK during the three year holding period. In addition, an Investor could cease to qualify for SEIS and/or EIS Relief if he or she receives value from the CHF Media Fund or one of the investee companies during the period beginning one year before the shares in the investee company are issued and ending on the conclusion of the three year holding period.

If an investee company ceases to carry on business of the type prescribed for EIS or SEIS Qualifying Companies (as relevant) during the three-year holding period, this could prejudice its qualifying status under the EIS and/or the SEIS. The situation will be closely monitored with a view to preserving the investee company's qualifying status, but this cannot be guaranteed. A failure to meet the qualifying requirements for the SEIS or EIS could result in:

- Investors being required to repay the 30% (or 50% in the case of SEIS qualifying investments) income tax relief received on subscription for the shares in the investee companies;
- a liability to tax on capital gains on disposal of the investee companies' shares; and
- any deferred capital gains crystallising.

Further details of the taxation implications of an investment in an EIS or SEIS Qualifying Company are set out on page 25 of this document.

Although provisional approval will be sought from HMRC that the investee companies and their activities should qualify under the SEIS and EIS, there is no guarantee that the formal SEIS and EIS clearance will be granted or that such clearance will not be subsequently withdrawn. In those circumstances, Subscription Monies will not be returned to Investors. If an investee company fails to obtain SEIS and/or EIS Qualifying Company status or if such status were to be withdrawn, SEIS and EIS Relief would not be available to Investors or could be withdrawn.

The rates of tax, tax benefits and allowances described in this Information Memorandum are based on current legislation and HMRC practice and may change from time to time and are not guaranteed.

RISKS RELATED TO DOING BUSINESS INTERNATIONALLY

The investee companies may use third party distributors outside of the UK and aim to derive revenue from these sources. As a result, the investee companies' businesses are subject to certain risks inherent in international business, many of which are beyond their control. These risks include changes in local regulatory requirements (including restrictions on content), changes in the laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes), differing degrees of protection for intellectual property, instability of foreign economies and governments, cultural barriers, wars and acts of terrorism or widespread health hazards. Any of these factors could have a material effect on the investee companies' businesses, results of operations or financial condition.

COMPETITION

Substantially all of the investee companies' revenues will be derived from the production and distribution of children's and family entertainment shows or concepts and the monetisation of the relevant content. The business of producing and distributing children's and family content is highly competitive. The investee companies face

intense competition with other producers and distributors, many of whom are substantially larger and have greater financial, technical and marketing resources than the investee companies.

The investee companies compete for time slots with a variety of companies which produce children's and family programming and other concepts. The number of network prime-time slots for children's content remains limited (a "slot" being a broadcast time period for a programme), even though the total number of outlets for television and digital platform programming has increased substantially over the last decade. Competition created by the emergence of new broadcasters has generally caused the market shares of the major networks to decrease. Even so, the license fees paid by the major networks remain the most lucrative and the exposure they offer remain the most significant. As a result, there continues to be intense competition for the time slots offered by those networks. There can be no assurance that the investee companies will be able to increase their penetration of the prime-time network market or obtain favourable slots, the failure to do so may have a negative impact on their businesses.

THE INVESTEE COMPANIES' SUCCESS DEPENDS ON THE FUTURE SERVICES AND PERFORMANCE OF CHF.

The investee companies' success will be dependent on the continued provision of various services by the Manager and CHF and its different production, distribution, licensing and merchandising arms, which will have responsibility for all aspects of the strategic and day-to-day operational management of the investee companies' businesses. The retention of the key personnel within the Manager and CHF and its associated companies cannot be guaranteed and in the event that any of the directors or senior management left and the Manager or CHF was unable to attract replacements with appropriate skills, the investee companies' financial performance and prospects may be adversely affected.

POTENTIAL FOR BUDGET OVERRUNS AND OTHER PRODUCTION RISKS

The production of a series by the investee companies may exceed its budget. Unforeseen events, such as labour disputes, death or disability of a star performer, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, damage to master tapes and recordings, or even adverse weather conditions, or other unforeseen events may cause cost overruns and delay or frustrate completion of a production. The investee companies will maintain appropriate insurance policies, covering certain of these risks. There can be no assurance that any overrun resulting from any occurrence will be adequately covered or that such insurance will continue to be available or, if available on terms acceptable to the investee companies. In the event of a budget overrun, the investee companies may have to seek additional financing from outside sources in order to complete production. No assurance can be given as to the availability of such financing or, if available on terms acceptable to the investee companies. In addition, in the event of substantial budget overruns, there can be no assurance that such costs will be recouped, which could have a significant impact on the investee companies' results of operations or financial condition.

NO MINIMUM SUBSCRIPTION IN INVESTEE COMPANIES

There is no minimum subscription required before the CHF Media Fund will invest in investee companies. This means that if an Investor subscribes to the CHF Media Fund his/her Subscription may be invested in one or more investee companies which have not yet raised the minimum amount they require in order to finance the production of their show or concept. If an investee company is unsuccessful in raising sufficient funds in order to produce all or part of a show or concept the value of the Investor's shareholding in that investee company may depend on that investee company's ability to raise funds using other sources or the exploitation of the intellectual property rights which it owns by alternative means. The Investor may not recover that part of his/her Subscription invested in that investee company. The Manager, on the recommendation of CHF Enterprises (having consulted the CCC), reserves the right to switch the flow of investment funds from one investee company to another according to the CCC's perception of which show or concept is more likely than the others to attract early interest from broadcasters or other media. Accordingly, if an Investment is made in an investee company which is insufficient for its budget there can be no guarantee the CHF Media Fund will invest further monies in the same investee company and that company may in due course need to undertake further share issues to third party investors in order to raise

funds to deliver its business plan. While the Manager, on the recommendation of CHF Enterprises, will consider, at the appropriate time, offering shares on a pre-emptive basis to Investors who are invested in such an investee company, this may not be possible and Investors would suffer dilution of their holdings as a result.

ESTIMATES IN REVENUES AND EARNINGS

The investee companies will make estimates as to their potential revenues and matching production and direct distribution expenses for each concept but these estimates may be varied as a concept develops and earnings may fluctuate widely if CHF do not accurately forecast the revenue potential and expenditure for a concept.

POTENTIAL CONFLICTS OF INTEREST

Situations may arise where the interests of Investors conflict with the interests of other funds managed by the Manager or its Associates and with the interests of CHF. The CHF Media Fund may invest in companies in which CHF may also invest or already hold an investment. Where CHF already holds an investment in a prospective investee company, its holding will never be more than 50% of that investee company's share capital. In most cases, any CHF shareholding in an investee company will serve to align the interests of CHF with those of the Investors as both have a significant desire for that investee company to secure the most lucrative distribution, merchandising and other monetisation agreements. There may though be occasions where CHF has economic or business interests or goals, which are inconsistent with those of Investors. However, the appointment of an Independent Director mitigates this risk.

In addition, certain directors of CHF and its group companies may also serve as directors of investee companies and CHF will be providing various services to investee companies as outlined in this Information Memorandum.

To mitigate the risk of conflicts of interest arising between the investee companies and CHF, each investee company's board will include an Independent Director who is not connected to CHF. This Independent Director is Jean Hawkins or such other individual approved by the Manager. The role of the Independent Director will be to approve any arrangements with CHF, any subscription prices with the Manager in relation to the CHF Media Fund's Investment and any other matters where the other investee company directors are conflicted by virtue of their roles with CHF.

DILUTION OF SHAREHOLDINGS

As other parties, including CHF Media Group may retain shareholdings in the investee companies, investors do not own the entire share capital of the investee company. If further funding is required in the future investors' initial shareholdings may be diluted. It is not guaranteed that such funding will be concluded at a valuation higher than previous fundings. Consequently, Investors' investments may be valued at a lower valuation.

RISKS ON RETURNS

The value of the CHF Media Fund's Investments depends on the performance of its investee companies and other market factors outside the Manager and CHF Enterprises' control. There can be no assurance that the CHF Media Fund will meet its objectives or that suitable investment opportunities will be identified by CHF Enterprises. Investors may be the holders of minority interests in investee companies and may, therefore, have little or no influence on how the business of the investee company is conducted.

FUND ISSUES

The Manager reserves the right to cease to manage the CHF Media Fund in certain circumstances set out in the Investor's Agreement, in which event it will try to transfer their mandate to act as Investors' discretionary investment manager to another fund manager authorised by the FCA or to terminate the CHF Media Fund in an expeditious way. The Manager will seek to realise Investments in an orderly fashion over a period of three to five

years from the date on which an investee company's show or concept is first broadcast or monetised but it cannot be guaranteed that the Investments made can easily be realised within this period and, even where they can be realised, that this can be done on an advantageous basis. Generally, the Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested. There can be no guarantee that market conditions will be propitious in respect of the sale of any shares at the time the CHF Media Fund has targeted such a sale. This may significantly delay the targeted exit. It may be difficult to predict when an exit may take place and there can be no guarantee that an exit will ever take place. Accordingly, Investors may potentially lose the total amount of their Subscription.

It may be difficult and time-consuming for an Investor to terminate his/her Investor's Agreement or dispose of his/her Investments made by the CHF Media Fund due to the illiquid nature of the Investments. The CHF Media Fund may not be able to realise such Investments quickly, at a reasonable price or, in some circumstances, at any price.

The timing of any realisation cannot be predicted and proper information for calculating the current value of the CHF Media Fund's Investments or the degree of risk posed may not be available. There is no mechanism to remove or change the Manager of the CHF Media Fund other than by way of termination of the Investor's Agreement. The CHF Media Fund should therefore be considered a captive investment and an Investor should assume that any investment in the CHF Media Fund will be managed by the Manager until realised. Investee Companies may fail, as may the assets they own or operate, and Investments in investee companies may be realised for substantially less than the acquisition cost or may be impossible to realise at all.

FORWARD LOOKING STATEMENTS

Investors should not place reliance on forward-looking statements. This Information Memorandum includes statements that are (or may be deemed to be) "forward looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "seeks", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Information Memorandum, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future.

CUSTODY RISK

Your cash and assets deposited with, and held by the Administrator (in its capacity as receiving agent), the Manager, the Client Money Custodian and CHF Enterprises (to the extent it or an Associate provides nominee services to Investors) shall be held at Investors' risk and neither the Manager, the Administrator, the Client Money Custodian nor CHF Enterprises (including their respective directors, shareholders, partners, officers, employees, agents or advisers), will be liable to any Investor in the event of insolvency of the bank in which your cash and assets are held, nor in the event of any restriction on the Administrator, the Client Money Custodian and Manager's ability to withdraw funds from such bank for reasons beyond their reasonable control.

DEFINITIONS

AC PERCENTAGE	In accordance with COBs 6.1A, the charge agreed to be paid by a retail client Investor to his or her financial intermediary in relation to the provision of a personal recommendation to invest in the CHF Media Fund expressed as a percentage of the amount subscribed by the retail client Investor.
ADMINISTRATOR	The City Partnership (UK) Limited, a private limited company incorporated in Scotland with the registered number SC269164 and whose registered address is 110 George Street, Edinburgh EH2 4LH.
ADVISER CHARGE	An amount equal to the AC Percentage of the subscription price paid for shares subscribed in an investee company.
AIFMD	Alternative Investment Fund Managers Directive 2011/61/EU.
ALTERNATIVE INVESTMENT FUND	An Alternative Investment Fund for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU). The CHF Media Fund is not an Unregulated Collective Investment Scheme within the meaning of section 235 of FSMA nor a Non Mainstream Pooled Investment.
APPLICABLE LAWS	All relevant UK laws, regulations and rules, including those of any government or of the FCA.
APPLICATION FORM	The application form to invest in the CHF Media Fund completed by the prospective Investor in the form provided by the Manager which is contained in the Application Pack.
APPLICATION PACK	The application pack which will be sent to prospective Investors and by which prospective Investors will invest in the CHF Media Fund.
ASSOCIATE	Any person, partnership or entity which (whether directly or indirectly) controls or is controlled by another person, partnership or other entity. For the purpose of this definition "control" shall refer to the ability to exercise significant influence over the operating or financial policies of any person or entity.
CAPITAL GAINS DEFERRAL	Deferral of CGT (section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992).
CCC	The CHF Creative Commercial Committee comprising the key directors, employees and consultants of CHF whose names are set out on page 8 of this Information Memorandum.
CGT	Capital Gains Tax.

CHF OR COSGROVE HALL	CHF Media Group Limited, a private limited company incorporated in England with the registered number 08153769 and the registered address The Towers, Towers Business Park, Didsbury, Manchester M20 2SL and any of its subsidiaries and business divisions and includes for the avoidance of doubt CHF Development, CHF Entertainment, CHF Enterprises, CHF Rights and CHF Music and as the context requires the entities which previously carried on business under the brand name of Cosgrove Hall and its derivatives.
CHF DEVELOPMENT	CHF Development Limited, a private limited company incorporated in England with the registered number 09610979 and the registered address The Towers, Towers Business Park, Didsbury, Manchester M20 2SL.
CHF ENTERTAINMENT	CHF Entertainment Limited, a private limited company incorporated in England with the registered number 07649010 and the registered address The Towers, Towers Business Park, Didsbury, Manchester M20 2SL.
CHF ENTERPRISES	CHF Enterprises Limited, a private limited company incorporated in England with the registered number 08321672 and the registered address 2 Hurle Road, Bristol, BS8 2SY.
CHF MEDIA GROUP	CHF Media Group Limited, a private limited company incorporated in England with the registered number 08153769 and the registered address The Towers, Towers Business Park, Didsbury, Manchester M20 2SL.
CHF MUSIC	CHF Music Rights Limited, a private limited company incorporated in England with the registered number 08151805 and the registered address The Towers, Towers Business Park, Didsbury, Manchester M20 2SL.
CLIENT MONEY CUSTODIAN	Woodside Corporate Services Limited
COBS	The Conduct of Business Sourcebook issued by the Financial Conduct Authority.
CREATIVE SECTOR TAX CREDITS	The tax credit scheme for animation production and children's entertainment companies introduced in the Finance Act 2013.

EIS RELIEF	Relief from income tax (and, where relevant, CGT) under the ITA 2007.
EIS QUALIFYING COMPANY	A company whose shares qualify for EIS Relief under the ITA 2007.
EXECUTION-ONLY	A transaction which is executed by a financial intermediary upon the specific instructions of a client where the firm does not give advice relating to the merits of the transaction or make a personal recommendation (and “Execution-Only Investor” shall mean an Investor who invests in the CHF Media Fund in such a manner) and “Execution-Only Broker” shall mean a financial intermediary who provides such a service.
FCA	The Financial Conduct Authority.
FCA RULES	The rules of the FCA, contained in the FCA Handbook of Rules and Guidance.
FSMA	The Financial Services and Markets Act 2000 (as amended).
FUND OR CHF MEDIA FUND	The aggregate of all the discretionary investment management agreements pursuant to which Investors have appointed the Manager as their discretionary investment manager to make investments in SEIS and EIS Qualifying Companies pursuant to the investment policy and objectives set out in the Information Memorandum.
FUNDRAISING CHARGES	The charges set out on page 18 of this Information Memorandum.
HMRC	HM Revenue & Customs.
IHT	Inheritance Tax.
INDEPENDENT DIRECTOR	An independent director of an investee company who is not connected to CHF and who will be responsible for material decisions where his or her fellow directors have a conflict of interest resulting from other roles within CHF.
INVESTEE COMPANY	An unquoted private limited company carrying on the trade of developing, producing or distributing an animation show or other family entertainment concept in which the CHF Media Fund invests.
ITA 2007	The Income Tax Act 2007 (as amended).
INFORMATION MEMORANDUM	The information memorandum issued by the Manager in relation to the CHF Media Fund dated 1st November 2015.
INVESTMENT	An investment in securities subscribed for by the Nominee on behalf of Investors in the CHF Media Fund on the direction of the Manager in accordance with the investment policy and objectives set out in the Information Memorandum.
INVESTMENT OBJECTIVE	As set out in Schedule 1 of the Investor’s Agreement.
INVESTMENT STRATEGY	As set out on page 4 of this Information Memorandum.

INVESTMENT RESTRICTIONS	As set out in Schedule 1 of the Investor's Agreement.
INVESTOR	An individual (or certain trustees) who completes an Application Form which is accepted by the Manager and so enters into an Investor's Agreement and invests through the CHF Media Fund.
INVESTOR'S AGREEMENT	The agreement entered into by each Investor with the Manager pursuant to that Investor's investment in the CHF Media Fund, as set out on page 40 of this Information Memorandum.
MANAGER	Sapia Partners LLP, advised by CHF Enterprises.
NOMINEE	CHF Nominees Limited (or such other nominee company established by CHF) being the registered holder of shares, stocks, securities and cash held as safe custodian on behalf of the Investors as beneficial owners.
OFFER	The offer to invest in the CHF Media Fund in accordance with the terms of the Investor's Agreement and this Information Memorandum.
READILY REALISABLE INVESTMENT	<p>A government or public security denominated in the currency of the country of its issuer or any other security which is:</p> <ol style="list-style-type: none"> 1. admitted to Official Listing on an Exchange in an EEA State; 2. regularly traded on or under the rules of such an exchange; 3. regularly traded on or under the rules of a recognised investment exchange or (except in relation to unsolicited real time financial promotions) designated investment exchange; or 4. a newly issued security, which can reasonably be expected to fall within the above categories when it begins to be traded. Note that this term does not include AIM traded investments, nor does it include unlisted securities.
SEIS	The Seed Enterprise Investment Scheme, as set out in Part 5A of the ITA 2007.
SEIS QUALIFYING COMPANY	A company whose shares qualify for SEIS Relief under the ITA 2007.
SEIS RELIEF	Relief from income tax (and, where relevant, CGT) under the SEIS.
SUBSCRIPTION(S)	The investment made by an Investor in the CHF Media Fund in accordance with the terms of the Offer.
SUBSCRIPTION MONIES	The amount invested by an Investor in the CHF Media Fund.
TAX RELIEFS	The tax reliefs available to SEIS and EIS qualifying Investors who have made SEIS qualifying and EIS qualifying Investments.

INVESTOR'S AGREEMENT

This Agreement sets out the terms and conditions for the CHF Media Fund.

1. DEFINITIONS, CONSTRUCTION AND INTERPRETATION

- 1.1 In this Agreement the definitions set out on page 36 of the Information Memorandum issued by the Manager shall apply.
- 1.2 Words and expressions defined in the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.4 References to “you” or “your” are references to the Investor who enters into this agreement with the Manager. References to the singular only shall include the plural and vice versa.
- 1.5 Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.6 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. INVESTING IN THE CHF MEDIA FUND

- 2.1 This Agreement comes into force on the date on which the Manager accepts your Application Form. The Administrator will notify you in writing if your Application Form is accepted.
- 2.2 This Agreement enables you to appoint the Manager as a discretionary investment fund manager to act on your behalf to make venture capital investments in SEIS and EIS Qualifying Companies and to manage those investments in common on behalf of all the CHF Media Fund's Investors in accordance with the Investment Objective.
- 2.3 You, as an Investor, hereby appoint the Manager, on the terms set out in this Agreement, to manage your Portfolio as one of a series of similar Portfolios, which together constitute the CHF Media Fund. The Manager accepts its appointment and obligations on the terms set out in this Agreement. You, as the Investor, grant the Manager full authority, at the Manager's sole discretion and without reference to you, to enter the kind of transactions or arrangements for your account and to invest, on your behalf, in the type of investments or assets as set out in the Information Memorandum. Any Investments made on your behalf will be made on a restricted basis and limited to the types of investments detailed in the Information Memorandum. The Investor hereby authorises the Manager or its agents to act on its behalf and in the name of the Investor or his/her nominee to negotiate, agree, execute and do all such acts, transactions, agreements and deeds as the Manager or its agents may deem necessary or desirable in connection with the CHF Media Fund for the purposes of making, and managing and disposing of Investments and cash on behalf of the Investor and generally fulfilling the objectives and purposes of the CHF Media Fund (including facilitating the payment of agreed charges on behalf of Investors to their financial intermediaries) and this authority shall be irrevocable and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution of the Investor. This authority will terminate upon the Investor ceasing to hold any cash or other assets in the CHF Media Fund.
- 2.4 You, as an Investor, acknowledge that the Administrator will be appointed to carry out administration and receiving agent services on your behalf.
- 2.5 The Manager is authorised by the FCA and regulated by the FCA for the conduct of UK business. CHF Enterprises is not authorised and regulated by the FCA. Should CHF Enterprises be deemed to be carrying out regulated activities, to the extent it is doing so, it will be doing so in its capacity as the appointed

representative of the Manager in accordance with Financial Services and Markets Act 2000 (Appointed Representatives) Regulations 2001 (SI 2001/1217).

- 2.6 You, as an Investor, acknowledge that in relation to the CHF Media Fund, CHF Enterprises has been appointed as the Manager's adviser. This Agreement is entered into by the Manager on behalf of itself and on behalf of CHF Enterprises, the Administrator and the Nominee. In consideration of CHF Enterprises' appointment as an appointed representative of the Manager, CHF Enterprises shall be entitled to the fees expressed to be payable to CHF Enterprises under this Agreement. Accordingly, references to the Manager in this Agreement shall be deemed to also be references to CHF Enterprises save as the context otherwise requires or where an obligation may only properly be accepted by the Manager under FCA Rules.
- 2.7 You confirm that you are an experienced investor in medium to high risk, unquoted companies and you have suitable knowledge of the risks associated with non-Readily Realisable Investments.
- 2.8 You confirm that you are not seeking advice from either the Manager or CHF Enterprises on the merits of your Subscription and any investments made by the CHF Media Fund.
- 2.9 You agree that the Manager, CHF Enterprises, the Administrator and the Nominee may hold information about you and your affairs in order to verify your identity and financial standing or otherwise in the performance of the services hereunder (among other things the Manager and the Administrator may consult a credit or mutual reference agency, which may retain a record of the enquiry).
- 2.10 The Manager has a duty to comply with the anti-money laundering provisions of the Proceeds of Crime Act 2002, the Money Laundering Regulations 2017 and the FCA Rules. Both the Manager and the Administrator therefore verify your identity and report suspicious transactions to the appropriate enforcement agencies. If you do not provide the identity verification information when requested, the Manager and the Administrator may be unable to accept any instructions from you or provide you with any services or return proceeds to you.
- 2.11 The Manager will comply with FCA conduct of business rule 11.2, as more particularly detailed in Schedule 3 to this Investor's Agreement. Investors should note that the provision by counterparties of guarantees of minimum contractual levels of return may be more important than price in obtaining the best possible execution result in the context of achieving the investment objectives set out in Schedule 1 to this Investor's Agreement.

3. SUBSCRIPTION

- 3.1 You, as an Investor:
 - (a) must make a Subscription of not less than £20,000 (other than with the discretion of the Manager) at the same time as submitting your Application Form to invest in the CHF Media Fund;
 - (b) may make further Subscriptions subject to such Subscriptions being accepted by the Manager.
- 3.2 You may make a withdrawal from the CHF Media Fund, or terminate this Agreement, pursuant to Clause 15 below.
- 3.3 Your Subscription Monies shall be deposited in a client account held by the Administrator pending the Manager accepting your Application Form at which point such monies will be transferred into a client account held by the Manager (in an interest bearing client account) pending their investment.
- 3.4 The basis and extent of acceptance of your application will be determined by the Manager (after consultation with CHF Enterprises and the Administrator) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The right of the Manager is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application. Subscription Monies not accepted will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out in this Agreement. In particular, but without limitation, the Manager (after consultation with CHF Enterprises) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions.

- 3.5 Unless otherwise agreed between the Manager and the Investor, the Investor will be categorised by the Manager as a “Retail Client”, in which case this Investor’s Agreement will constitute a “Client Agreement” for the purposes of the FCA Rules.
- 3.6 You confirm that you are not seeking advice from the Manager or CHF Enterprises on the merits of your Subscription in the CHF Media Fund and any Investments it makes.

4. SERVICES

- 4.1 The Manager will manage the CHF Media Fund on the terms set out in this Agreement. The Manager, acting with the advice of CHF Enterprises (having consulted the CCC), will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this Agreement. For the avoidance of doubt this includes any conversion of shares, the amount of capital invested in an investee company, voting or other rights relating to such shares, and you hereby irrevocably authorise and empower the Manager in this regard. The Manager will also hold Investors’ monies both prior to their being invested and any income, returns of capital and proceeds of sale from any investee company. Neither the Administrator nor the Nominee is an Associate of the Manager.
- 4.2 The Tax Advantages are dependent on your personal circumstances as well as the actual underlying Investments made by the CHF Media Fund. In providing its services to you, the Manager shall not be required to take into account taxation matters and the Manager, CHF Enterprises and the Administrator do not provide tax advice. Therefore, you should seek independent tax advice to determine and understand the suitability of investing in the CHF Media Fund and any effect that this may have on your own position generally.
- 4.3 The Administrator will provide administration services for the CHF Media Fund on the terms set out in this Agreement and CHF Enterprises will arrange for the Nominee to provide nominee services in relation to the holding of investee company shares.
- 4.4 You, as an Investor, hereby authorise the Manager (and grant to the Manager a power of attorney) to act on your behalf and in your name to negotiate, agree and do all such acts, transactions, agreements and deeds as the Manager, acting with the advice, and taking into account the recommendations of CHF Enterprises, may deem necessary or desirable for the purposes of managing your Portfolio including making, managing and disposing of Investments on your behalf and this authority (and power of attorney) shall be irrevocable and shall survive, and shall not be affected by, your subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution. This authority (and power of attorney) will terminate only upon your complete withdrawal from the CHF Media Fund.
- 4.5 The Manager and the Administrator shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on your behalf or as your agent, except as expressly provided in this Agreement or as the Manager may otherwise be authorised by you (or by an authorised person on your behalf) from time to time.

5. INVESTMENT OBJECTIVE AND RESTRICTIONS

- 5.1 In performing its discretionary investment management services, the Manager shall have regard to, and shall comply with, the Investment Objective and the Investment Restrictions.
- 5.2 In performing its discretionary investment management services, the Manager shall at all times have regard to:
- (a) the need for the Investments to attract the Tax Reliefs;
 - (b) all Applicable Laws; and
 - (c) the advice of CHF Enterprises (CHF Enterprises having consulted the CCC).
- 5.3 Surplus cash held prior to investment in investee companies and, in the event of a gradual realisation of Investments prior to termination of the CHF Media Fund under Clause 15.1, any cash proceeds of realised Investments, may be placed on deposit or invested in government securities or in other investments of a similar risk profile.

6. TERMS APPLICABLE TO DEALING

- 6.1 In effecting transactions for the CHF Media Fund, the Manager will act in accordance with the FCA Rules.
- 6.2 Where relevant, it is agreed that all transactions will be effected in accordance with the rules and regulations of the relevant market or exchange and the Manager shall take all such steps as may be required or permitted by such rules and regulations and/or by good market practice. All transactions in Investments will be subject to the rules and customs of the exchange or market and/or clearing house through which the transactions are executed and to all Applicable Laws so that:
- (a) if there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and
- (b) action may be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Laws.
- You should, however, be aware that Subscriptions will be invested in a range of unlisted securities and there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms that can be secured.
- 6.3 Subject to the FCA Rules, transactions for an Investor may be aggregated with those for other Investors and may be aggregated with other customers of the Manager, and of its employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but you should be aware that the effect of aggregation may work on some occasions to your disadvantage.
- 6.4 The Manager will make Investments in investee companies using Investors' Subscription Monies. The amount of an Investor's Subscription Monies allocated to a particular investee company and the timing of the Investment will be at the discretion of the Manager taking into account the recommendation and advice of CHF Enterprises (CHF Enterprises having consulted the CCC).
- 6.5 When determining the price per share and number of shares of an Investor's allocation of an Investment in an investee company, the Manager takes into account the following:
- (a) the timing of the Investments and in particular whether the investee company's show or concept is, in the opinion of CHF Enterprises (having consulted the CCC), in development or in production;
- (b) variations to prevent Investors having fractions of shares; entitlements to shares will be to the nearest whole share rounded down and the aggregate of fractional entitlements may be held by the Nominee for CHF Enterprises; and
- (c) if one or more of the Investors has notified the Manager that they are an accountant, lawyer or other professional person who is subject to professional rules preventing him/her from making an Investment in a particular investee company, then the number of shares provisionally allocated to that Investor or Investors shall not be acquired for any of their Portfolio in the CHF Media Fund; and
- (d) whether the Investor is liable to pay their IFA (where the IFA treats the Investor as a retail client) adviser fees or (where the IFA treats the Investor as a professional client) commission (as applicable).
- 6.6 The Manager will pay commission and facilitate Adviser Charges through investee companies on the basis described in the Information Memorandum.
- 6.7 The Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.

7. CUSTODY

- 7.1 The Client Money Custodian shall provide services for the safe keeping of cash comprised in the CHF Media Fund from time to time.
- 7.2 Investments will be registered in the name of the Nominee. Investments within your Portfolio will therefore be beneficially owned by you at all times but the Nominee will be the legal owner of the investee company shares.
- 7.3 CHF Enterprises will hold any title documents or documents evidencing title to the Investments on behalf of the Nominee. Individual customer entitlements are not identifiable by separate certificates or other physical documents of title. In the event of a default of the Nominee, those for whom it holds securities may share in any shortfall pro rata. On occasion, your Investments may be used to settle other person's transactions which will not affect the Administrator's record of your entitlements. The Nominee holds the Investments pursuant to a trust under which the interests of Investors are created or extinguished when the Manager makes acquisitions or disposals in accordance with this Agreement. Pursuant to section 250(1) Income Tax Act 2007 shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of the EIS as subscribed for, issued to, held by or disposed of by the individual Investor. The Administrator shall maintain at all times a record sufficient to show your beneficial interest in the whole number of shares allocated to your Portfolio and the cash within your Portfolio.
- 7.4 Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such title documents.
- 7.5 An Investment may be realised in order to discharge your obligations under this Agreement, for example in relation to payment of fees, costs and expenses.
- 7.6 The Administrator will arrange for you to receive details of any meetings of investee companies in which you are invested and any other information issued by investee companies if you at any time in writing request such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). You shall be entitled, as a matter of right, to require the Nominee to appoint you as its proxy to vote as you may see fit at any meeting of shareholders in an investee company in which you are invested. If you are not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of an investee company, and upon the application of the Manager to CHF Enterprises, the Nominee may (but is not obliged to) appoint the Manager as its proxy to vote at that meeting. In the case of variations in the share capital, receipts of a notice of conversion or proposal to wind up, amalgamate or takeover a company in which an Investment is held for you:
- (a) a bonus or capitalisation issue will be automatically credited to an Investor's holding;
 - (b) otherwise (where appropriate) the Manager will be sent a summary of the proposal and the required action to be taken (if any);
 - (c) in the case of a rights issue or other proposed variation, the Nominee will send the Manager such summary of the proposal and the required action to be taken (if any) as it may receive, and if no instruction is received from the Manager, the Nominee will allow the rights to lapse. Lapsed proceeds in excess of £3 will be credited to you. Sums less than this will be retained for the benefit of the Nominee. However, if nil paid rights in a secondary market are acquired for you, such rights will be taken up, unless the Manager provides contrary instructions;
 - (d) all offers will be accepted by the Nominee only upon instructions from the Manager;
 - (e) entitlement to shares will be to the nearest whole share rounded down and the aggregate of fractional entitlements may be held by the Nominee for the Administrator;
 - (f) if partly paid shares are held for you and are the subject of a call for any due balance and no instruction is received from the Manager, the Nominee may sell sufficient of your Investments as (in its reasonable opinion) is necessary to meet the call; and
 - (g) in the case of a proposal to wind up, amalgamate or take over an investee company the Manager will be sent a summary of the proposal and the required action to be taken (if any).

- 7.7 Where applicable, you are responsible for complying with all requirements under the Takeover Code and to notify the FCA and the Takeover Panel of dealings in relevant shares during a takeover or merger.
- 7.8 Unless otherwise agreed, the Client Money Custodian will be responsible for holding your cash in accordance with the client money rules of the FCA. The cash balance held for Investors in the CHF Media Fund will be deposited with an authorised banking institution in the name of the Client Money Custodian and customer trust status together with cash balances belonging to other customers of the Client Money Custodian. The Client Money Custodian, upon instruction of the Manager, may debit or credit the account for all sums payable by you or to you (including dividends receivable in cash and fees and other amounts payable by you) and make adjustments:
- (a) in respect of sums received by you otherwise than as a result of credits properly made to the account initiated by the Client Money Custodian under this Agreement; and
- (b) to effect settlement in respect of Investments. Share dividends shall not be receivable under this Agreement otherwise than in cash. Interest will be payable on all credit balances on the bank account and shall retained by the Client Money Custodian.
- 7.9 The Manager may decide to cease to treat as client money any of your unclaimed cash if there has been no movement in the balance in the bank account in a period of five years (notwithstanding any payments or receipts of charges, interest or similar items) and the Manager has taken reasonable steps to contact you and to return the balance.
- 7.10 You confirm that in no event shall an investment counterparty dealing with the Manager, the Administrator or Nominee with respect to any document signed or action undertaken for or on behalf of you in accordance with this agreement be obliged to inquire into the necessity or expediency of any act or action of you, the existence or non existence of any fact or facts which constitute conditions precedent to acts by you or any act or failure to act by you or as to any other matter whatsoever involving you. You declare that a person who deals with the Nominee, Administrator and the Manager in good faith may accept a written statement signed by the Nominee, Administrator or Manager to the effect that their appointment as such hereunder has not been revoked as conclusive evidence of that fact.

8. REPORTS AND INFORMATION

- 8.1 You will be notified by the Administrator for each transaction.
- 8.2 The Administrator shall send you a report relating to the CHF Media Fund, complying with the FCA Rules, every six months. Reports will include a current valuation of shareholding in each investee company and a brief description of the show or concept in development/production.
- 8.3 The Administrator shall supply such further information which is in its possession or under its control as you may reasonably request as soon as reasonably practicable after receipt of such request.
- 8.4 Any contract notes, statements, reports or information so provided by the Administrator to you will state the basis of any valuations of Investments provided.

9. FEES AND EXPENSES

CHF Enterprises shall receive fees on the basis set out in Schedule 2 to this agreement and shall meet the fees, costs and expenses of the Manager and Administrator incurred in connection with their professional services in respect of the CHF Media Fund. The Manager will arrange for investee companies to facilitate the payment of Adviser Fees agreed by you and your IFA (or commission, where applicable) in accordance with Schedule 2 of this Agreement.

10. MANAGEMENT AND ADMINISTRATION OBLIGATIONS

The Manager and the Administrator shall each devote all such reasonable time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective services properly and efficiently, and in compliance with the FCA Rules.

11. YOUR OBLIGATIONS

- 11.1 Your Portfolio, which is established by this Agreement, is set up on the basis of the declaration made in your Application Form which includes the following statements in relation to your Subscription:
- (a) the fact as to whether or not you wish to seek SEIS and/or EIS Relief for the Investments;
 - (b) that you agree to notify the Manager if any Investment is made in any company with which you are connected within the meaning of Section 163 and Sections 166 to 177 of the Income Tax Act 2007;
 - (c) that you agree to notify the Manager if, within three years of the date of issue of an Investment in an investee company, you become connected with the investee company or receive value from that investee company; and
 - (d) that you will provide the Manager with your tax district, tax reference number and National Insurance number.
- 11.2 You hereby confirm that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.
- 11.3 You must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 11.1 above refers.
- 11.4 In addition, you must provide the Manager with any information which it reasonably requests for the purposes of managing your Portfolio pursuant to the terms of this Agreement.

12. DELEGATION AND ASSIGNMENT

The Manager (and the Administrator and the Nominee where reasonable and as may be agreed with the Manager and CHF Enterprises) may employ agents and sub-contractors, including associates, to perform any administrative, custodial or ancillary services to assist the Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Manager (or the Administrator or Nominee where appropriate) under the terms of this Agreement.

13. POTENTIAL CONFLICTS OF INTEREST AND DISCLOSURE

- 13.1 This Clause 13 list of potential conflicts of interest is not intended to be comprehensive.
- 13.2 The Manager and the Administrator may provide similar services or any other services whatsoever to any customer and neither the Manager nor the Administrator shall in any circumstance be required to account to you for any profits earned in connection therewith. So far as is deemed practicable by the Manager or the Administrator, the Manager or the Administrator will use their reasonable endeavours to ensure fair treatment as between the
- CHF Media Fund and such clients in compliance with the FCA Rules. However, they may provide Advisory activities for other clients, including, without limitation, other arrangements similar to the CHF Media Fund. The investment strategies employed for such other arrangements could conflict with the transactions and strategies employed in advising the CHF Media Fund in respect of its portfolio and may affect the prices and other instruments in the underlying investee companies.

- 13.3 The Manager is responsible for making investment decisions on behalf of the CHF Media Fund and has engaged CHF Enterprises as the introducer of investment opportunities. CHF Enterprises is liable to pay the fees of the Manager in respect of the services it provides under this Agreement and it is intended that other companies in CHF Enterprises' group will provide services to investee companies in which the CHF Media Fund invests, the details of such arrangements being set out on page 17 of the Information Memorandum. In addition, CHF may hold shares in the investee companies. Whilst this aligns the interests of CHF Enterprises' group with Investors, in some cases this may give rise to a conflict of interest. To mitigate the risk of a conflict arising between investee companies and CHF, each investee company will appoint an Independent Director who will make all material decisions where other directors have a conflict resulting from other roles they may hold within CHF.
- 13.4 The Manager and any Associate may, subject to FCA Rules, and without prior reference to you, recommend transactions in which they or CHF has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with its duty to you. Neither the Manager, nor any Associate, nor CHF Enterprises shall be liable to account to you for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions. For example, such potential conflicting interests or duties may arise because:
- (a) the Manager or any Associate or CHF Enterprises may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held for you;
 - (b) the Manager or any Associate or CHF may take an equity stake in a company whose securities are held for you at a price not below the issue price available to you. Additionally, CHF may hold an equity stake in a company whose securities are held for you which was issued to the relevant member or members of CHF at an issue price which is less than the issue price available to you where the equity stake, or the entitlement to it is acquired before shares are issued to you;
 - (c) the Manager or an Associate provides investment services for other customers;
 - (d) any of the Manager's directors or employees, or those of an Associate or CHF, is or may become a director of, holds or deals in securities of, or is otherwise interested in any investee company whose securities are held on your behalf;
 - (e) the transaction is in securities issued by an Associate of the Manager or the client of that Associate;
 - (f) the transaction is in relation to an Investment in respect of which the Manager (or their Associates) may benefit from a commission or fee payable otherwise than by you and/or the Manager or their Associate may also be remunerated by the counterparty to any such transaction;
 - (g) the Manager deals on your behalf with an Associate;
 - (h) the Manager may act as your agent in relation to a transaction in which it is also acting as agent for the account of other customers and Associates;
 - (i) the Manager may, in exceptional circumstances, deal in investments as principal in respect of a transaction for you;
 - (j) the Manager may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. The Manager or an Associate may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them; or
 - (k) the transaction is in the securities of an investee company for which the Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction.

14. LIABILITY

- 14.1 The Manager agrees that it will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to you under the FCA Rules.
- 14.2 The Manager shall not be liable to you for any direct or indirect loss, damage, costs, charges, expenses or other claims of whatsoever nature arising under, or in connection with, things done or omitted to be done by it pursuant to this Agreement, including (but not limited to) loss or damage incurred as a result of:

(a) HMRC not granting EIS Relief or SEIS Relief or withdrawing EIS Relief or SEIS Relief previously claimed in relation to investee companies or any adverse tax implications of any transactions arising in connection with the Manager's services under this Agreement;

(b) third party claims;

(c) any delay or change in market conditions before any transaction is effected on your behalf;

(d) for any losses, costs, expenses, damages and liabilities, you may suffer because of anything outside the Manager's reasonable control to prevent and the effect of which is beyond the Manager's reasonable control to avoid, including, but not limited to: the introduction of any change to any law; acts or regulations of any governmental or supranational bodies or authorities currency restrictions, devaluations and fluctuations; acts of terrorism; war; civil unrest; lock-out or strike, market conditions affecting the execution or settlement of transaction of the value of assets; faults and interruptions in executing trades or investments made on your account or, where applicable, processing investment instructions including failure or malfunction of any telecommunications or computer service or services; the failure of any relevant exchange or clearing houses; and strikes and industrial disputes not within our reasonable control;

(e) the solvency, acts or omissions of any third party we deal with on your behalf (other than an Associate of the Manager) including any broker, nominee company, Administrator, settlement agent, depository or other third party by whom or in whose control any of your investments (or documents of, or certificates evidencing, title thereto) may be held or through whom any transactions may be effected, or any other third party with whom the Manager deals or transacts business or who is appointed by the Manager in good faith on your behalf), unless the Manager has been grossly negligent in selecting or dealing with them for you;

(f) the Manager not investigating any instruction from you that it reasonably believes may be genuine which turns out not to be genuine;

(g) the Manager not following an instruction from you in accordance with this Agreement where the Manager reasonably believes that following such instruction would give rise to a breach of any Applicable Laws; and/or

(h) any error by you or your agents in sending any instructions to the Manager, or arising from you countermanding any outstanding instructions which has already given rise to binding rights or obligations.

- 14.3 The Manager shall not be liable to you for any losses arising from any investment decision made in accordance with the Investment Objective and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is finally judicially determined to have been solely caused by the gross negligence or wilful default or fraud of the Manager or any of its officers, employees or agents.
- 14.4 CHF Enterprises accepts responsibility for holdings of investee company shares in the name of the Nominee and for the acts and omissions of the Nominee, provided, however, that CHF Enterprises shall not be liable for any loss to you arising from any action it takes in accordance with this Agreement, except to the extent that such loss is directly due to the gross negligence or wilful default or fraud of CHF Enterprises or any of its officers, agents or employees.
- 14.5 Subject to Clauses 6.7 and 12, the Manager and the Administrator shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the CHF Media Fund, other than such party which is their Associate.
- 14.6 In the event of any failure, interruption or delay in the performance of the Manager's obligations resulting from acts, events or circumstances not reasonably within its control (including but not limited to acts or regulations of any governmental or supranational bodies or authorities) or breakdown, failure or malfunction of any telecommunications or computer service or systems, you acknowledge that the Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by you.
- 14.7 The Manager gives no representations or warranty as to the performance of the CHF Media Fund. Investments in investee companies are high risk, being non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. By entering into this Agreement you confirm that you have considered the suitability of the Investment Objective and Restrictions set out in Schedule 1 to this Agreement, have read and understood the Information Memorandum including, in particular, the risk warnings set out therein,

and have taken your own independent advice. Nothing in this Clause 14 shall exclude the liability of the Manager for its own fraud.

- 14.8 Neither the Manager, the Administrator nor CHF Enterprises will be liable to you for any consequent impact on the CHF Media Fund or any consequent damage or loss suffered or incurred by you in respect of the circumstances set out in this Clause 14.
- 14.9 Nothing in this Agreement will operate to exclude or limit any liability of the Manager, CHF Enterprises or the Administrator: (i) in respect of fraud on the Manager or CHF Enterprises or their part, or (ii) in respect of death or personal injury arising from the Manager, the Administrator or CHF Enterprises' gross negligence, or (iii) which otherwise cannot lawfully be omitted or excluded (including any duty or liability owed to you under the FCA Rules), or (iv) which is finally and judicially determined to have resulted from their wilful default or gross negligence.
- 14.10 The Manager's total liability under or in connection with this Agreement howsoever caused or arising is limited to the fees paid to the Manager by CHF Enterprises in accordance with Clause 9.
- 14.11 You hereby undertake to indemnify, and keep fully and effectively indemnified, the Manager, the Administrator and CHF Enterprises on demand from and against any and all liabilities, demands, actions, claims, proceedings, losses, damages, costs and expenses imposed upon, incurred by or asserted against either of them arising from or in connection with performance of our or their obligations under this Agreement or arising from breach by you of any of your obligations or duties or representations you may be deemed to have given under this Agreement and/or the Application Form, provided that you will not be required to so indemnify the Manager, CHF Enterprises or the Administrator (as the case may be) where such liabilities, demands, actions, claims, proceedings, losses, damages, costs and expenses are finally and judicially determined to have been caused by the fraud, wilful default or gross negligence of the Manager, CHF Enterprises or the Administrator (as the case may be).
- 14.12 You and your professional tax adviser remain responsible for the management of your affairs for tax purposes.
- 14.13 The Manager reserves the right to put such controls and limitations on any account opened on your behalf as it in its reasonable discretion deems fit in response to the requirements of any duly constituted authorities including without limitation:
- (a) the orders of courts binding on the Manager or duly recognised foreign courts;
 - (b) HMRC; and
 - (c) sanctions lists issued by HM Treasury and other similar bodies. For the avoidance of doubt this Clause 14.13 shall permit the Manager to freeze your account.

15. TERMINATION

- 15.1 The Manager will seek to realise Investments within a reasonable period after the applicable three year SEIS and EIS qualifying period but it is anticipated that realisations will only be achieved in respect of investee companies three to five years after their respective show has been broadcast or other concept has been launched. You acknowledge that there can be no guarantee as to the performance or value of Investments, or the achievability or timing of realisations. On termination of this Agreement, the Manager shall endeavour to procure that all remaining investee company shares in your Portfolio will be sold or transferred into your name or as you may otherwise direct. Any cash within your Portfolio will (net of fees and costs, including bank charges) be paid to you.
- 15.2 Unless you agree otherwise with the Manager, you are entitled to make withdrawals of investee company shares in your Portfolio at any time after the end of the period of seven years beginning with the date on which the shares in question were issued or withdrawals of investee company shares which have become listed on a recognised investment exchange or official listing in an EEA State in your Portfolio at any time after the period of five years beginning with the date on which the shares in question were issued.

You are entitled to withdraw any uninvested cash in your Portfolio at any time before it has been committed to an investee company and subject to giving 10 days' notice in writing to the Manager. The Manager will have a lien on all assets being withdrawn or distributed from the CHF Media Fund and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging an Investor's liability to the Manager.

This Agreement shall terminate upon the completion of the withdrawal from the CHF Media Fund of all investee company shares and cash which you are entitled to receive under this clause 15.2. The balance of any sale proceeds and control of any remaining investee company Investments will then be passed to you.

15.3 If:

(a) the Manager gives you not less than one month's written notice of its intention to terminate its role as Manager under this Agreement;

(b) the Manager ceases to be appropriately authorised by the FCA or becomes insolvent;

(c) the Manager is no longer able to categorise the CHF Media Fund as being a suitable investment for you; or

(d) the Manager has accepted your application to invest in the CHF Media Fund in reliance upon a continuing certification by an IFA, whose processes and systems have been approved by the Manager, that an investment in the CHF Media Fund is suitable for you and that IFA ceases to act for you or advises the Manager that an investment in the CHF Media Fund is no longer suitable for you the Manager shall use reasonable endeavour to make arrangements to transfer the Investments to another fund manager in which case that fund manager shall assume the role of the Manager under this Agreement (*mutatis mutandis*), failing which the Agreement shall terminate forthwith and, subject to Clause 16, the Investments held in your name shall be transferred into your name or as you may otherwise direct.

15.4 Subject always to the Manager's discretion to determine otherwise, there is no minimum fund size.

16. CONSEQUENCES OF TERMINATION

16.1 On termination of this Agreement pursuant to Clause 15, the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

16.2 Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that you will pay fees, expenses and costs properly incurred by the Manager and the Administrator up to and including the date of termination and payable under the terms of this Agreement.

16.3 On termination, the Manager may apply cash held for you, and may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay your outstanding liabilities, including fees, costs and expenses payable which are set out in Schedule 2 to this Agreement (if applicable).

16.4 On termination of this Agreement:

(a) the Investments (and any cash) will be transferred into your name (or into such other name as you may direct) and you will be liable to pay the cost of any such transfers;

(b) the Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously; and

(c) the Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay your outstanding liabilities, including fees, costs and expenses payable under this Agreement (where applicable).

16.5 Termination will not affect any accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that you will continue to be obliged to pay fees, expenses and costs properly incurred by the Manager, CHF Enterprises and/or the Administrator up to and including the date of termination, and payable under the terms of this Agreement.

17. CONFIDENTIAL INFORMATION AND DATA PROTECTION

- 17.1 None of the Manager, the Administrator or you shall disclose to third parties other than CHF Enterprises or its Associates or take into consideration information either:
- (a) the disclosure of which by it would be or might be a breach of duty or confidence to any other person; or
 - (b) which comes to the notice of an employee, officer or agent of the Manager or the Administrator or CHF Enterprises or of any Associate but properly does not come to the actual notice of that party providing services under this Agreement.
- 17.2 Each of the Manager, the Administrator and CHF Enterprises will at all times keep confidential all information acquired in consequence of the services, except for information which:
- (a) is in the public knowledge; or
 - (b) which they may be entitled or bound to disclose under compulsion of law; or
 - (c) is requested by regulatory agencies; or
 - (d) is given to their professional advisers where reasonably necessary for the performance of their professional services; or
 - (e) which is authorised to be disclosed by the relevant party, and shall use all reasonable endeavours to prevent any breach of this Clause
- 17.3 The Manager or the Administrator may verify your identity and assess your financial standing. In doing so, a credit or mutual reference agency may be consulted which will record a search.
- 17.4 All data which you provide to the Manager, the Nominee or the Administrator is held by that party subject to the Data Protection Act 1998. You hereby agree that the Manager, the Nominee, the Administrator and CHF Enterprises may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their services as set out in this Agreement and to the FCA and any regulatory authority which regulates them and in accordance with all other Applicable Laws.
- 17.5 In accordance with the Data Protection Act 1998, you are entitled, on payment of a fee, to a copy of the information the Manager and the Administrator hold about you. In the first instance, you should direct any such request to the Manager and the Administrator. You should inform the Manager and the Administrator if any information the Manager and the Administrator hold about you is inaccurate, so that the Manager and/or the Administrator may correct it.
- 17.6 You may not require the destruction or deletion of any record pertaining to you unless the Manager or the Administrator are required to destroy or delete such records by force of law or other regulatory requirement.
- 17.7 The Manager and where relevant the Administrator, will act as data controller (and in certain circumstances, data processor) within the meaning of the Data Protection Act 1998. You hereby consent to the storage, processing and use by the Manager, and where relevant the Administrator, and their respective agents (including CHF Enterprises) and Associates of personal data (as defined in the Data Protection Act 1998) given by you under this Agreement in connection with the provision of the services under this Agreement. You undertake to supply personal data to the Manager and the Administrator in accordance with the provisions of the Data Protection Act 1998.
- 17.8 Your personal data will be stored on a database, which is shared by the Manager, the Administrator and CHF Enterprises and their Associates. You agree that this personal data may be used by them and/or their Associates to send you details of new and existing products or other opportunities which may be considered of interest or relevance to you (including by e-mail) unless you notify them in writing that it may not be used in this way.
- 17.9 Please be advised that, by entering into this Agreement, you will be consenting to the transmittal of your data outside of the European Economic Area.

18. COMPLAINTS AND COMPENSATION

The Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from the Manager on request. Should you have a complaint, you should contact either the Manager or Administrator.

19. NOTICES, INSTRUCTIONS AND COMMUNICATIONS

- 19.1 Notices of instructions to the Manager, the Nominee or the Administrator should be in writing and signed by you, except as otherwise specifically indicated.
- 19.2 The Manager, the Nominee or the Administrator may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by you under the Application Form or subsequently notified by you from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.
- 19.3 All communications with you shall be sent (whether postal or electronic) to the latest address you have supplied in writing to the Manager or the Administrator and shall be deemed received by you on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by you shall be made in writing or (save as otherwise provided) by telephone to the Manager or the Administrator, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by you will be deemed received only if actually received by the Manager or the Administrator. None of the Manager or the Administrator will be liable for any delay or failure of delivery (for whatever reason) of any communication sent to you.

20. UNSOLICITED REAL TIME FINANCIAL PROMOTION

The Manager may communicate an unsolicited real time financial promotion (i.e. interactive communications such as a telephone call promoting an investment) to you.

21. AMENDMENTS

The Manager may amend this Agreement by giving you written notice with immediate effect if such amendment is necessary in order to comply with Applicable Laws including HMRC requirements, or in order to maintain the Tax Reliefs or in order to comply with the FCA rules. Any other proposed amendments will be notified to you, and if you fail or omit to give notice of your rejection of the proposed amendment within 30 days of the date of the amendment notice, this Agreement shall be deemed amended accordingly.

22. ENTIRE AGREEMENT

This Agreement, together with the Application Form and other documents mentioned in it, comprises the entire agreement of the Manager, the Nominee and the Administrator with you relating to the provision of the services described therein.

23. RIGHTS OF THIRD PARTIES

- 23.1 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.
- 23.2 Notwithstanding any provision of this Agreement, this Agreement (and any provision of it) may be rescinded, amended or varied without the consent of any third party and section 2(1) of the Contracts (Rights of Third Parties) Act 1999 will not apply.

24. SEVERABILITY

- 24.1 If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.
- 24.2 If any provision of this Agreement is so found to be invalid or unenforceable in accordance with Clause 24.1 but would be valid or enforceable if some part of the provision were deleted or the period, area or scope of application of the clause were reduced, the clause in question will apply with any modification(s) that may be necessary to make it valid and enforceable.
- 24.3 The parties agree, in the circumstances referred to in Clause 24.1, and if Clause 24.2 does not apply, to attempt to substitute for any invalid or unenforceable provision a valid and enforceable provision which achieves to the greatest extent possible the same effect as would have been achieved by the provision which is invalid or unenforceable. The obligations of the parties under any invalid or unenforceable provision of this Agreement will be suspended while the parties attempt to agree the substitution.

25. GOVERNING LAW

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

26. CANCELLATION

- 26.1 Following receipt of an Application Form, the Manager or Administrator will write to the Investor enclosing a form of cancellation notice. If the Investor wishes to exercise his right to cancel, the Investor must notify the Manager by delivering the duly completed form to the Manager at 134 Buckingham Palace Road, London SW1W 9SA within 14 days of the date of the letter from the Manager enclosing the cancellation notice.
- 26.2 If the Investor exercises his cancellation rights, the Manager shall arrange for the refund of any monies paid by the Investor, less any charges the Manager or its agents (or any entity appointed to hold cash) has already incurred for any services undertaken (or from any obligations to make payments) pursuant to the terms of this Investor's Agreement or paid out in respect of agreed Adviser Charges. The Manager is obliged to hold Investors' subscription monies until the Manager has satisfactorily completed their money laundering checks and the Investor will not be entitled to interest on such monies.
- 26.3 The right to cancel set out in this clause 26 is without prejudice to the right under clause 15.2 above to terminate this Investor's Agreement, which is a separate right.
- 26.4 The right to cancel under the FCA Rules does not give the Investor the right to cancel, terminate or reverse any particular investment transaction executed before such cancellation takes effect nor reverse any fees facilitated by the Fund to an Investor's IFA.
- 26.5 The Manager will comply with FCA conduct of business rule 11.2, as more particularly detailed in Schedule 3 to this Investor's Agreement. Investors should note that the provision by counterparties of guarantees of minimum contractual levels of return may be more important than price in obtaining the best possible execution result in the context of achieving the investment objectives set out in Schedule 1 to this Investor's Agreement.

SCHEDULE 1:

Investment Objective of the CHF Media Fund

1. To offer Investors the opportunity to invest in unquoted SEIS and EIS Qualifying Companies in accordance with the investment strategy set out on page 4 of the Information Memorandum.

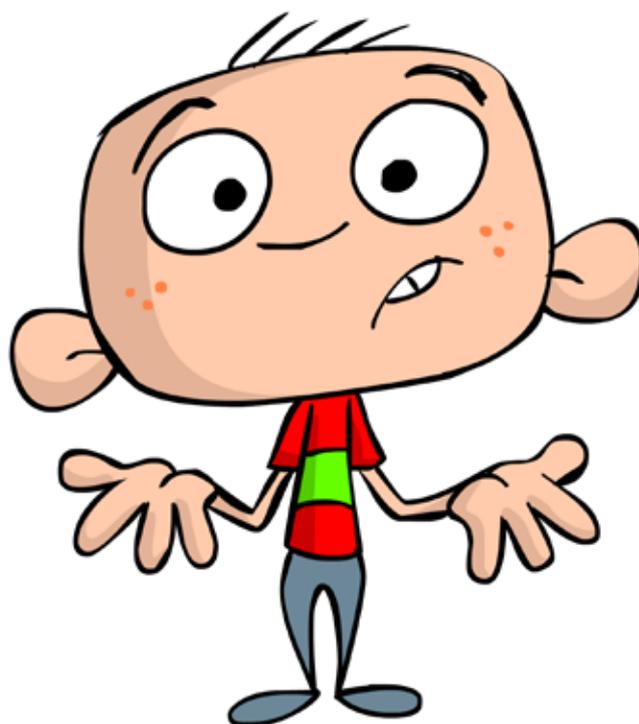
Investment Restrictions for the CHF Media Fund

2. In carrying out its duties hereunder in respect of the CHF Media Fund, regard shall be had, and all reasonable steps taken by the Manager, to comply with such policies or restrictions as are required in order to attract the Tax Reliefs as may be prescribed by HMRC from time to time.
3. In particular, but without prejudice to the generality of the above statements, the restrictions for the CHF Media Fund are as follows:
 - (a) all Subscriptions to the CHF Media Fund will be invested within 12 months of your Subscription being made. If insufficient appropriate Investments are made within 12 months of your Subscription being made, surplus cash held for you will be returned to you before the end of the 12 months; and
 - (b) each investee company in which Investments are made will, so far as the Manager is aware at the time of the Investment, be a SEIS or EIS Qualifying Company.
4. You, as an Investor, should be aware that the CHF Media Fund's Investments will include non-Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to deal in the Investments or to obtain reliable information about their value.
5. In the event of a gradual realisation of Investments prior to termination of this Agreement under Clause 15, the cash proceeds of realised Investments may be placed on deposit or invested in fixed interest government securities or other investments of a similar risk profile. Proceeds will be paid out on termination of this Agreement or in instalments in advance of termination, as determined by the Manager, subject to HMRC approval (if necessary).

SCHEDULE 2:

Fees and Expenses in respect of the CHF Media Fund

The fees and charges payable in connection with the CHF Media Fund are as set out in the section headed "Fees" on page 18 of the Information Memorandum.



SCHEDULE 3:

Execution policy for retail clients

The Manager has an obligation when executing orders on behalf of Investors to obtain the best possible outcome. The FCA requires various execution factors to be taken into account including price; cost; speed; market impact, likelihood of execution and settlement; size; or any other consideration relevant to the execution of the order. Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, the Manager may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result. The Manager will determine the relative importance of the execution factors by using its commercial judgment and experience in light of market information available and taking into account the execution criteria.

The execution criteria are defined as the characteristics of the client, order (orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some shares are more liquid than others, and illiquid shares will be less easily tradable in volume) and the execution venue.

The scope of activities undertaken by the Manager does not currently include placing orders with brokers or dealers. Should the Manager place orders with brokers or dealers for execution it will satisfy itself that the broker or dealer has arrangements in place to enable the Manager to comply with its best execution obligations to its clients. Specific arrangements will be put in place such that brokers will confirm that they will treat the Manager as a professional client and will therefore be obliged to provide best execution.

Special Purpose Vehicles (SPVs)

The Manager may establish special purpose vehicles as investments. The Investors will be issued shares in such SPVs. As shares in SPVs cannot be obtained from any other sources there is limited opportunity to apply some of the execution factors.

Monitoring and review

The Manager will review the effectiveness of its execution policy and order execution arrangements on an annual basis. Whenever a material change occurs that affects the Manager's ability to continue to obtain the best possible result for the Investors, the Manager will notify the Investors of any material changes to its execution arrangements or its execution policy by posting an updated version on its website.

Consent

The Manager is required to obtain your consent to this policy. This will be demonstrated by your submission of a completed Application Form to the Manager.



MEDIA FUND

CHF ENTERPRISES LIMITED

2 HURLE ROAD, CLIFTON, BRISTOL BS8 2SY, UK

MANCHESTER

LONDON

BRISTOL