

Station12

Sports, Entertainment and Knowledge Service



YOUR OPPORTUNITY TO INVEST IN ONE OF THE UK'S MOST SUCCESSFUL SECTORS

Summary of the Service

Service Structure	Discretionary Investment Management Service (Discretionary Portfolio) investing into SEIS and EIS qualifying companies
Sector Focus	Sports, Entertainment and Knowledge
Investment Manager	Station 12 Asset Management Limited
Allocation	Investors are given the choice to allocate into SEIS, EIS or a combination of both
Target Minimum Portfolio Size (Per Closing)	4-6 investee companies
Investment Period	Open Ended
Target Return	£2.50 (before Performance Fees) for every £1 invested gross of tax reliefs within 4 to 6 years
Minimum Subscription	£10,000, up to a max of £100,000 in SEIS and £2 million in EIS
Subscription Deadline	The Service operates rolling close dates as advised by the Investment Manager
Advance Assurance	Advance assurance will be required for Investee Companies
Target Timeframe for Full Investment	12 months from respective closing date

The UK is a leading Sports, Entertainment and Knowledge player and is the source of some of the most successful and powerful franchises and intellectual property in the world.

This sector is extensive and far reaching from content production and delivery, live events, enabling technologies, talent, eSports/gaming, knowledge and innovation through to advertising and marketing services.

The sectors are valuable and significant with the Top 100 Media and Entertainment companies in the UK having a combined revenue of £96.3 billion*, achieving an 11% increase from last year*. It is an international success story driven by overseas sales. The sports sector has also seen a period of unprecedented growth and diversification, largely driven by opportunities in broadcasting, eSports, branding and sponsorship**.

However, emerging businesses in these sectors have suffered from a lack of independent early stage capital.

Station12 is a specialist venture capital investor whose aim is to address this problem and to capitalise on those opportunities it creates in this potentially rich returns sector.

Station12 finds opportunities through its networks, use of market intelligence and a team deep in operational and investment experience. Using a tailored investment philosophy designed to deliver high growth returns, we are raising funds to take advantage of our proprietary pipeline. We invite you to become an investor in this vibrant and exciting sector.

* Deloitte Media Metrics 2017

** Law in Sport - December 2018: Private investment into sport - what governing bodies need to know.

The UK is home to many global Sports, Entertainment and Knowledge businesses

Television



Sports



Knowledge



Music



Talent



Marketing services



Live events



Immersive content



WE WILL BUILD A PORTFOLIO OF SPORTS, ENTERTAINMENT AND KNOWLEDGE COMPANIES

The Service will make investments into a combination of SEIS/EIS qualifying companies in the Sports, Entertainment and Knowledge sectors.

The Service will select SEIS opportunities which will be suitable for EIS follow on from the Service, thus providing comfort to the companies that follow on capital is available. In addition, the Service also expects to be able to make EIS investments independently, without having provided previous SEIS investment to such companies.

Station12 will source deal flow from a number of different channels, relying mainly on its unparalleled network and proprietary opportunities created internally through its venture building activities.

The Service will look to exit the investee companies typically between 4 to 6 years after investments have been made. The Service will only make investments into companies which have received SEIS/EIS advance assurance.

The Service will make investments in venture capital and qualifying venture building opportunities. These opportunities are fluid and change as the market evolves.

Areas of particular interest currently are:

- Content producers and distributors that are focusing on TV and digital platforms
- Companies focusing on live events, be it music, food or special interests
- Music, where consumers are showing that they are prepared to pay for access to music, where previously there was an expectation that access should be free
- Emerging platforms driven by new technology and innovation, such as VR, AR, eSports, drone racing, blockchain and AI enhanced intellectual property
- Business in Sports and eSports.

We look for companies that:

- Have a significant competitive advantage in the market
- Exploit opportunities driven by innovation in technology, regulation or consumer behaviour
- Have strong management/founding teams who know their market and are exceptional at executing
- Have products or services that customers are willing to pay for
- Do not require significant rounds of funding and have a clear strategy to grow profitability
- Exit because they are in a strong position, not because of an artificial exit timetable.

Venture building

Venture building is where the company has been founded by Station12 to capitalise on an identified opportunity in the market. Station12 will identify opportunities, build out the business plan, establish the company and bring in the management team. The Service will make investments into these off-market/proprietary opportunities. Station12 will have a shareholding as it is the founder of these businesses.

Venture capital

These are companies offered to the Service which were not originally founded by Station12. Generally, founders will develop their business to a certain stage and then require external capital to take it to its next stage of development. This is akin to the traditional venture capital model of investing.

Our track record is in venture investments. The Recent Patient Capital Review requires SEIS/EIS to be used for genuine trading propositions, as opposed to capital protected or structured funding which accesses the tax breaks for investors. This type of investing is very different from venture based investment, with many funds who previously operated such structures now seeking to operate as venture funds.

Illustrative portfolio construction

A blend of early to growth stage companies



Live Events

SEIS and EIS

Venture Build (VB1)



Football Venture

SEIS and EIS

Venture Build (VB2)



Immersive Content Studio

SEIS and EIS

Venture Capital (VC1)



Music Rights

EIS

Venture Capital (VC2)



Content Production and Distribution

EIS

Venture Capital (VC3)

For illustrative purposes only, the actual portfolio may differ substantially from the above.

WHO ARE STATION12?

Investment team



Patrick Bradley Founder & Managing Partner

30 years of experience in music, film, TV and investment. A lawyer by background, he has spent the majority of his career working operationally in the sector, then subsequently as an advisor and investor. He has managed investments across the sector, including in music publishing, TV production, TV distribution, live events, computer games and marketing services.



Kelvin Reader Principal

8 years of investment experience in venture capital and venture building, investing across multiple stages of development, and utilising different models of financing and structuring. His focus is the implementation and management of investments. Qualified as a Chartered Accountant at PwC.



Fabio La Franca Investment Director

Over 12 years experience in corporate finance and investment management. Horizon2020 Expert at the European Commission. Tech London Advocate. Previously at Creative England, Viacom and an ACA at PwC.



Charlotte Williams Business Development

Prior to Station 12, Charlotte was part of the Distribution Team of one of the UK's largest EIS providers.

Advisory board

Lord Chadlington Chairman

Lord Chadlington is a serial entrepreneur in public relations, integrated healthcare and corporate crisis management.

Dame Heather Rabbatts Advisor

Former board member of the Football Association and also previously on the Board of BBC and Channel 4.

Jeremy Moczarski Advisor

Previously COO of financial services group Collins Stewart Hawkpoint plc.

Shirish Patel Advisor

30 years of experience in Telcoms, Media and Technology advisory as a TMT partner at Deloitte.

Guy Bowles Advisor

30 years of experience as a professional investor in the wealth management industry.

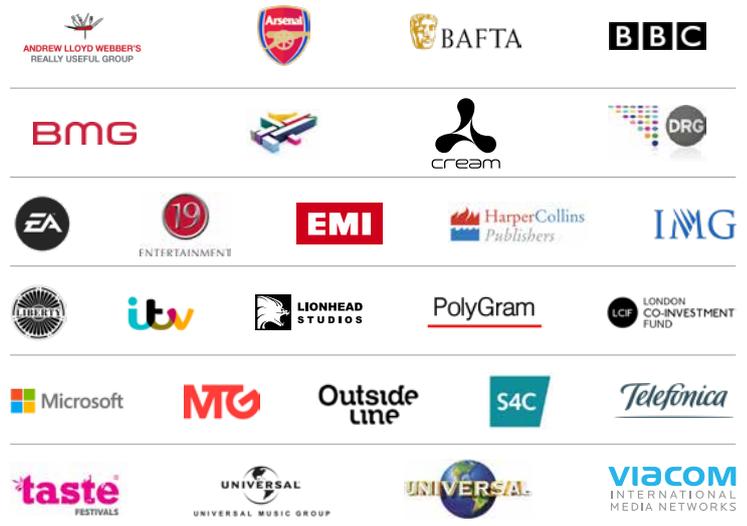
Joe Calabrese Advisor

Joe is a partner at Latham Watkins in Los Angeles. He was formerly at O'Melveny Myers and Chair of the Southern California Transaction Practice, as well as Chair of O'Melveny's Entertainment, Sports and Media Practice.

Benefits of a specialist

- We have proprietary access to, and a deep understanding of, the Sports, Entertainment and Knowledge sector together with a strong investment track record
- We have a wide range of deal origination sources from founders, talent, studios, producers, family offices, high net worth individuals, advisors, academics, journalists and senior executives of global companies
- We act as a trusted entry point to an opaque sector
- Our sector-specific expertise and hands on approach allows us to attract higher quality and proprietary deal flow, with off market opportunities sourced through our own network. This will enable us to win deals with the best entrepreneurs and creative talent
- Our operational knowledge and sector specialism helps us to gauge what our companies should be achieving and by when. This knowledge helps them to drive their business forward more efficiently. We are able to anticipate their problems and advise on strategies to work around them, making us preferred partners.

Team's sector experience



Case study



DRG was a venture building opportunity. Following changes to the terms of trade between TV producers and broadcasters, producers were able to retain the international rights in their programming, as opposed to the broadcaster acquiring all rights on commissioning of such programming.

This created a market opportunity to create a new international distribution business. The business was built from seed, locating a chief executive and initial sales team. Ultimately the business was brought to scale by acquiring existing distribution businesses (such as Channel 4's distribution business), accessing merger efficiencies and rebranding the group DRG. The group was subsequently acquired by Modern Times Group, the Scandinavian broadcaster.

Risks

Investment in the Service involves a high degree of risk. The level of returns and the availability and timing of relief for investors may be impacted by:

- Returns generated by the Service's investee companies from their involvement in trade in the Sports, Entertainment and Knowledge sectors
- The investor's tax position and changes to legislation
- The availability of investment opportunities for the Service and the SEIS/EIS qualifying status of investments made by the Service
- Tax rules, levels and regulations being subject to change and the availability of tax reliefs depending upon individual circumstances
- Ability to deploy the Service into suitable opportunities
- Ability to realise the investment in the Investee Companies or to obtain reliable information as to their value, as there may not be a ready market for them.

Past performance is not a guide to future performance and may not be repeated. The value of an investment in the Service can go down as well as up and you may not get back the full amount invested. You should consider an investment in the Service as a long term investment. Investments made by the Service are likely to be illiquid. Investors are advised to seek relevant legal, financial and tax advice before making any decisions to invest. This document highlights some of the main risk factors only and must be read in conjunction with the Information Memorandum. Full details of the risk factors and associated mitigation techniques can be found in the 'Risk Factors' section of the Information Memorandum.

Investors eligible to participate

Existing clients of a financial adviser regulated by the Financial Conduct Authority; Persons who meet the criteria for being a Professional Client; Persons who qualify as certified high net worth individuals in accordance with COBS 4.7.7(a); Persons who qualify as certified sophisticated investors in accordance with COBS 4.7.7(b); Persons who qualify as self-certified sophisticated investors in accordance with COBS 4.7.7(c); or Certified restricted investors in terms of COBS 4.7.10. By applying for an investment in the Service, the applicant represents and warrants to the Investment Manager that he/she is a person who falls within the above description of persons in respect of whom the Investment Manager has approved it as a financial promotion. This Information Memorandum is not to be disclosed to any other person or used for any other purpose. Any other person who receives this Information Memorandum should not rely on it. An investment in the Service may not be suitable for all recipients of this Information Memorandum. Investments in SEIS and EIS should be viewed as high risk. Your capital is at risk. A prospective investor should consider carefully whether such an investment is suitable for him/her in light of his personal circumstances and the financial resources available to him/her.

Important information

This Document is a Supplement to the information memorandum ("**Information Memorandum**") for the Station12 Sports, Entertainment and Knowledge Service (the "**Service**") which contains defined terms referred to herein. The information in this document does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any participation in the Service. Any decision in connection with an investment in the Service should be made only on the basis of information contained in the Information Memorandum. If you are in any doubt about the content of the Information Memorandum, and/or this document and/or any action you should take, you are strongly recommended to seek advice immediately from a financial adviser authorised under the Financial Services and Markets Act 2000 ("**FMSA**") who specialises in advising on opportunities of this type. Nothing in this Document or the Information Memorandum constitutes investment, tax, legal or other advice by Station 12 Limited and Station 12 Asset Management Limited (a wholly owned subsidiary of Station 12 Limited) and your attention is drawn to the section headed "Risk Factors" in the Information Memorandum. An investment in the Service will not be suitable for all recipients of this Document or the Information Memorandum.

All statements of opinion or belief contained in this Document or the Information Memorandum and all views expressed, statements made and all projections and forecasts regarding future events or anticipated future performance of the Service represent Station 12 Asset Management Limited and Station 12 Limited own assessment and interpretation of information available to them as at the date of this Document. No representation is made, or assurance given, that such views, statements, projections, forecasts or anticipated future performance are correct, or that the objectives of the Service will be achieved. The views, statements, projections, forecasts and anticipated future performance are based upon various assumptions and estimates which involve significant elements of subjective judgment and analysis and which are subject to uncertainties and contingencies; actual results could differ materially from those set forth in such projections, views, statements, forecasts and anticipated future performance. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views or forecasts, and no responsibility is accepted by either Station 12 Asset Management Limited or Station 12 Limited in respect thereof.

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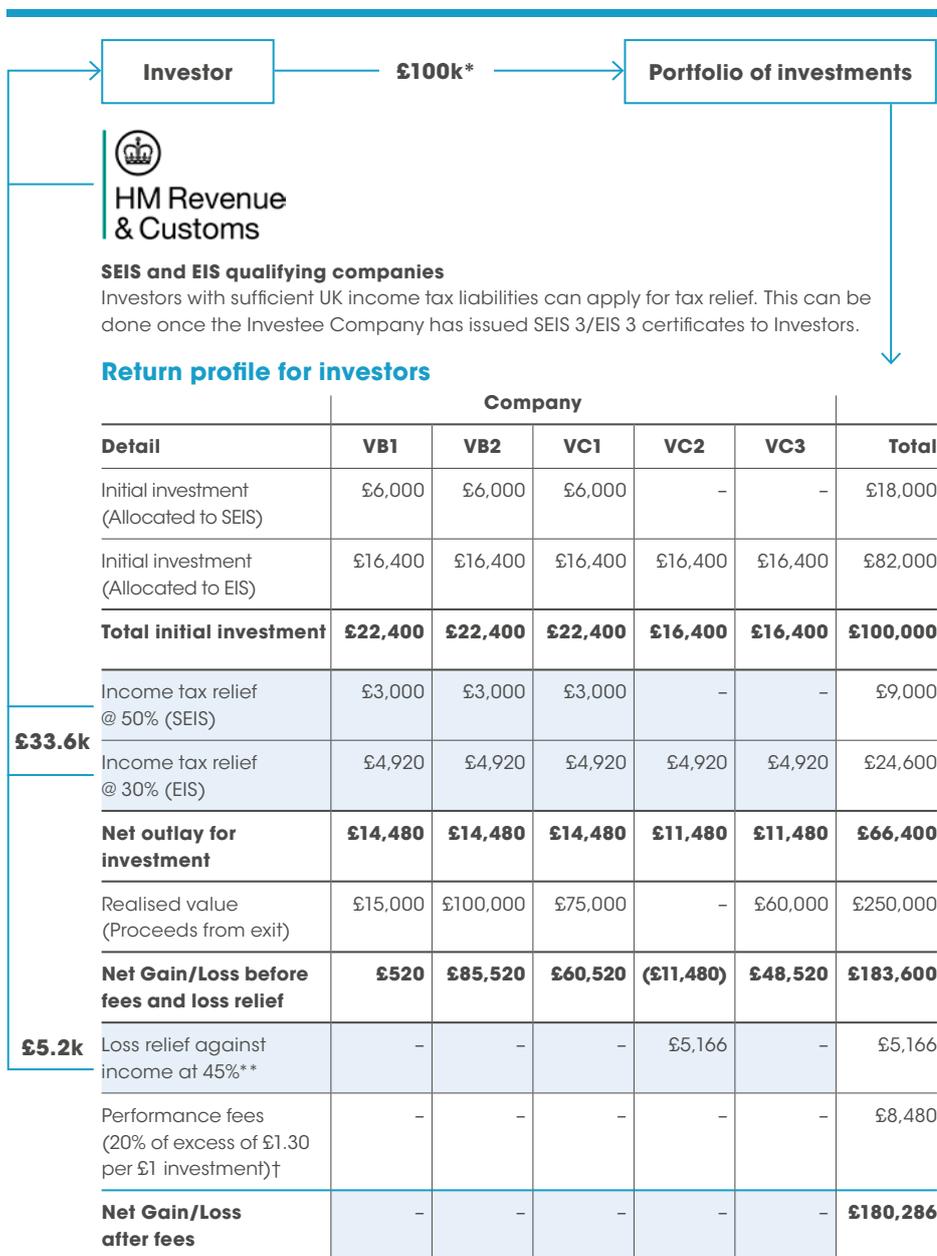
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Information

Request download of the Information Memorandum from our website

www.station12.co/investors

WITH THE BENEFITS OF SEIS/EIS INVESTMENT, ILLUSTRATED BELOW



*Net of Transaction Fee

**Assuming a 45% income tax payer

† No Performance Fee applies to Venture Builds

VB: Venture Build

VC: Venture Capital

The figures in the chart are examples only and are for illustrative purposes. They are not, and should not be construed as, forecasts or projections of the likely performance of the investment described in this document.

Investor return summary

Detail	Without SEIS/EIS	With SEIS/EIS
Net invested	£100,000	£66,400
Profit	£141,520	£180,286
Returned***	£241,520	£246,686
Net multiple	2.4x	3.7x

*** This is after all fees. The capital gain on this investment will be tax free.

This example shows an approximate 3.7x return on net investment, providing the Investor has full SEIS/EIS cover. The return multiple is purely illustrative and is no indication of future performance of the Service. The charts above are for illustrative purposes only.

FEES AND REIMBURSEMENT OF COSTS AND EXPENSES

Fees charged to investors

Transaction fee an up front fee of 2% of the amount invested in the Service from the Investor on a one-off basis.

Performance fee charged as follows:

- On a Service basis (ignoring tax reliefs) a performance fee of 20% of all returns to an investor (including dividends and other distributions) above 130p per 100p invested. All profits from Venture Building deals, where Station12 has more than 10% equity in an Investee Company post investment by the Service, will not be included in the Performance Fee calculation.

The reasonable third party expenses incurred in and the reasonable costs of, managing, providing services to and administering the Service and the Investee Company by the Service Manager and/or any affiliated company may be charged to the Investee Company (as appropriate). This will be limited to 0.15% (per annum) of total cumulative capital invested into each Investee Company.

Fees charged to Investee Company

Annual Monitoring Fee for the first 4 years comprising the higher of:

- 2% of the total cumulative amount invested in each Investee Company by the Service; or
- £10,000.

After the first 4 years comprising the higher of:

- 1% of the total cumulative amount invested in each Investee Company by the Service; or
- £7,500.