

Station12

Authorised and regulated by the Financial Conduct Authority



**Sports, Entertainment and Knowledge Service
SEIS/EIS**

Summer 2019

FOR PROFESSIONAL ADVISERS ONLY

Important information

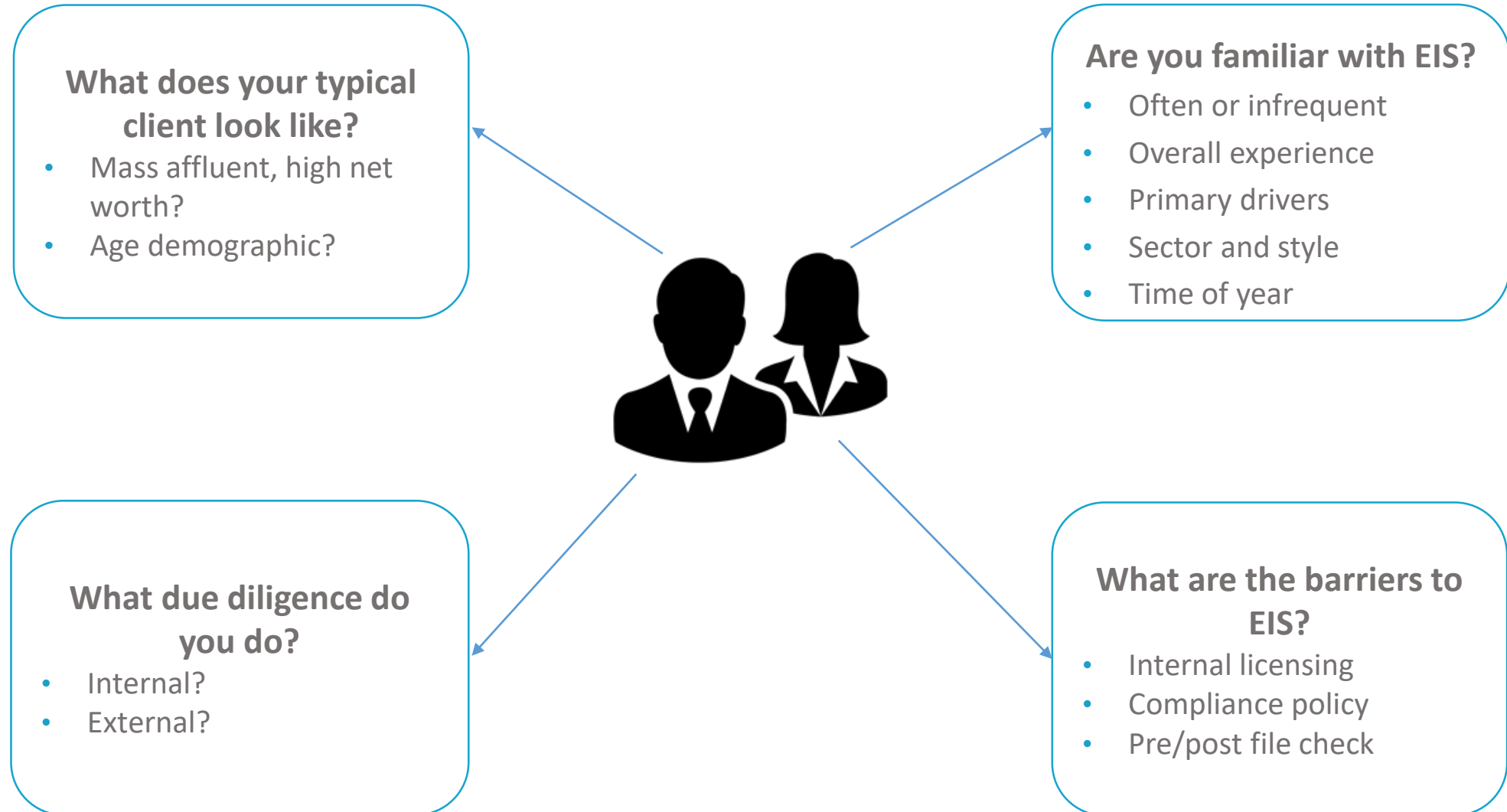
FOR PROFESSIONAL ADVISERS ONLY

- Not for retail clients, potential investors or their agents
- Nothing in this presentation, the Brochure or Information Memorandum constitutes as tax, investment, legal or any other advice by Station12
- The information in this presentation is for illustrative purposes only and does not constitute or form part of the offer for sale or solicitation of any offer to buy or subscribe for the Service or any securities
- 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

Risk factors

- Some of the principal risks are outlined below and are also set out in greater detail in the 'Risk Factors' section of the Information Memorandum
- Any changes to the bases of taxation, tax reliefs, rates of tax or an investor's tax position may affect the return an investor receives
- If an Investee Company ceases to carry on a Qualifying Trade during the Relevant Period, its EIS qualifying status will be adversely affected
- Any investment involves a high degree of risk and investors are strongly advised to see appropriate legal, financial and tax advice before making any decision to invest
- Investors should consider an investment in the Service as a long term investment and likely to be illiquid due to the nature of the investment

About you, the adviser



OUR ACTIVITIES



Venture
Capital



Venture
Building



Corporate
Finance

OUR SECTORS



Sport



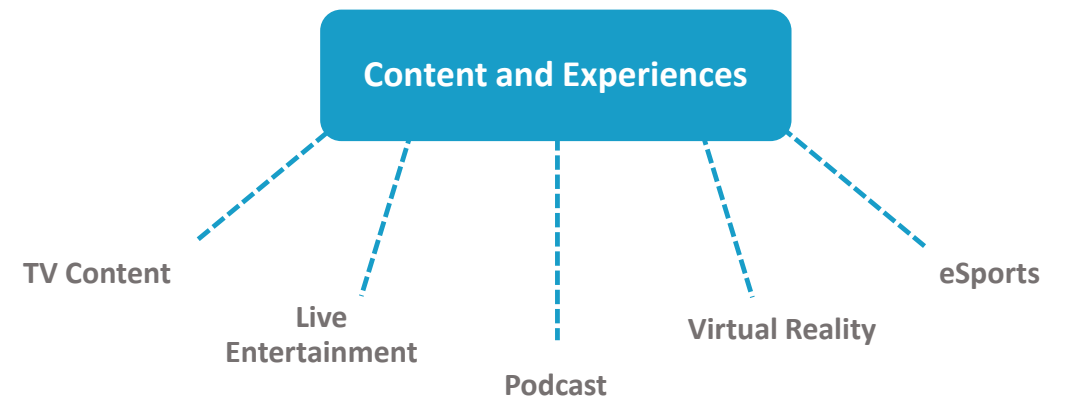
Entertainment



Knowledge

50

Combined years of
investor and operational experience





Patrick Bradley (LLb) (Lond) BCL (Oxon)
Managing Partner

30 years of Media and Entertainment 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 and distribution, live events, computer games and marketing services



Fabio La Franca (FCA, MBA)
Investment Director

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



Kelvin Reader (CA SA)
Principal

9 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



Charlotte Williams
Business Development

3 years experience and focus on capital raising for SEIS and EIS services through the intermediated market. Prior to Station12, Charlotte was part of the Distribution Team for 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 crises 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

One of Hollywood's leading Entertainment lawyers. Head of Global Entertainment at Latham & Watkins

How are we different?

- Post Patient Capital Review, enacted into law on 6 April 2018, has considerably changed EIS and SEIS landscape
 - Station12 has always focused on **growth rather than 'capital preservation'** and **has not had to pivot its investment strategy to fit the new EIS/SEIS rules**
- As a **specialist venture capital investor**, we aim to invest in emerging businesses within our sectors who lack independent, early stage capital
- **Extensive market knowledge** and considered a trusted access point to an opaque sector
- Being experienced sector specialists makes us a **desired partner for founders**
 - Specialists generally outperform generalist (as per Cambridge Associates) through sourcing, portfolio selection, exiting investments
- **Value add** –operational, investors and advisors allowing to anticipate issues and advise on strategies better
- Access to **proprietary network**
- **Source own opportunities** rather than relying solely on being approached for investment
- Core team worked together for number of years and have a **strong track record**

SEIS/EIS



Next subscription deadline
- September 2019



Allocate into a minimum
of 4 companies



Blend of early stage
and growth



Allotment done in the
19/20 tax year



Average investment of
£500k for EIS

2.5x

Target return (pre-
performance fee)

4-6 years

Target timeline for
exit



Tax Efficient Review – Complete
MICAP – Green Tick
Allenbridge – In Progress

Why our target sectors?



UK is a market leader

Source of successful and powerful franchises e.g. Harry Potter, Premier League Football, Adele etc.



Resilient customer demand

Average adult spends over 9hrs a day consuming some form of media¹ - only set to increase



Significant opportunities to grow

Changing market dynamics present new opportunities for businesses to take advantage in this sector



Fan-centric businesses

An engaged and committed audience are likely to spend more. Audiences can then develop to be higher-value and loyal fans/customers



Uncorrelated to general market

Continued participation in these sectors, even when there is wider financial difficulty

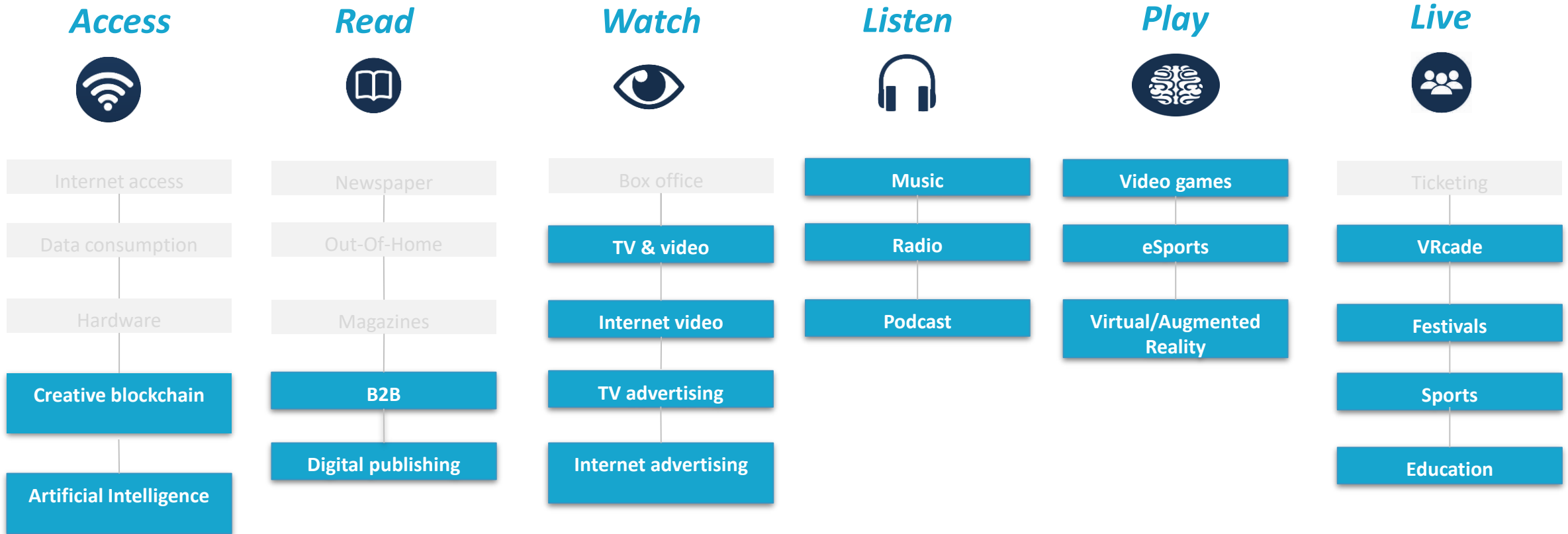


Capture underinvested opportunities

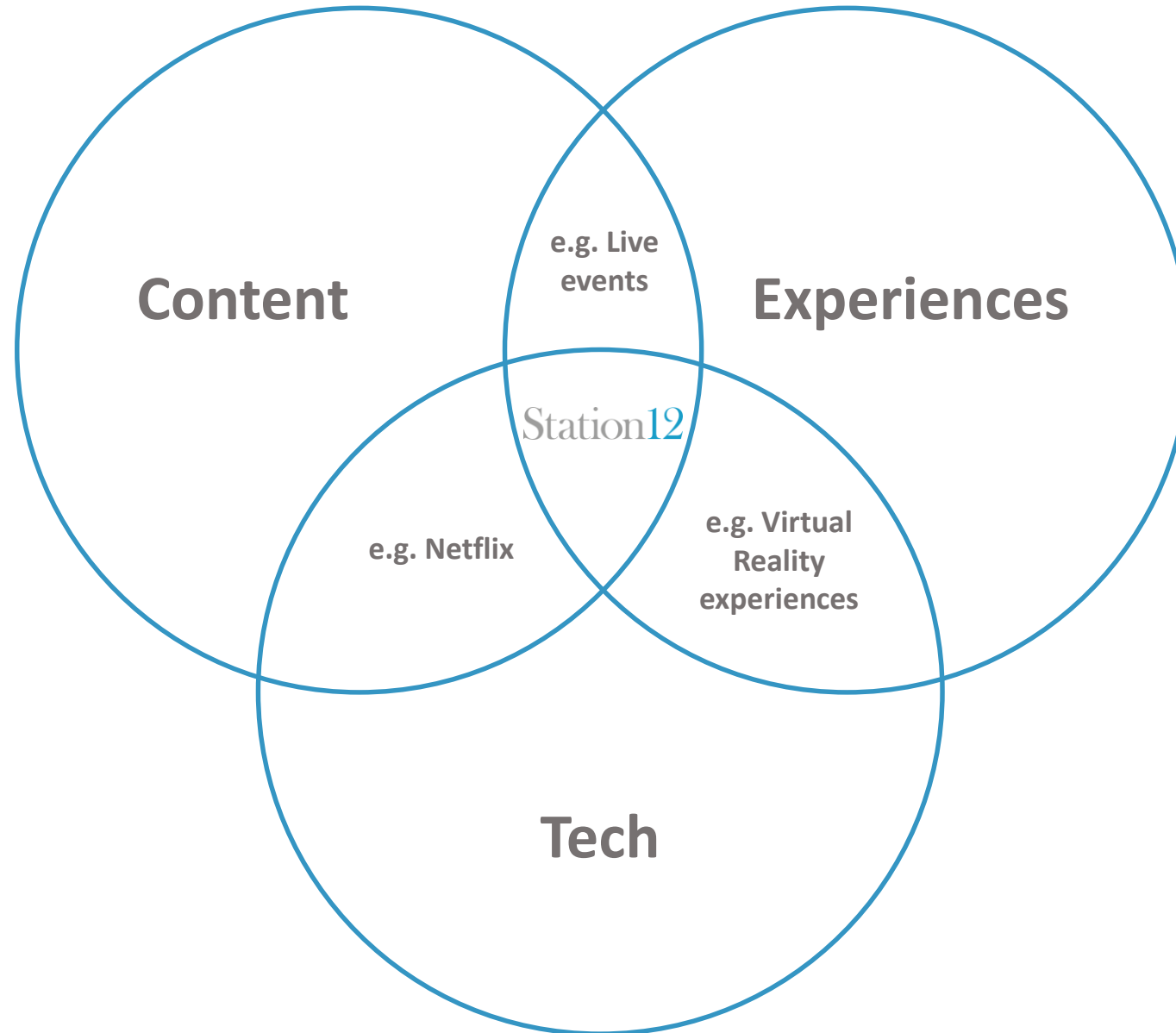
Primary focus for independent investors has been on technological delivery of media rather than media content and services. This is where Station12's focus lies

¹ Deloitte Media Metrics 2017

Our focus areas by cognitive consumption



Where we operate



Track record in venture capital



TV Format Producer (Sold to CKX)

Producer of entertainment properties for TV with a focus on Music. Creator of Pop Idol and the American Idol format



TV Content Distributor (Sold to Modern Times Group)

Distributes TV content rights and programmes internationally and independently of the major broadcasters



Video Game Developer (Sold to Microsoft)

Well known for releasing the popular Fable, an action role-playing open world video game

Outside line

Digital Marketing (Sold to Private investor)

Specialises in the consumer entertainment and lifestyle sectors providing expertise in new digital marketing disciplines



TV Content Distributor (Sold to DRG)

Operates as a distributor of programs and formats, in factual and light entertainment, reality, lifestyle, documentaries and current affairs



Music Publisher (Sold to BMG Rights)

Independent music publishing company which acquires and exploits existing music catalogues



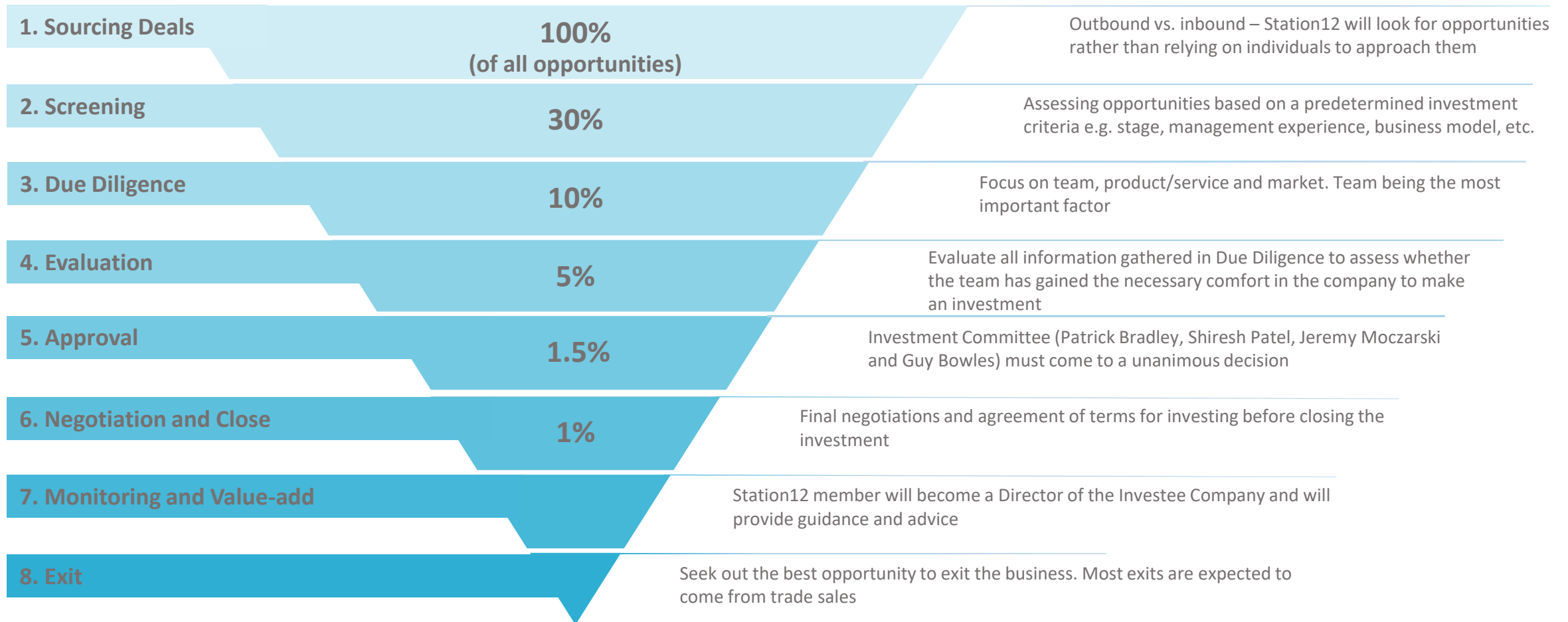
Live Events Company (Sold to Live Nation)

Live events company based around the Cream dance brand. Its main activities are festivals in the UK and licensed shows overseas

1.8x

return on invested capital

Rigorous risk management: Investment process



Monitoring and value add



Financial performance

- Professionalise financial and operational reporting



Strategy

- Refine strategy upfront and evolve it as the business develops



Recruitment

- Identify skill gaps
- Draft job specifications
- Assess potential candidates



Corporate development

- Evaluate potential strategic partnerships



Fundraising

- Provide follow on funding
- Access to VC network



Setting budgets



Mergers & Acquisitions

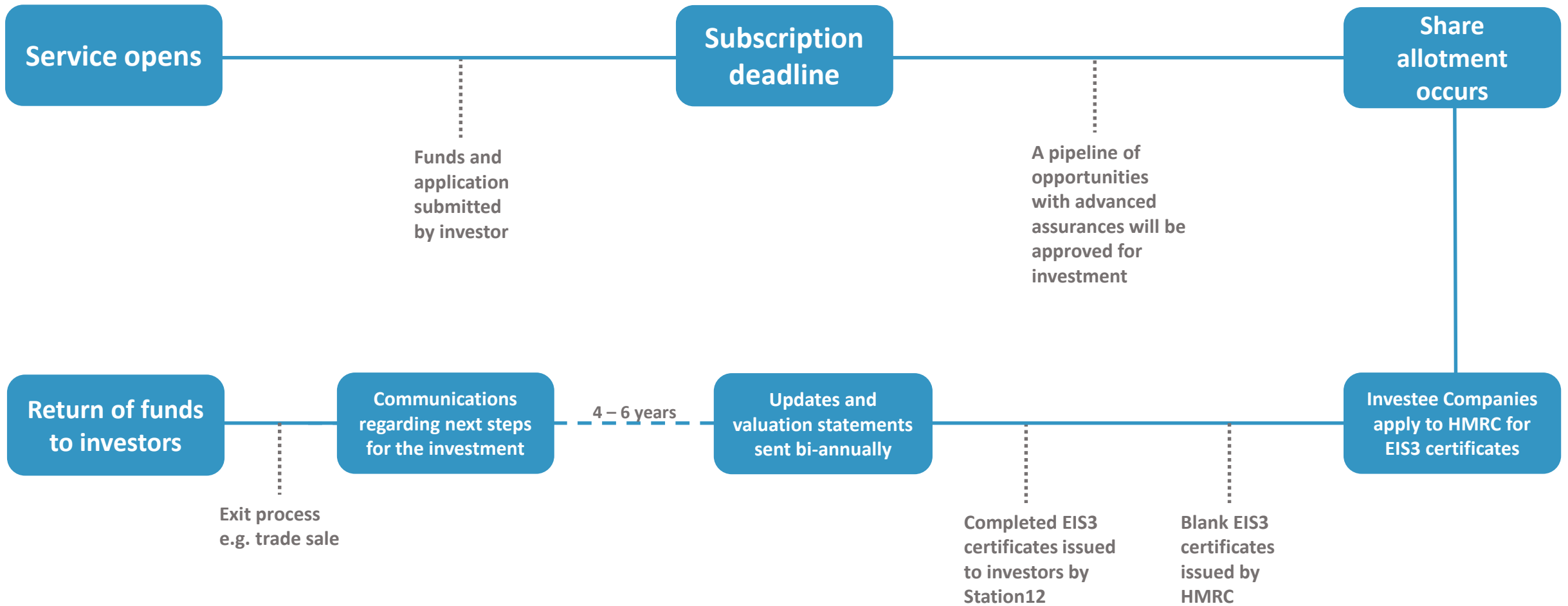
- Evaluate opportunities
- Structure deals
- Valuations



Setting KPIs

- Focus on the most important operating and financial key performance indicators

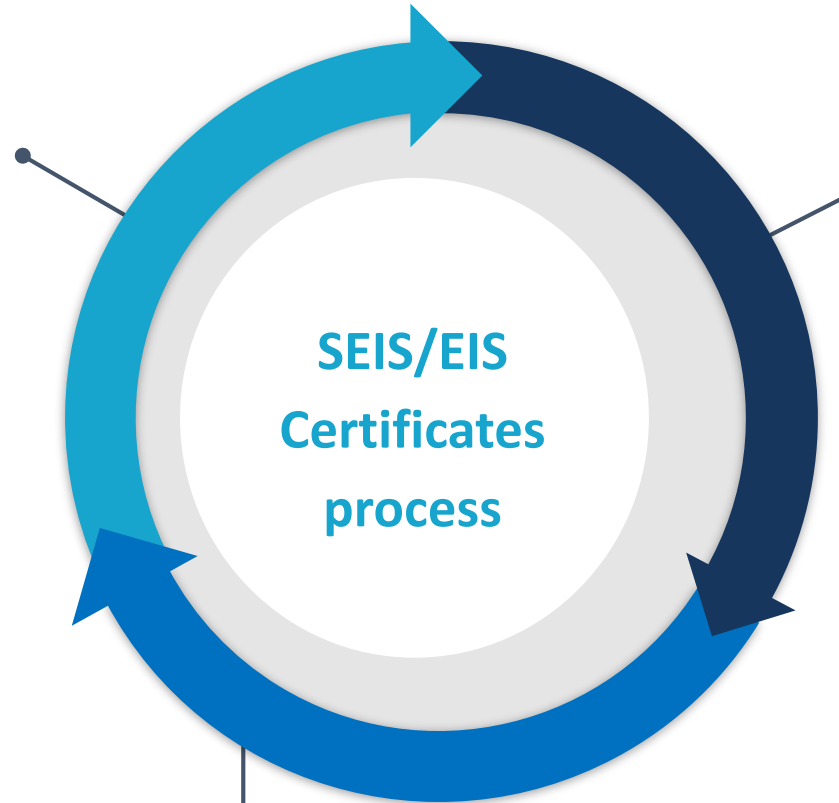
Investment lifecycle



EIS3 certificates: The process

SEIS3/EIS3 certificates issued to investors

Station12 will then complete the blank certificates and send out to investors. Investors will use these certificates to claim their tax relief(s)



Preparation of the SEIS1/EIS1 forms

Station 12 will send an application to HMRC on behalf of the Investee Companies requesting the issuance of EIS3 certificates

HMRC approval

Once HMRC has approved the SEIS1/EIS1's, they will issue blank SEIS3/EIS3s to Station12

This process has recently been digitised so is far more efficient than before. The approval process for our last two Investee Companies only took **two weeks** to complete.

Investors should allow at least **eight weeks** for this process to occur, allowing time for possible unforeseen delays.

1 Welcome Letter

Upon receipt of a completed application form and funds, investors and advisers will receive a letter of thanks and an investment acknowledgement

2 Allocation Statements

Both investors and advisers will receive a statement detailing each allotment into the underlying investee companies

3 Trading Updates

Investors and advisers will receive updates on the trading activity in respect of each of the underlying investee companies

4 Half-Yearly Valuation Statements

Station12 commits to providing both investors and advisers with full valuation statements every six months, alongside the relevant trading update

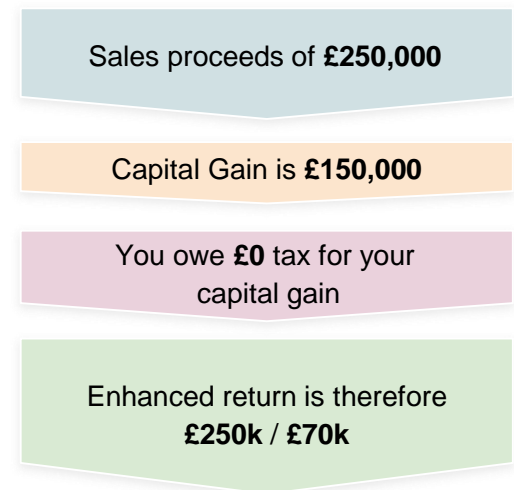
5 Maturity Communications

After 4-6 years, investors and advisers will receive a letter outlining the next steps for their investment

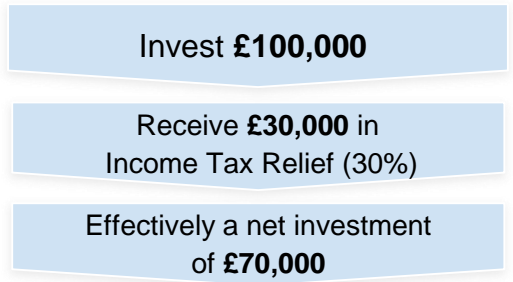
Where possible, Station12 will endeavour to send communications to advisers **3 working days** ahead of their clients

EIS: Example illustrated returns

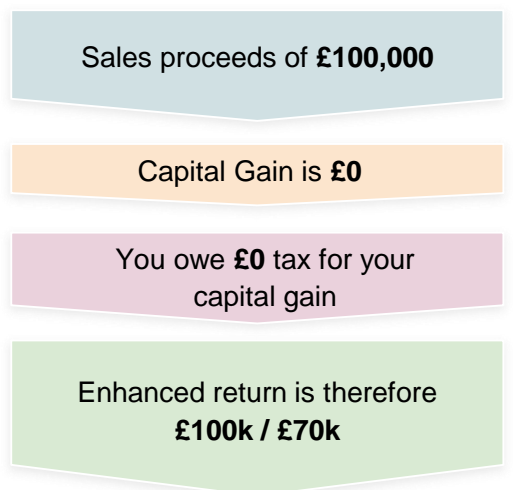
COMPANY YOU'VE INVESTED IN
INCREASE IN VALUE BY 2.5x



3.6x

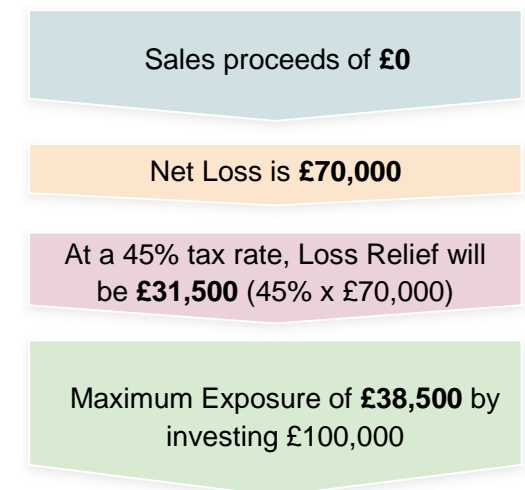


COMPANY MAINTAINS
SAME VALUE



1.4x

COMPANY
GOES BUST



38.5p to £1

SEIS: Example illustrated returns

COMPANY YOU'VE INVESTED IN
INCREASE IN VALUE BY 2.5x

Sales proceeds of **£250,000**

Capital Gain is **£150,000**

You owe **£0** tax for your capital gain

Enhanced return is therefore **£250k / £50k**

5x

Invest **£100,000**

Receive **£50,000** in Income Tax Relief (50%)

Effectively a net investment of **£50,000**

COMPANY MAINTAINS
SAME VALUE

Sales proceeds of **£100,000**

Capital Gain is **£0**

You owe **£0** tax for your capital gain

Enhanced return is therefore **£100k / £50k**

2x

COMPANY
GOES BUST

Sales proceeds of **£0**

Net Loss is **£50,000**

At a 45% tax rate, Loss Relief will be **£22,500** (45% x £50,000)

Maximum Exposure of **£27,500** by investing £100,000

27.5p to £1

Fees (ex VAT)

Investors

Upfront fee	<ul style="list-style-type: none"> • 2% of subscription amount • One-off basis
Performance fee	<ul style="list-style-type: none"> • On a fund basis • 20% on all returns to investor above £1.30 per £1 invested

98p per £1

Available for tax relief

Investee company

Annual monitoring fee	<p>First 4 years (higher of)</p> <ul style="list-style-type: none"> • 2% of the total cumulative amount invested in each Investee Company by the Fund, or • £10k <p>After 4 years (higher of)</p> <ul style="list-style-type: none"> • 1% of the total cumulative amount invested in each Investee Company by the Fund, or • £7.5k
Annual admin fee	<ul style="list-style-type: none"> • 0.15% of total cumulative amount invested

Summary: The investment opportunity

Key Terms	Comments
Target Sector	Sports, Entertainment and Knowledge
Target Country	Predominantly UK, although not limited to
Target Raise	£10m
Minimum Investment Amount	£10,000
Target Return	2.5x per £1 invested (net of fees)
Investment Horizon	4-6 years (after allotment)
Advance Assurance	Pipeline companies have either received or are awaiting to receive advance assurance
EIS3 Certificates	Investors should allow at least eight weeks for HMRC to issue certificates

Next steps

- Do you have any outstanding questions?
- What are your thoughts on Station12's SEK Service?
- Do you have any clients in mind and would it be beneficial for us to meet them?
- How can Station12 support you and your clients going forward?