

Station12

# Sports, Entertainment and Knowledge Service

Blended SEIS/EIS Service  
Information Memorandum





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# IMPORTANT INFORMATION

## **THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

### **Investing in the Station12 Sports, Entertainment and Knowledge Service puts your capital at risk. You may lose some or all of your investment.**

This information memorandum ("Information Memorandum or IM") constitutes a financial promotion pursuant to section 21 of the Financial Services and Markets Act 2000 ("FSMA") and is issued by Station 12 Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority (FRN 779914). Station 12 Asset Management Limited (the "Investment Manager") is registered in England and Wales. Registered No: 10596368. Registered Address: 5 Jardine House, Harrobian Business Village, Bessborough Road, Harrow, Middlesex, UK, HA1 3EX.

This Information Memorandum is issued for the purpose of seeking applications to the Station12 Sports, Entertainment and Knowledge Service ("the Service"). Prospective investors should not regard this Information Memorandum as constituting advice relating to financial, legal, taxation, investment or any other matters. All potential investors should seek specialist tax and financial advice from a financial adviser authorised under FSMA to advise on such investments before subscribing to the Service.

The Service is an unapproved SEIS/EIS Service which will comprise of managed portfolios of shares in a selection of SEIS and EIS qualifying companies and un-invested cash. Each Investor, for legal and tax purposes, is the beneficial owner of a specific number of shares in each Investee Company. All shares and cash will be managed on a collective basis in accordance with the investment objectives and restrictions set out in Schedule 3 of the Investor Agreement. It is the responsibility of the Investor, and their adviser where appropriate, to ensure that this opportunity is a suitable investment in light of the contents of this Information Memorandum and their individual circumstances. For the purposes of the Alternative Investment Fund Managers Directive, the Service is an Alternative Investment Fund ("AIF"). The Investment Manager is a Small Authorised UK AIFM (Sub-threshold).

Applications may only be made, and will only be accepted, subject to the terms and conditions of this Information Memorandum. The Investment Manager has taken all reasonable care to ensure that all the facts stated in this Information Memorandum are true and accurate in all material respects and that there are no other material facts or opinions which have been omitted, the omission of which would make any part of this Information Memorandum materially misleading.

All information and illustrations in this document are stated as at the date of this document. All statements of opinion or belief contained in this Information Memorandum and all views expressed and statements made represent the Investment Manager's own assessment and interpretation of information available to it as at the date of this Information Memorandum unless stated otherwise.

No representation is made or assurance given as to the accuracy, completeness, achievability or reasonableness of any views, statements, illustrations or forecasts or that the objectives of the Service will be achieved. Prospective investors are strongly advised to conduct their own due diligence including, without limitation, into the legal and tax consequences of them investing in the Service and must determine for themselves what reliance (if any) they should place on such views, statements, illustrations or forecasts. No responsibility or liability (whether for direct, indirect, consequential or other loss) is accepted by the Investment Manager, its subsidiaries, associates or related companies or any of their members, officers, employees or agents in respect thereof. This does not limit any liability we may have to you under the regulatory system. Prospective Investors' attention is drawn to the section entitled Risk Factors.

The information contained in this Information Memorandum makes reference to the current laws concerning SEIS and EIS relief, IHT relief, capital gains tax deferral/cancellation and various tax reliefs. The levels and basis of relief may be subject to change and are not guaranteed. The tax reliefs referred to in this Information Memorandum are those currently available and their value depends on individual circumstances.

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The Service will invest in small unquoted companies. Such companies by nature pose a greater investment risk than other companies. There is no market in unquoted companies' shares, which means that the investments within the Service will not be readily realisable. Even after the three-year SEIS and EIS qualifying period, the realisation of such Investee Companies may take a considerable amount of time. Investors should therefore consider an investment into the Service to be a long-term investment.

This Information Memorandum does not constitute, and should not be considered as, an offer to buy or sell or solicitation of an offer to buy or sell any security or share. It does not constitute a public offering in the UK. In addition, this Information Memorandum does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. It is the responsibility of each recipient (including those located outside the UK) to satisfy himself or herself as to full compliance with all applicable laws and regulations of any relevant territory in connection with any application to participate in the Service, including obtaining any requisite governmental or other consent and observing any other formality presented in such territory.

Past performance is not a guide to future performance and Investors should be aware that share values and income from them may go down as well as up and Investors may not get back the amount subscribed. Changes in legislation in respect of SEIS or EIS in general, and qualifying investments and qualifying trades in particular, may affect the ability of the Service to meet its objectives and/or reduce the level of returns which would otherwise have been achievable. Applications may only be made and will only be accepted subject to the Acknowledgements and Representations set out in the associated Application Form.

# PART 1: SUMMARY OF THE SERVICE

## 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. Investors are able to select individual companies.
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

# PART 2: OVERVIEW

## Introduction

The Service is an unapproved blended SEIS/EIS fund targeting investments into Qualifying Shares in early and growth stage Sports, Entertainment and Knowledge companies. The Service offers individuals who pay tax in the UK the opportunity to invest in companies across the Sports, Entertainment and Knowledge sectors that benefit from HMRC assurance as qualifying companies for Seed Enterprise Investment Scheme ("SEIS") and Enterprise Investment Scheme ("EIS") purposes.

The Investment Manager believes the Service's investment strategy should provide an attractive risk/return profile by blending SEIS and EIS tax reliefs with equity returns from high growth companies that have strong management and an investable business model. It is the intention that the Service will invest in venture capital and qualified venture building opportunities, targeting several sectors within Sports, Entertainment and Knowledge. The Investment Manager is targeting equity returns of £2.50 (before Performance Fees) for every £1 invested gross of tax reliefs within 4-6 years.

## Why the Service?

The UK is a leading Sports, Entertainment and Knowledge player and is the source of some of the most successful and powerful franchises in the world. It is a valuable and significant sector of the British economy. By 2023, the UK's entertainment and media market worth is projected to reach £80.5bn<sup>1</sup>. London is the centre of one of the world's major games economies – approximately 37.3m people play games in the UK. The UK is the 6th largest video game market in 2018 in terms of consumer revenues which are forecast to grow to \$5.5bn by 2022 and by 2021, UK consumers will be spending more on games than on books<sup>2</sup>.

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 solve this problem and to capitalise on those opportunities it creates, in this potentially rich returns sector. Station12 is using a tailored investment philosophy designed to deliver high growth return and the Service has been established to take advantage of its proprietary pipeline.

## How to Apply

After reading the IM and the Investor Agreement, please complete the Application Form and return it to Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London, EC3R 7QR, for the attention of John Rowe together with i) any supporting documents requested therein and ii) your subscription payments (instructions for which are in the Application Form) by no later than the Subscription Deadline.

## What are the Benefits of the SEIS/EIS?

SEIS/EIS is a government sponsored initiative to encourage investment in the UK's enterprise market (subject to meeting relevant conditions and requirements).

The tax benefits of SEIS qualifying investments include the following:

- 50% income tax relief on investment up to £100,000 per tax year reducing net cost of the investment
- Capital gains tax reduction of 50% on funds reinvested in SEIS qualifying investments
- No CGT on gains arising on the disposal of Qualifying Shares after the end of the Relevant Period
- If Qualifying Shares are disposed of at a loss, that loss (net of any income tax relief given) can be offset against taxable income in the tax year of disposal or the previous year
- Inheritance tax relief on qualifying investments held for more than two years.

The tax benefits of EIS qualifying investments include the following:

- 30% income tax relief on investment up to £1,000,000 per tax year reducing net cost of the investment
- Capital gains tax deferral on gains made up to three years before, or up to twelve months after investments are made
- No CGT on gains arising on the disposal of Qualifying Shares after the end of the Relevant Period
- If Qualifying Shares are disposed of at a loss, that loss (net of any income tax relief given) can be offset against taxable income in the tax year of disposal or the previous year
- Inheritance tax relief on qualifying investments held for at least two years.

*Investors are advised to read this overview in conjunction with this IM as a whole for further details and conditions on reliefs.*

<sup>1</sup> [www.statista.com/statistics/237778/value-of-the-entertainment-and-media-market-in-the-uk](http://www.statista.com/statistics/237778/value-of-the-entertainment-and-media-market-in-the-uk)

<sup>2</sup> <https://ukie.org.uk/research>

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## Service Fees and the Reimbursement of Costs and Expenses

### Annual Monitoring Fee (charged to Investee Companies)

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.

### Transaction Fee (charged to Investor)

An up front Transaction Fee of 2% of Subscription from the Investor on a one-off basis.

### Performance Fee (charged to Investor)

A Performance Fee will be charged as follows:

- On a Service basis (ignoring tax reliefs) for 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 Companies by the Investment Manager and/or any affiliated company may be charged to the Investee Companies (as appropriate). This will be limited to 0.15% (per annum) of total cumulative capital invested into each Investee Company.

See page 19 for further details.

From time to time, Investee Companies may request additional support or consulting services from Station12. Any such services shall be provided on an arm's length basis and such fees shall be disclosed to the Service.

# PART 3: INVESTMENT OPPORTUNITY

## 1. Overview

The Service is an unapproved blended SEIS/EIS fund targeting investments into Qualifying Shares in early and growth stage Sports, Entertainment and Knowledge companies. The Investment Manager believes the Service is an exciting opportunity for individuals who pay tax in the UK to invest in SEIS/EIS qualifying companies and for Investors to gain exposure to early and growth stage Sports, Entertainment and Knowledge companies at an attractive point in their development cycle. Together with the tax benefits available under SEIS/EIS, the Service aims to select the best investment opportunities available to it to generate significant capital gains for Investors.

Each Investor's investment will be managed by Station 12 Asset Management Limited (the "Investment Manager"), a subsidiary of Station 12 Limited ("Station12"). Station12 builds, invests in and advises companies in the Sports, Entertainment and Knowledge sectors. The Investment Manager has extensive industry knowledge and a network of relationships and will be responsible for identifying and selecting investments for the Service.

Investments will be made across the Sports, Entertainment and Knowledge sectors. These are valuable and significant sectors of the UK economy and sectors in which UK companies have a very strong track record of innovation and success. By 2023, the UK's entertainment and media market worth is projected to reach £80.5bn<sup>3</sup>.

## 2. Investment Strategy

The Service's objective is to maximise returns for individuals by investing in a diverse portfolio of Investee Companies within the Sports, Entertainment and Knowledge sectors. The Service aims to create an attractive risk/return profile, underpinned by the tax benefits offered by the SEIS/EIS. The Service will actively manage its portfolio by appointing a representative from the Investment Manager to be a director to the board of each Investee Company.

The Service will seek Investee Companies with clear strategies, significant potential to grow and deliver enhanced capital returns through selling products or services that customers want to pay for. For these investments, the focus will be on businesses that have a demonstrated proof of concept and are already generating revenues, or there is a clear pathway to revenues, breakeven and long-term profitability and capable of significant scale when supported by investment. Investments may be made into pure startups, some of which may be succession startups. Investments are likely to be predominantly, but not exclusively, in the UK.

The Investment Manager will be responsible for identifying and evaluating prospective Investee Companies, including analysis of these target Investee Companies, exercise its discretion in deploying the Service's subscriptions, and for overseeing Investee Companies once the Service has invested in them.

The Service will focus on investing in the Sports, Entertainment and Knowledge sectors which the Investment Manager has significant operating and investment experience in. The Investment Manager uses its knowledge and networks to assess the market and identifies attractive sub-sectors and stages of the value chain to target. These targets are fluid and change as the market evolves.

<sup>3</sup> [www.statista.com/statistics/237778/value-of-the-entertainment-and-media-market-in-the-uk](https://www.statista.com/statistics/237778/value-of-the-entertainment-and-media-market-in-the-uk)

The Service will make investments into a combination of SEIS/EIS qualifying companies. The Service will select SEIS opportunities which will be suitable for EIS follow on from the Service, thus protecting Investors positions in these companies and 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 previously provided SEIS investment to such company. Investors are given the choice to allocate into SEIS, EIS or a combination of both. The Service is targeting a portfolio size of a minimum of 4-6 companies. Investors can select to invest in any one or more companies. The Investment Manager intends to source deal flow from a number of different channels, however, it intends to mainly rely on its network and opportunities created internally through its venture building activities.

The Service will seek to invest in opportunities that:

- Don't require significant rounds of funding and have clear strategies to grow profitably
- Exploit opportunities driven by change 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
- Exit because they are strong, not because of an artificial exit timetable
- Have a significant competitive advantage in the market.

The Service will only make investments into companies which have received SEIS/EIS advance assurance from HMRC. The Service will make investments in venture capital and qualified venture building opportunities (see below for more details). The split between venture capital and venture building will be based on the attractiveness of the individual opportunities.

### **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 them to their next stage of development. This is akin to the traditional venture capital model of investing. The Investment Manager may become aware of these opportunities through its networks, identifying them via research or being directly approached by the founders. These opportunities will range from concept/pre-seed stage requiring SEIS funding to growth stage requiring EIS funding. Strong management teams will be a necessary requirement for any investment. The Service will generally look to lead the round of funding into the investment to ensure it can secure a board seat and the ability to have influence over the decision making for these investments.

### **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 source the management team. Station12 or its shareholders will have a direct shareholding in the target Investee Company, acting effectively as the founder. Station12 will actively develop the company until the point where it has a management team that can take the company to its next stage of development. The Service will make investments into these off-market/proprietary opportunities. It is expected that the investments made into venture building opportunities will initially be at the SEIS level.

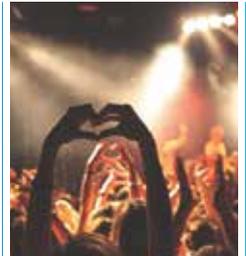
Investments by the Service will encompass all areas of the Sports, Entertainment and Knowledge industries spectrum, which includes: content production and delivery in multiple platforms, live events as well as enabling technologies that support them, advertising and marketing, gaming/eSports, talent, virtual reality, publishing and knowledge amongst others.

Under the SEIS the maximum investment in any one Investee Company is £150,000. Under the EIS, the maximum investment in any one Investee Company in any 12-month period is £5 million. Capital invested will be treated as development capital utilised to accelerate growth in these companies. Capital investment will not be utilised to distribute cash to existing or exiting shareholders.

For Investors to qualify for SEIS and EIS Reliefs, investments will need to be held for a minimum of 3 years<sup>4</sup> (the "Relevant Period"). The Investment Manager will normally only consider options for making realisations and returning funds to investors after expiry of the Relevant Period. Due to the nature of the investments, it is likely that realisation of investments could take a substantial amount of time and therefore investments may need to be held for significantly longer than three years.

## Illustrative portfolio construction

### A blend of early to growth stage companies

				
<b>Immersive Content Studio</b>	<b>Music Rights</b>	<b>Content Production and Distribution</b>	<b>Live Events</b>	<b>Football Venture</b>
SEIS and EIS	EIS	EIS	SEIS and EIS	SEIS and EIS
Venture Capital (VC1)	Venture Capital (VC2)	Venture Capital (VC3)	Venture Build (VB1)	Venture Build (VB2)

For illustrative purposes only, the actual portfolio may differ substantially from the above. Investors can select to invest in any one or more companies.

<sup>4</sup> From the later of the issue of shares in an Investee Company or commencement of trade.

### 3. Opportunities in the Media and Entertainment Sector

Following the financial crisis of 2007 to 2008, the government has recognised the need for the UK economy to diversify away from financial services, into other areas where Britain has a competitive strength. One of those areas is Sports, Entertainment and Knowledge, where Britain is recognised around the world as a leader across its many sub-sectors including eSports, TV, film, theatre, advertising, marketing and online learning.

Britain continues to be the engine that drives outstanding entertainment properties around the world, for example Harry Potter, Great British Bake Off, Adele, Premier League Football, James Bond, and Ed Sheeran to name a limited selection.

To encourage further growth, the government has introduced enhancements to EIS and introduced SEIS. These are valuable tools in enabling investors to access the best opportunities arising out of what is a dynamic and successful economic sector.

#### Why these Sectors?

Technological innovation, such as streaming has led to the development and enhancement of new delivery platforms. This has driven further demand for content across multiple sub-sectors, including eSports, film, TV, games and music. Technology is generating new business models for consumers to search, locate and purchase content and this has been complimented by a greater willingness for consumers to subscribe and pay to acquire content. The UK is a leading player in the Sports, Entertainment and Knowledge market and is the source of some of the most successful and powerful franchises in the world in those fields. As a whole, the Department for Digital Culture Media and Sport (DCMS) Sectors (excluding Tourism) contributed £224.1 billion to the UK in 2018, accounting for 11.7 per cent of the economy<sup>5</sup>.

Private sector investment in the sports industry has become more prevalent than ever before. The industry has seen a period of unprecedented growth and diversification, largely driven by increased opportunities in broadcasting, betting, eSports, branding and sponsorship. Such opportunities have allowed for sports to make the transition from recreational activity to a compelling business opportunity<sup>6</sup>.

#### Catering to Resilient Customer Demand

The world has never consumed as much content as today. UK adults now spend over 9 hours per day consuming some form of media<sup>7</sup>, and this figure is expected to rise. Sports, Entertainment and Knowledge are sectors which touch our everyday lives and are impacted by changes in technology, regulation and consumer behaviour. Subscriptions in June 2020 for Netflix, Amazon, Spotify and Disney+ had surpassed 180m, 150m, 130m and 90m respectively<sup>8</sup>.

#### Investing in Enduring Businesses

This dynamic growth in new media does not mean that all 'traditional' industries will fail; those that understand market dynamics and can capture business opportunities are positioned to take advantage in this sector. For example, and acknowledging new pressures on the sector, in the music sector live performances, one of the earliest forms of entertainment, is becoming increasingly a focus area for international artists as it creates meaningful and continuous income for them.

#### Capturing Underinvested Opportunities

The main source of early stage and growth funding in the sector has traditionally been the bigger media players, who make strategic investments. Independent investors have focused their investments much more on the technological delivery of media than media content and services. The Investment Manager believes there is an opportunity to provide an independent source of growth capital, allowing companies to grow to full market value before exit.

#### Where are the Opportunities?

The Investment Manager believes there are attractive opportunities in the following areas at this point in time:

- **Video Content (TV and digital)** – When it comes to storytelling, video is the medium that consumers prefer. Traditional television continues to deliver blockbuster successes, such as Game of Thrones, and accounts for the bulk of hours watched but the real growth in viewing is coming from the streamers. Netflix, Hulu and Amazon led the way but they have now been joined by Apple (AppleTV+), Disney (Disney+), Comcast (Peacock) and Warner Media (HBO Max); in addition competing for eyeballs are Facebook (Watch) and Google (YouTube).

<sup>5</sup> [www.gov.uk/government/news/uks-creative-industries-contributes-almost-13-million-to-the-uk-economy-every-hour](http://www.gov.uk/government/news/uks-creative-industries-contributes-almost-13-million-to-the-uk-economy-every-hour).

<sup>6</sup> Law in Sport – December 2018: Private investment into sport – what governing bodies need to know.

<sup>7</sup> eMarketer [www.emarketer.com/content/uk-time-spent-with-media-2019](http://www.emarketer.com/content/uk-time-spent-with-media-2019) change footnote 7 to Netflix Q1 '20 Results, Amazon Business Insider Feb 2020, Spotify Q1 '20 Results, Disney Q2, 20 Results.

<sup>8</sup> UK Music – Wish You Where Here 2017.

By June 2020 Netflix had over 180m subscribers, Amazon Prime 150m and Disney+ from a standing start already had close to 90m. In May 2020 80% of US consumers subscribed to at least one paid streaming video service, up from 73% pre-COVID-19<sup>9</sup>.

Original content is seen as one of the key ways broadcasters and streamers are able to differentiate their offering and build their audiences. Netflix has used this to its advantage with shows such as Orange is the New Black and House of Cards, and all the other streamers are following suit commissioning exclusive, new content. This and the increasing tendency of viewers to 'binge watch' has led to a huge demand for content. Netflix is budgeting \$16bn for new content in 2020, Amazon \$7bn, Apple \$6bn +, Hulu \$3bn, Disney+ and HBO Max c. \$1.5bn<sup>10</sup>.

With this explosion in demand, we are seeing strong opportunities for UK production companies to capitalise on this, given the UK's standing as a leading destination for production. The streamers initially focused their attention on scripted content, however they are now also focusing on non-scripted (eg entertainment, factual and natural history) and this is an area in which we are currently seeing many exciting opportunities.

- **Live entertainment** – Millennials prefer to collect moments rather than things and spend accordingly. A lot of millennials' motivation has to do with distributing photos of themselves on social media. It is believed factors such as a craving for recognition (for example, how many likes someone gets on their Instagram post), and a "fear of missing out" help drive millennials' cravings for experiences. Video has only acted as a catalyst to this, as fans are able to capture their experiences on video and distribute this to their social network.

Live music (Concerts and Festivals) is a good example of steady growth in live entertainment, with the number of people attending live music events in the UK rising steadily over the last decade. The UK is a leading live music destination with Glastonbury, Download Festival and V Festival showcasing some of the world's leading artists and attracting significant audiences that are willing to spend.

Although there will be challenges in a post Covid 19 world, we see opportunities in the live entertainment where the businesses are fan-centric (groups of like-minded people that share the same passion for music, sport, food, etc.), compared to trying to cater to a wider audience, allowing the business to attract an audience that is more engaged, more committed and spend more per capita. These businesses concentrate on analysing what converts their consumers into higher-value fans. Marketing to these audiences can be more focused resulting in a higher life time value to customer acquisition cost ratio.

We like live entertainment businesses that are creating intellectual property, as this intellectual property can be exploited globally as well as via online and offline channels.

- **Music** – The music industry is once again enjoying growth after a sustained period of decline since the beginning of the 2000s, with streaming hailed as revitalising the sector. Consumers are showing that they are prepared to pay for access to music, where previously piracy caused there to be an expectation that access should be free. We are starting to see more and more interest in the music industry from both start-ups and investors and this is beneficial to the music eco-system as a whole.

We believe there are opportunities in the music industry in creation, artist development, live and music publishing,

The Investment Manager believes the following emerging platforms which have been driven by new technology are potential will opportunities for the Fund:

- **Mixed reality** – Mixed reality (virtual reality, augmented reality and extended reality) has the ability to be a game changing medium as it is revolutionary rather than evolutionary. Virtual reality is fully immersive and content creators are only at an early stage of exploring the best ways to produce content with this technology. From the hardware side large improvements have been made, however the high end headsets are still unaffordable to the mass market. There is a bit of a chicken and egg situation in that consumers are looking for quality content before they commit and on the other side content producers are struggling with distribution and monetisation and therefore reluctant to commit to producing quality content.

<sup>9</sup> Deloitte Digital media trends survey June 2020

<sup>10</sup> Forbes.com Streaming Wars Continue: Here's How Much Netflix, Amazon, Disney+ And Their Rivals Are Spending On New Content May 2020

Immersive technologies are predicted to become a \$160bn market within the next three years, and the UK is currently Europe's largest market. UK specialist immersive companies hold a 9% global market share in the sector<sup>11</sup>.

Station12 was selected as Investor Partner to Innovate UK in 2019, and are partners and mentors to Digital Catapult's Augmentor immersive accelerator programme.

- **eSports** – eSports are a form of competition that is facilitated by electronic systems, particularly video games and is currently tracking the path of traditional professional sports, you can watch it online, in a bar, or at a stadium, it is no longer only attractive to hard-core gamers and their niche segment of brands. eSports is a global phenomenon that appeals to youthful audiences and premium brands. We are seeing professional eSports teams being assembled and competing against one another in leagues and tournaments, mirroring that of traditional sports.

Although some may still hesitate to consider eSports a true sport, it's impossible to ignore eSports' meteoric rise in popularity around the globe. In 2019, an estimated 453.8 million viewers will tune in to eSports competitions, up 15% from 2018. And where there are viewers, there is money. Revenue from sponsorships (media, advertising, and more) will total \$1.1bn in 2019. If this pace continues, by 2022, eSports will be a \$1.8bn market<sup>12</sup>.

- **Blockchain** – Blockchain is the technology at the heart of virtual currencies such as Bitcoin and Ethereum. Blockchain is an open or private distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way. The ledger itself can also be programmed to trigger transactions automatically. With blockchain, you can imagine a world in which contracts are embedded in digital code and stored in transparent, shared databases, where they are protected from deletion, tampering, and revision. In this world every agreement, every process, every task, and every payment would have a digital record and signature that could be identified, validated, stored, and shared. Intermediaries like lawyers, brokers, and bankers might no longer be necessary.

Start-ups using blockchain technology have focused on the financial services sectors as this technology solves a number of problems faced in this industry, however founders are starting to looking into other sectors such as Sports, Entertainment and Knowledge to see what problems they can solve or new business models they can create.

### Why Now?

The Investment Manager is of the view that current economic conditions provide an exceptional opportunity to invest in high-growth Sports, Entertainment and Knowledge companies. In addition, companies that have successfully generated growing revenues over the challenging last few years have shown themselves to have proven, resilient business models. The Investment Manager believes the Service therefore allows investors to gain access to investments in companies with potential for strong growth over a 4-6 year time period. The Sports, Entertainment and Knowledge sectors are regarded as priority growth areas by the UK government. The Manager believes that the UK government will continue to provide support and incentives to assist young, growing companies in this sector, stimulating investment opportunities for the Investment Manager.

The increasing demand for exclusive content from the streamers means the UK media sector is well placed to benefit, with its production and facilities amongst the best in the world. In addition, consumers are now willing to subscribe for access to quality content being a shift away from the "everything for free" attitude at the beginning of this decade. The impact of Brexit is not expected to diminish this and the lower currency valuation of sterling will be an advantage in attracting more demand to the UK.

The sports sector has seen a significant increase in companies who are combining sports with technology e.g. activity and performance equipment, technology to increase fan engagement, management organisations or marketplaces and eSports. In 2018, the UK (more specifically London) had invested nearly €100m into SportsTech start-ups; more than any other European country and next Top 5 cities combined (in Europe). The surge in these types of start-ups has given rise to the first accelerator programme SportsTechX, which has become the primary source of data and insight for such companies. Furthermore, this initiative has identified Station12 as a leading

<sup>11</sup> [www.immerseuk.org/resources/immersive\\_economy\\_report](http://www.immerseuk.org/resources/immersive_economy_report)

<sup>12</sup> <https://newzoo.com/insights/articles/newzoo-global-esportseconomy-will-top-1-billion-for-the-first-time-in-2019>

sector expert and has invited us to work closely with the accelerator programme. We believe there is a significant addressable market for entrepreneurs who can identify and resolve the challenges of tech disruption. Similarly, there is significant opportunity to enhance the consumption and distribution of content within sports. (London SportTech Report 2019)

The Investment Manager is of the view that this increased appetite for Sports, Entertainment and Knowledge products and services from abroad should enhance expansion opportunities for Investee Companies.

#### 4. The Investment Manager

The Investment Manager to the Service is Station 12 Asset Management Limited, which is a subsidiary of Station12. Station12 was founded by Patrick Bradley in 2014. Station12 combines operational and investment knowledge and focuses on Sports, Entertainment and Knowledge. The Investment Manager will provide investment management services to the Service. Station12 includes former members of the venture team of a specialist media investor, having overseen two funds with a combined value of £175 million and having a long track record of successful investments, management and exit of companies in the sector. Some of the examples of investments made and exited (prior to Station12) are television production (e.g. 19 Entertainment, creator of the popular TV formats Pop Idol and American Idol), gaming (e.g. Lionhead Studios, creator of the popular Xbox Fable games franchise), live events (e.g. Brand Events, owner of the Taste of London Food Festival and Top Gear Live formats, and Cream, owner and operator of the hugely successful Creamfields festivals) and rights distribution (e.g. DRG, a TV finished programme and format distribution company, whose library titles include Doc Martin, Kingdom, The Inbetweeners and Peep Show). 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 having to operate as venture funds.

The Investment Manager can leverage over 30 years of experience in the Sports, Entertainment and Knowledge industry to identify and evaluate opportunities with tangible potential for success. The principals of the Investment Manager have a unique blend of operating, investing and advising experience in Sports, Entertainment and Knowledge.

The Investment Manager will provide the strategic and commercial support necessary to the directors and wider management teams of each Investee Company where required, to give the Investee Companies the best possible start and the chance of success in the long term. Further detail concerning the Investment Manager can be found on page 15 of this document.

#### 5. Monitoring of Investee Companies

The Investment Manager will play an active role in monitoring and managing the performance of the Investee Companies and in ensuring that the rights and interests of the Service are appropriately preserved and exercised, where applicable. To achieve this, one or more representatives of the Investment Manager will be appointed to the board of directors of each of the Investee Companies prior to the investment being made by the Service. This will enable the Investment Manager to directly influence the principal operating and strategic decisions of the business to ensure that they accord with the mandate of the Service. The representatives of the Investment Manager who are appointed to the board of directors of each Investee Company will not be paid a separate fee in respect of this office.

#### 6. Tax Benefits

Investments in Investee Companies that are either SEIS Qualifying Shares or EIS Qualifying Shares give rise to a suite of valuable tax reliefs.

For SEIS Qualifying Shares, the reliefs include:

- Income tax relief up to 50% of the amount invested in Investee Companies in the tax year of Investment subject to the amount of income tax payable and an annual investment limit of £100,000;
- Capital gains tax relief of up to 14% of any chargeable gains invested in SEIS Qualifying Investments;
- Tax-free capital gains when SEIS Qualifying Shares are sold;
- Inheritance tax relief provided the Investments have been held for two years and are held at the time of death; and
- Loss relief which can be taken against income or as a capital loss, and which can result in a failed investment attracting a total tax relief of up to 86.5%.

There is a 'carry-back' facility which allows all or part of the cost of shares acquired in one tax year to be treated as though the shares had been acquired in the preceding tax year. The SEIS rate for that earlier year is then applied to the shares, and relief given for the earlier year. This is subject to the overriding limit for relief each year. For example, if SEIS Qualifying Shares are acquired in 2020/2021, then the tax reliefs available can be carried back one year to apply for the tax reliefs in 2019/2020.

For EIS qualifying investments, the reliefs include:

- Income tax relief at 30% of the amount invested in EIS Qualifying Shares in the tax year of Investment subject to the amount of income tax payable and an annual investment limit of £1 million (with a carry-back facility as for SEIS);
- Tax free capital gains when EIS Qualifying Shares are sold;
- Capital gains tax deferral for the life of the Investment where a gain realised on a disposal is invested into an EIS Qualifying Investment;
- Inheritance tax relief provided the Investments have been held for two years and are held at the time of death; and
- Loss relief which can be taken against income or as a capital loss, and which can result in a failed investment attracting a total relief of up to 61.5%.

The section above provides only a very brief summary of the SEIS/EIS Reliefs. A fuller explanation of the tax benefits and requirements of SEIS/EIS is set out on pages 24-29 of this IM. The value of the tax reliefs will depend on personal circumstances and may be subject to changes in those circumstances or in the tax legislation. Neither the Investment Manager nor Station12 provides tax advice and prospective investors are recommended to obtain independent tax advice. Investors are given the choice in the Application Form to allocate into SEIS, EIS or a combination of both.

## 7. Liquidity

As Investors will be invested in unquoted companies, there will be no active market in the Qualifying Shares. Consequently, the most likely mechanism for realising an investment in an Investee Company is through a realisation process implemented by the Investment Manager. The Investment Manager expects opportunities for making realisations and returning funds to Investors will occur after the Relevant Period. However, the optimum time for realising Qualifying Shares may be significantly longer than the end of the Relevant Period. Liquidity is targeted from year 4 onwards but may take longer.

## 8. 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. The Information Memorandum is not to be disclosed to any other person or used for any other purpose. Any other person who receives the 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.

The minimum individual investment in the Service is £10,000<sup>13</sup>. Investors should note that their investment will comprise shares in small unquoted companies (often with high risk) and that they may not have access to their capital for at least 3-6 years (or more) from the date of investments made into Investee Companies.

<sup>13</sup> Subject to the Investment Manager's discretion to accept a lower amount.

# PART 4: INVESTMENT MANAGER

The Investment Manager believes it has an in-depth understanding of the Sports, Entertainment and Knowledge sectors and a wide network of relevant contacts and experience which it will bring to the Service.

The directors of the Investment Manager are Patrick Bradley and Guy Bowles (non-executive).

The Investment Manager's team will be comprised of Patrick Bradley, Debbie Manners, Fabio La Franca, Harry Eastwood and Emma Letten.

## Investment Team

### Patrick Bradley Founder and Managing Partner

Patrick is the Founder and Managing Partner of Station12 and has over 30 years of experience in Sports, Entertainment and Knowledge, as an advisor, operator and investor. His experience covers companies operating across the sector, including Film and TV distribution, TV production, music recording and publishing, marketing services, gaming and live events as well as education.

Patrick is a Trustee of the national education charity Into Film, where he chairs the audit committee and a Governor of the University for the Creative Arts. He was formerly a director of the National Army Museum, Chelsea where he chaired the board of its trading company.

### Emma Letten

#### Investment Manager

Emma is an Investment Manager with experience working across a range of media funds in the Alternative Investment space including VCT's and EIS and IHT funds.

She is a Chartered Accountant with a Bachelor's degree focused in History and Economics from Durham University.

### Hannah Cohen

#### Business Development Director

Hannah has over 15 years' experience in building, maintaining and developing client relationships with industry professionals and high net worth individuals in the financial services sector. Beginning her career as a Wealth Management Professional at Goldman Sachs, Hannah subsequently worked in a variety of senior businesses development management and leadership roles for alternative asset managers.

Hannah holds the EIS Certificate, Investment Management Certificate and is working towards completing her Chartered Financial Analyst qualification.

### Sandra Tallberg

#### Team Assistant

Sandra was personal assistant to Patrick Bradley during his time at Ingenious Ventures.

Sandra previously worked for PWC.

## Team's sector experience



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## Advisory Board

The Investment Manager has access to Station12's advisory board, who collectively have a wide network, assisting in sourcing opportunities in the Sports, Entertainment and Knowledge sectors. The advisory board also plays a role in adding value to the Investee Companies as they have a wide array of skills and expertise which are called upon to support where necessary.

### Lord Chadlington

#### Chairman of the Advisory Board

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

### Dame Heather Rabbatts

#### Advisor

Heather began her career as a barrister, before becoming a senior executive across a number of sectors including government, media and sport. She has also had considerable experience in both private equity and public markets.

Her media career includes the BBC, Channel 4 and Tiger Aspect Productions. Heather has recently held Chairmanship of Shed Media, where she led the sale to Time Warner and delist from the public markets. Heather was made a Dame in the Queen's New Year Honours list, 2016.

### Jeremy Moczarski

#### Advisor

Jeremy is an investor in a variety of sectors and was previously COO of listed financial services group Collins Stewart Hawkpoint plc (wealth management, institutional and private client stock broking, corporate broking and corporate finance) (now Canaccord Genuity) and Hawkpoint Partners Limited (a leading independent corporate finance advisory firm sold to CSH).

### Guy Bowles

#### Advisor

Guy has 30 years of experience as a professional investor in the wealth management industry. He was a founder of a successful asset management business, where he was managing portfolios for private clients. Here Guy acted as both Chief Investment Officer and Chief Executive Officer for 12 years before selling the business in 2016. Guy now invests in startup and early stage companies.

### 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.

### Shirish Patel

#### Advisor

Shirish started his career some 35 years earlier with Mars Group Services and then went on to join Price Waterhouse as consultant, Andersen and Deloitte as a partner. Now a retired Deloitte Partner his focus has been on providing ambitious young executives who have a clear vision of the future and help them build that vision.

As an angel investor, he has real interest in disruptive technologies that challenge existing business models which in turn create change in the global markets.

# PART 5: SERVICE STRUCTURE, OFFER DETAILS AND COSTS

## 1. The Service Structure

The Service is not a distinct legal fund and is not considered to be a collective investment scheme as defined in section 235 of the Financial Services and Markets Act 2000. For legal and tax purposes (and as is typical with such funds) the Investor will be the beneficial owner of the shares in the relevant portfolio company. WCS Nominees Limited, (the "Nominee"), will be the registered and legal holder of all investments in the Service. The Investment Manager's role is to source, evaluate and transact upon investment agreements. The Investment Manager will then drive value in these portfolio companies with an aim to create an exit for the investment within a 3-6 year time frame (being mindful that full tax reliefs are only available on investments which have been held for at least three years).

As with most EIS funds, the Service has not been approved by HMRC under Section 251 of the Income Tax Act 2007. This means that the Investor can obtain EIS or SEIS Relief only in the tax year in which investments in Qualifying Shares are made by the Service (i.e. the tax year in which the Service invests), or in the immediately preceding tax year. CGT Deferral is given by reference to the date on which the Service makes its investments.

The Service is an alternative investment fund ("AIF"), pursuant to the EU Alternative Investment Fund Managers Directive ("AIFMD"). Station 12 Asset Management Limited is authorised to act as an AIF manager ("AIFM") and, accordingly, are the AIFM of the Service. In accordance with current FCA policy, the Service is the regulatory client of the Investment Manager for the purposes of determining which provisions of the Conduct of Business Sourcebook (COBS) will regulate the obligations owed by the Investment Manager to investors in common, and who accordingly, are not treated on an individual basis as clients of the Investment Manager for regulatory purposes. The Service is not a collective investment scheme, and nor is it approved by HM Revenue & Customs. Investments in the Investee Companies will be managed in accordance with the terms of the Investor Agreement. The proceeds of the Service will be aggregated for the purposes of making investments and the Investment Manager will instruct the Custodian to subscribe for shares in Companies on behalf of Investors. Consequently, Investors will be the beneficial owners of SEIS and EIS Qualifying Shares in each Company pro-rata to their subscriptions to the Service. The shares will be held by the Nominee.

The Investment Manager may not invest an equal amount into each Investee Company into which the Service invests, depending on each Investee Company's particular capital requirements. The Investment Manager will be responsible for discretionary decisions in relation to the selection of, and exercising the rights in relation to, such investments. The Investment Manager will select investments to be made by the Service. An Investor will not be able to require the Investment Manager to dispose of his/her interest in an Investee Company prior to realisation of the Service's overall holding. However, the Investment Manager may, at its absolute discretion, have regard to any requests made to it by Investors to liquidate any individual shareholdings in the Service (such termination may result in a loss of income tax and capital gains deferral tax relief).

## 2. Subscriptions

The minimum individual investment in the Service is £10,000 (subject to the Investment Manager's discretion to accept a lower amount). There is no restriction on the maximum investment by an individual subject to control restrictions preventing individuals owning more than 30% of an individual Investee Company. However, the maximum amount on which an investor can obtain SEIS income tax relief in any tax year is limited to £100,000 and £1,000,000 for EIS. Each spouse also has his or her own annual limit. In addition, investments of up to a further £100,000 (for SEIS) and £1,000,000 (for EIS) may be carried back to the previous tax year, to the extent that the investor did not fully utilise SEIS/EIS income tax relief in that year<sup>14</sup>. These yearly limits apply to the aggregate of SEIS/EIS investments made by an investor within a given tax year. There is no limit to the capital gains which may be deferred by means of an investment in Investee Companies, or in the value of assets acquired which qualify for relief from inheritance tax.

<sup>14</sup> See section on Income Tax Relief for more details.

### 3. Withdrawals

An investor is not permitted to make a partial or full withdrawal of his investment from the Service.

### 4. Realisation Strategy

In order to retain the SEIS/EIS Reliefs, investors must hold the Qualifying Shares acquired by the Investment Manager for the Relevant Period, and no partial withdrawals are permitted within this time. It is intended that the Investment Manager will consider options for realising the Qualifying Shares in the interests of the investors after the expiry of the Relevant Period. Having regard to the Relevant Period and the feasibility of obtaining a realisation thereafter, the investment horizon is approximately 3-6 years, but there can be no guarantee that all Qualifying Shares will be realised within this period. The Investment Manager will have regard to the maximisation of value in considering the strategy for, and timing of, the realisation of the Qualifying Shares.

It would be prudent to view an investment in the Service as long term. An investment should only be made in the Service on the basis that it will remain invested for at least three years from the date the funds are deployed into Qualifying Shares.

Following the realisation of the Qualifying Shares in each Investee Company, the realisation proceeds will be paid to Investors. Consequently, it is possible that Investors will receive distributions from the Service over a period of time.

### 5. Offer Details

- Minimum individual investment: £10,000<sup>15</sup>.

### 6. How to Apply

After reading this IM and the Investor Agreement, please complete and sign the relevant Application Form and return it to Woodside Corporate Services Limited, 4th Floor, 50 Mark Lane, London, EC3R 7QR, together with any supporting documentation requested therein to arrive no later than the Subscription Deadline.

### 7. Right of Cancellation

The Investor may exercise his/her right to cancel his/her Subscription and terminate the Investor Agreement by notification to the Investment Manager within 14 days of the Investment Manager accepting the investor's Application Form. This should be done by a cancellation notice sent to the Investment Manager's head office (98 Abinger Road, London W4 1EX) as set out in this document. For convenience, a cancellation notice is provided at the end of this IM.

On exercise of the investor's right to cancel, the Investment Manager will refund any monies paid to the Service by the investor, less any charges the Investment Manager has already incurred for any services undertaken in accordance with the Investor Agreement and less any commission paid to advisers and introducers.

The Custodian is obliged to hold investment monies until satisfactory completion of checks by the Investment Manager under the Money Laundering Regulations 2017 (as amended).

The investor will not be entitled to interest on monies refunded following a cancellation.

The right to cancel under the FCA rules does not give the investor the right to cancel or terminate or reverse any particular investment transaction executed for the account of the investor before cancellation takes effect.

The Investment Manager reserves the right to treat as valid and binding any application not complying fully with the terms and conditions set out in this IM. In particular, but without limitation, the Investment Manager may accept applications made otherwise than by completion of an Application Form where the investor has agreed in some other manner acceptable to the Investment Manager to apply in accordance with this IM and the Investor Agreement.

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<sup>15</sup> Subject to the Investment Manager's discretion to accept a lower amount.

## 8. Service Fees and the Reimbursement of Costs and Expenses

### How fees are charged to the Service

The Investment Manager will charge:

- the Investee Companies an Annual Monitoring Fee, and
- the Investor a Transaction fee and Performance Fee.

### Annual Monitoring Fee (charged to Investee Companies)

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.

### Transaction Fee (charged to Investor)

An upfront Transaction Fee of 2% of Subscription from the Investor on a one-off basis.

### Performance Fee (charged to Investor)

A Performance Fee will be charged as follows:

- On a Service basis (ignoring tax reliefs) for 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 Companies by the Investment Manager, or any affiliated company may be charged to the Investee Companies (as appropriate). This will be limited to 0.15% (per annum) of total cumulative capital invested into each Investee Company. From time to time, Investee Companies may request additional support or consulting services from Station12. Any such services shall be provided on an arm's length basis and such fees shall be disclosed to the Service.

### Financial Advisor Charges

An advisor Fee may be payable at the discretion of the financial intermediary or regulated advisor. This fee can be charged directly by the financial intermediary or regulated advisor or deducted from the Investor's Subscription.

### Value Added Tax (VAT)

VAT will be charged where applicable. VAT is typically chargeable on recurring fees.

# PART 6: RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this IM and should consider whether an investment in the Service constitutes a suitable investment in the light of their personal circumstances, tax position and the financial resources available to them. An investment in the Service involves a high degree of risk and may not be suitable for all investors. Potential investors should, therefore, seek advice from a stockbroker, accountant, fund manager or other authorised financial adviser before making any decision to invest. Potential investors are also recommended to consult a professional adviser regarding their personal tax position.

This section contains the material risk factors that the Investment Manager believe to be associated with an investment in the Service and these should be read in addition to the potential risks presented by coronavirus which are still continuing to be assessed. If any of the following events or circumstances arise, the financial position and/or results of the Service could be materially and adversely affected; as could the availability of tax reliefs to investors. In such circumstances, investors may lose all or part of their investment. Additional risks and uncertainties not presently known, or that are deemed to be immaterial, may also have an adverse effect on the Service and the risks described below do not necessarily include all the risks associated with investment in the Service.

## 1. Risks Relating to Returns

The value of the Qualifying Shares may go up or down. An investor may not get back the full amount invested and may, therefore, lose some or all of their investment. Therefore, assumptions, projections, intentions, illustrations or targets included within this IM cannot and do not constitute a definitive forecast of how the investments will perform but have been prepared upon assumptions which the Investment Manager consider reasonable.

After holding the Qualifying Shares in Investee Companies for the Relevant Period, it may be difficult to realise the Qualifying Shares or to obtain reliable information as to their value, as it is anticipated that there may not be a ready market for them.

The risks associated with private, unlisted companies may include, but are not limited to:

- Recently established companies may have difficulty in obtaining market acceptance of their underlying products or services;
- There may be little or no market liquidity in the securities and it may be difficult to establish a proper market price for them;
- The management teams of such companies may be inexperienced and the companies could therefore encounter management, financial or operational difficulties which they may not be able to address adequately; and
- Companies may underestimate their capital requirements and may have difficulty in raising additional capital when required.

You should only make investments in non-readily realisable investments using funds that you are not going to need for another purpose in the foreseeable future, as you may be unable to sell such securities at the time of choosing due to a lack of, or little liquidity, in them from time to time.

The performance of investments made through the Service is, in part, dependent on the Investment Manager being able to identify appropriate Investee Companies which carry on, and continue to carry on, a Qualifying Trade for the Relevant Period.

The Investment Manager is dependent upon certain key individuals to provide certain elements of expertise both to the investment decision making process and in the ongoing support of the Investee Companies. If one or more of these key individuals were to leave the Investment Manager, this would possibly adversely affect the ability of the Investment Manager to implement and manage the planned investments as effectively as currently expected.

Returns will also be dependent on each Investor's preferred split of their Subscription between SEIS and EIS Qualifying Companies as indicated in their respective Application Form. The Investee Companies do not have an established track record and will be operating in a competitive industry where the commercial risks are high. The past performance of the Investment Manager is not a guide to the future performance.

The Investment Manager intends to invest in Investee Companies carrying on a range of different activities. This approach is intended to help mitigate the performance risk exposure for an individual Investee Company and to increase the chances of generating attractive returns for Investors across the portfolio of Investee Companies. If the availability of suitable Investee Companies is limited, the opportunities for diversification may be reduced.

The lower the amount of subscriptions raised through the Service is, the smaller the opportunity will be to diversify investments in different Investee Companies, which may adversely impact returns.

Each Investor should note that it is possible that other taxes or costs may arise for the Investor in connection with its investment in the Service that are not paid via, or imposed by, the Investment Manager.

## 2. Risks Relating to Taxation

This IM is prepared in accordance with the Investment Manager's interpretation of current legislation, rules and practice. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any such changes, and in particular any changes to the bases of taxation, tax reliefs, rates of tax or the Investor's tax position, may affect the return Investors receive from the Service.

Tax law is complex and Investors should seek independent tax advice to determine and understand the suitability of investing in the Service and any effect that this may have on their own position generally.

The tax benefits described and their value to an Investor are dependent on the Investor's personal circumstances. Therefore, these tax benefits may not be available to all Investors and/or may be lost by Investors in certain circumstances.

Tax relief may be withdrawn in certain circumstances and neither the Investment Manager, nor the Custodian accepts any liability for any loss or damage suffered by any investor or other person in consequence of such relief being withdrawn or reduced.

If the amount of an Investor's Subscription is such that his pro rata beneficial interest in an Investee Company amounts to more than 30% of the capital or voting rights, he will be "connected" with that company and will therefore not be entitled to income tax relief in respect of that investment. In determining whether an investor is connected with the company, the interests of his "associates" are also considered (associates broadly meaning relatives and business partners of the investor).

## 3. Risks Relating to the SEIS/EIS

There are several circumstances in which an Investor could cease to qualify for any of the Tax Benefits offered by the SEIS or EIS and as a result any tax which would have been payable to HMRC but for the Investors obtaining Tax Benefits, could become payable. These circumstances may relate to an Investee Company ceasing to be a SEIS or EIS qualifying company or the Investor himself or herself failing or ceasing to qualify for SEIS Relief or EIS Relief.

### Loss of reinvestment relief

Reinvestment relief under the SEIS could be lost if an Investor ceases to be resident in the UK within three years of making an Investment through the Service.

### Receipt of value

An Investor could cease to qualify for full SEIS Relief or EIS Relief if he or she has received value from an Investee Company at any time since its incorporation or within three years of making his or her Investment through the Service. Payment of a dividend, however, would not typically be regarded as a receipt of value.

### Cessation of trade

If an Investee Company ceases to carry on its business within three years of an Investment, this could prejudice its qualifying status under the SEIS or EIS. The situation will be closely monitored with a view to preserving the Investee Company's qualifying status but this cannot be guaranteed. Where Investee Companies enter into administration or liquidation within three years of an Investment for genuine commercial reasons, this should not affect Tax Benefits received.

### Failure to meet SEIS or EIS qualifying requirements

A failure to meet the qualifying requirements for the SEIS or EIS could result in:

- the requirement for Investors to repay the 50% income tax relief under the SEIS or 30% income tax relief under the EIS received on subscription of shares in the Investee Companies and interest on the same;
- a liability to tax on capital gains following a disposal of the Qualifying Shares; and
- any deferred gain crystallising in respect of an EIS Qualifying Shares or the loss of CGT wipe-out relief in respect of SEIS Qualifying Shares.

**HMRC advance assurances**

If available during the investment process, advance assurances will be sought from HMRC that each proposed investment will be of Qualifying Shares in a qualifying company such that SEIS/EIS Relief should be available. However, there is no guarantee that HMRC assurances will not be subsequently withdrawn if circumstances change. If HMRC approval were subsequently withdrawn, Tax Benefits would not be available to Investors or would be withdrawn. In those circumstances, Subscriptions will not be returned to Investors.

**Funding requirements**

The Investee Company must spend all of the Investment monies for which SEIS Relief has been claimed within 3 years of the Investment being made. If an Investee Company fails to spend these funds correctly, the Investee Company would be in breach of the SEIS regulations and tax relief may be unavailable or withdrawn. Under the EIS rules, an Investee Company in which the Service invests must employ all EIS monies raised (after the deduction of issue costs) within 2 years or, if later, within 2 years of the date of commencing its trade. If an Investee Company fails to utilise these funds within this deadline, the Investee Company would be in breach of the EIS regulations and tax relief may be unavailable or withdrawn. The Investment Manager expects Investments to comply with the requirements to utilise their funds within the prescribed limits.

**Sale within three years**

A sale of an Investment within the Relevant Period will result in all or part of any Tax Benefits secured in respect of the investment becoming repayable to HMRC and (in the case of the EIS) any deferred gain would be brought back into charge.

**The SEIS or EIS Qualifying Investment may be realised at any time**

The Investment Manager retains complete discretion to realise an Investment at any time, even if some or all of the Tax Benefits relating to that Investment may be lost. In making such a realisation, the Investment Manager has no obligation to take into account the tax position of Investors (individually or generally).

**Investors should take appropriate Independent professional advice**

It is possible for Investors to lose their Tax Benefits by taking or not taking certain steps. Investors are advised to take appropriate independent professional advice on the tax aspects of their Investment.

**No liability for loss of value**

The Investment Manager shall not be liable for any loss incurred by an Investor in relation to value received by any person from any Investee Company or as a result of a change in circumstances of an Investee Company at any time.

*The information in this document is based upon current taxation and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an Investment in the Investee Company. Tax legislation and HMRC practice are subject to change at any time and the Tax Benefits may be amended or withdrawn. The Tax Benefits referred to in this document are those currently available and their value depends on the individual circumstances of Investors.*

**4. Risks Relating to Investee Companies**

The Investee Companies will be small, unquoted companies and generally of higher risk than other companies. There is no market, nor is there intended to be a market for the Qualifying Shares; as such, an investment in the Service will not be a Readily Realisable Investment. It is not intended that any income or capital will be returned to Investors during the Relevant Period. After holding the Qualifying Shares in the Investee Companies for the Relevant Period, it may still be difficult to realise the Qualifying Shares or to obtain reliable information about their value as the market for shares in smaller companies is often less liquid than that for shares in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such shares.

The performance of the Service is dependent on the ability of the Investment Manager to identify appropriate Investee Companies and on the ability of the Investee Companies to perform in line with their respective business plans. The income from the Investee Companies will depend on the revenues generated by the activities undertaken by such companies, which may be less than the costs incurred by such companies. You should not expect to receive dividend income from these companies. Investment in smaller, unquoted companies, by its nature, involves a 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 can offer good investment returns but by its nature is illiquid and uncertain and consequently involves a higher degree of risk than a portfolio of quoted shares. Realisation of investments in unquoted companies can be difficult and may take considerable time. There is always the risk that Investee Companies are not able to cover their costs of growth and development with the revenues they generate in the expected time frame, thereby bringing the need for follow-on investment. When investing a small fund this risk brings the potential that the Service may either become overexposed to one Investment as it provides follow-on investment, or that it is heavily diluted by choosing not to provide follow-on financing, or indeed that the Investee Company is unsupported and so is unable to continue trading, losing the Service its entire cost of investment.

The departure of any of the Investment Manager's directors, employees or associates could have a material adverse effect on the performance of the Service. Whilst the Investment Manager has entered into appropriate agreements, the retention of their services cannot be guaranteed. The past performance of the Investment Manager is not necessarily a guide to its future performance and may not necessarily be repeated. The value of Qualifying Shares and income from them may go down as well as up and Investors may not get back the amount they originally invested in the Service.

This document should not be considered as constituting legal, taxation or investment advice by the Investment Manager or its advisors. Each party to whom this document is made available must make its own independent assessment of the Service after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates, projections or opinions contained in this document involve significant elements of subjective judgement, analysis and assumptions, and each recipient should satisfy themselves in relation to such matters.

## 5. Financial Services Compensation Scheme

The Investment Manager and the Custodian are covered by the Financial Services Compensation Scheme. The investor may be entitled to compensation from the scheme if either the Investment Manager or the Custodian cannot meet their obligations, as described in greater detail in the Investor Agreement.

Funds will be placed on deposit by the Custodian at the investors' own risk and neither the Custodian, nor the Investment Manager nor any person engaged by either of them to hold such funds as receiving agent or otherwise ("Deposit Holder"), nor any director or officer of any of them, will be liable to any Investor in the event of an insolvency of any bank with which such funds are deposited, nor in the event of any restriction on the ability of any Deposit Holder to withdraw funds from such bank for reasons beyond the reasonable control of any of them.

## 6. Forward-Looking Statements

This IM includes statements that are (or may be deemed to be) "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would" or "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 IM based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under applicable laws and regulations, the Investment Manager does not undertake to update or revise any "forward-looking statements", whether as a result of new information, future events or otherwise.

Investors should not place undue reliance on "forward-looking statements", which speak only as of the date of this IM.

# PART 7: TAXATION BENEFITS FOR INVESTORS

*This summary is based upon current UK tax law and practice and is intended as a guide only. It is not intended to constitute legal or tax advice and prospective investors are recommended to consult their own professional advisers concerning the possible tax consequences of purchasing, holding, selling or otherwise disposing of Qualifying Shares. The value of any tax reliefs will depend on the individual circumstances of investors and may be subject to change in the future. The examples in this section are set out for illustrative purposes only. They are not, and should not be construed as, forecasts or projections of the likely performance of an investment in the Service.*

The Service has been structured to allow Investors to claim SEIS/EIS Reliefs and IHT relief on the amount of their Subscription, as described below. To obtain the tax reliefs described below it is necessary to subscribe for Qualifying Shares and claim the relief. The summary below gives only a brief outline of the tax reliefs and assumes that the Investor is an additional rate taxpayer in 2020/21 and 2021/22. It does not set out all the requirements which must be met during the Relevant Period by the Investee Company and the investor.

## 1. SEIS Relief

### 1.1 Income tax relief

Individuals can obtain income tax relief on the amount subscribed for Qualifying Shares provided they (together with their associates) are not connected with the issuing company. For the tax year 2021/22, income tax relief is limited to SEIS qualifying investments of up to £100,000 in aggregate in each tax year and husbands, wives, and civil partners, can each obtain income tax relief on investments up to this amount. Income tax relief is available at 50% of the amount subscribed. In addition, investments may be carried back to the preceding tax year (i.e. 2020/21) to the extent the investor did not fully utilise their entitlement to SEIS income tax relief in that year. In these circumstances, relief may also be claimed at the rate of 50% for the 2020/21 tax year. In each case, the total relief cannot exceed an amount which reduces the investor's income tax liability to nil.

<b>Income tax relief</b>	<b>(£)</b>
Gross investment in Qualifying Shares	100,000
Less income tax relief (at 50%)	(50,000)
<b>Net cost of investment</b>	<b>50,000</b>

### 1.2 Exemption from CGT

Any capital gains realised on a disposal of SEIS Qualifying Shares after the Relevant Period, and on which SEIS relief (see above) has been given and not withdrawn, will be capital gains tax free. Any capital gain realised on a disposal within the Relevant Period will be subject to CGT at the rates in force at the time of the disposal (currently 10% or 20%, depending on the total amount of the investor's taxable income).

<b>Exemption from CGT</b>	<b>(£)</b>
Realisation after 3 years	120,000
Less original cost	(100,000)
<b>Tax-free gain</b>	<b>20,000</b>

### 1.3 Reinvestment relief on gains

Where you have made a gain on the disposal of assets during the tax year 2021/22 (or 2020/21 if you elect for income tax purposes to treat the investment as having been made in that year) and you use the proceeds of this gain to acquire SEIS Qualifying Shares through the Service, the gains you have made will be chargeable gains at 50% less than the normal charge for the purposes of capital gains tax provided that you are entitled to SEIS Relief on your Investments. If the chargeable gain is taxable at 28%, for example, this will be reduced to 14% where the gain is reinvested in an SEIS Qualifying Company.

Reinvestment relief	(£)
Gains from elsewhere invested in SEIS Qualifying Investment	100,000
Less Capital Gains Tax due (at 28% of capital gains)	(28,000)
Reinvestment relief	14,000
<b>Final Capital Gains Tax due</b>	<b>(14,000)</b>

### 1.4 Loss relief against income or gains

In addition to the three elements of SEIS Relief set out above, tax relief is available for any loss realised on the disposal of Qualifying Shares on which SEIS income tax relief has been obtained. The amount of the loss (net of any income tax relief initially obtained) may be set against the individual's taxable income arising in the tax year in which the disposal occurs, or the previous tax year, or both (if sufficient relief is available). Alternatively, the loss may be offset against capital gains in the tax year of disposal. Any excess losses may be carried forward for relief against future capital gains. In the case where no proceeds are received on disposal of the Qualifying Shares, the net loss after tax on an investment of £100,000 would be as follows:

Loss relief	(£)
Amount invested in Qualifying Shares	(100,000)
Income tax relief at 50%	50,000
Loss net of income tax relief (at applicable rate)	(50,000)
Loss relief at 45%	22,500
<b>Net loss after tax</b>	<b>(27,500)</b>

### 1.5 IHT business property relief

The Qualifying Shares should constitute "Relevant Business Property" (as defined in IHTA). Accordingly, once such shares have been held for a period of two years, they should qualify for 100% business property relief, which would reduce the IHT liability on a transfer of the shares to nil.

## 2. EIS Relief

### 2.1 Income tax relief

Individuals can obtain income tax relief on the amount subscribed for Qualifying Shares provided they (together with their associates) are not connected with the issuing company. For the tax year 2021/22, income tax relief is limited to EIS qualifying investments of up to £1,000,000 in aggregate in each tax year and husbands, wives, and civil partners, can each obtain income tax relief on investments up to this amount. Income tax relief is available at 30% of the amount subscribed. In addition, investments may be carried back to the preceding tax year (i.e. 2020/21) to the extent the investor did not fully utilise their entitlement to EIS income tax relief in that year. In these circumstances, relief may also be claimed at the rate of 30% for the 2020/21 tax year. In each case, the total relief cannot exceed an amount which reduces the investor's income tax liability to nil.

Income tax relief	(£)
Gross investment in Qualifying Shares	100,000
Less income tax relief (at 30%)	(30,000)
Net cost of investment	70,000

### 2.2 Exemption from CGT

Any capital gains realised on a disposal of Qualifying Shares after the Relevant Period and on which EIS income tax relief has been given and not withdrawn, will be exempt from capital gains tax.

Exemption from CGT	(£)
Realisation after 3 years	120,000
Less original cost	(100,000)
Tax-free gain	20,000

### 2.3 CGT Deferral relief

To the extent to which a UK resident Investor (including individuals and certain trustees) subscribes for Qualifying Shares, they can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset, or a previously deferred gain may have been brought back into charge. Although there is a limit for income tax relief (see above) and for the exemption from capital gains tax upon a disposal (see below), there is no limit on the amount of EIS qualifying investments which can be used to defer a gain. If the Investor dies whilst still holding Qualifying Shares, the deferred CGT liability is extinguished entirely. EIS Qualifying Shares should be issued within one year before and three years after the date of the disposal which gives rise to the gain or the date upon which a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of Shares or an earlier breach of the EIS rules. CGT is chargeable at 10% and 20% from 6 April 2016 for individuals, except on disposals of residential property and carried interest, for which the rates are 18% and 28% (the applicable tax rate depends on the total amount of the individual's taxable income and will be 20% or 28% for an individual liable to higher rates of income tax); 20% for trustees or for personal representatives of someone who has died (except that disposals of residential property and carried interest are taxed at 28%); and 10% for gains qualifying for Entrepreneurs' Relief or Investor's Relief (subject in each case to a maximum lifetime limit of £10 million). From 23 June 2010 to 5 April 2016, the rates were 18% and 28% for all assets that did not qualify for Entrepreneurs' Relief.

When a previously deferred gain crystallises, the rate of CGT then payable will depend upon the legislation that is in force at that time, and may be greater or lower than the rate that would have applied had Capital Gains Deferral not been claimed.

### 2.4 Loss relief against income or gains

In addition to the three elements of EIS Relief set out above, tax relief is available for any loss realised on the disposal of Qualifying Shares on which EIS income tax relief (see 2.1 on page 25) has been obtained. The amount of the loss (net of any income tax relief initially obtained) may be set against the individual's taxable income arising in the tax year in which the disposal occurs, or the previous tax year, or both (if sufficient relief is available). Alternatively, the loss may be offset against capital gains in the tax year of disposal. Any excess losses may be carried forward for relief against future capital gains. In the case where no proceeds are received on disposal of the Qualifying Shares, the net loss after tax on an investment of £100,000 would be as follows:

Loss relief	(£)
Realised value of Qualifying Shares	nil
Amount invested in Qualifying Shares	(100,000)
Income tax relief at 30%	30,000
Loss net of income tax relief (at applicable rate)	(70,000)
Loss relief at 45%	31,500
Net loss after tax	(38,500)

### 2.5 IHT business property relief

The Qualifying Shares should constitute "Relevant Business Property" (as defined in IHTA). Accordingly, once such shares have been held for a period of 2 years, they should qualify for 100% business property relief, which would reduce the IHT liability on a transfer of the shares to nil.

*The figures in this section are examples only. They are not, and should not be construed as, forecasts or projections of the likely performance of the investment described in this document. Please note that this is only a condensed summary of the taxation legislation and should not be construed as constituting advice. A potential Investor should obtain advice from his or her own investment or taxation adviser before applying for an investment in the Service. The value and availability of any tax reliefs will depend on the individual circumstances of Investors.*

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### 3. SEIS/EIS Requirements

The following is a non-exhaustive list of some of the requirements for qualification under the SEIS/EIS:

#### Investee Companies

Investee Companies must be unlisted (i.e. they must not be listed on a recognised stock exchange) and there must be no "arrangements" in place for such companies to become listed. In addition, throughout the Relevant Period, such a company must not be a subsidiary of, or be controlled by, another company; and the company must either exist to carry on a Qualifying Trade or must be the parent company of a trading group. There must be no "arrangements" in existence for the Investee Company to come under the control of another company.

#### Qualifying Trade

Each Investee Company must either carry on a Qualifying Trade or must be the parent company of a trading group and employ the money raised by the issue of Qualifying Shares in such a Qualifying Trade.

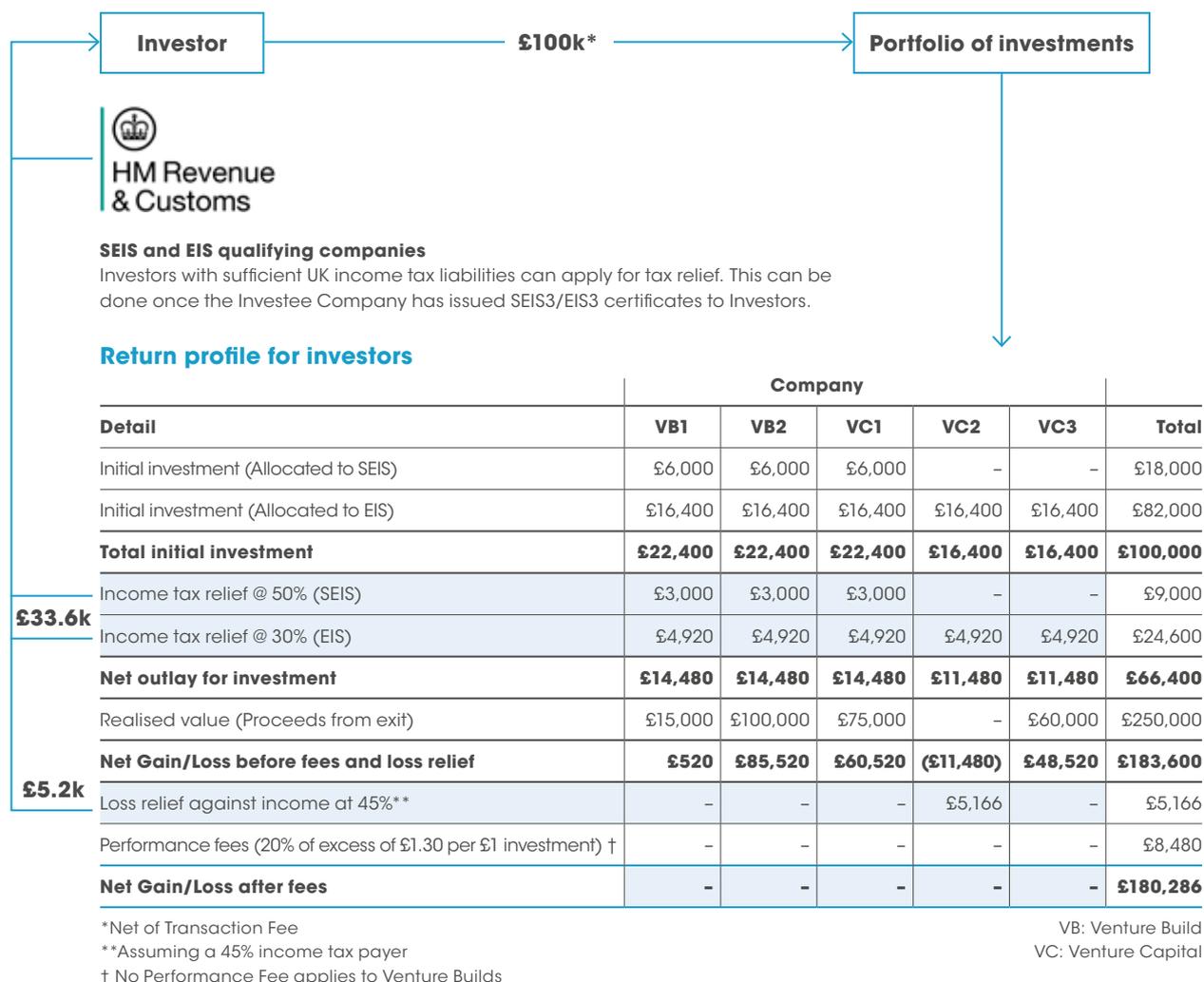
#### Money raised

An Investee Company must not raise more than £5 million from EIS or other state-aided sources in any period of 12 months (for EIS). For SEIS, the Company may not receive more than £150,000 in its lifetime. For EIS, all the money raised from the issue of Qualifying Shares to the investors must be employed for the purposes of the Qualifying Trade within two years of the issue of the Qualifying Shares or the commencement of trade (if later) by the Investee Company. For SEIS, the money raised must be spent within three years of the issue of the Qualifying Shares.

#### Gross Assets and Employees

For EIS, the gross assets of each Investee Company must not exceed £15 million immediately before the issue of Qualifying Shares and £16 million immediately afterwards. It must have fewer than 250 employees. For SEIS, the Investee Company must have fewer than 25 employees and no more than £200,000 in gross assets.

## 4. Illustrative example of SEIS and EIS reliefs for a portfolio



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
<b>Returned***</b>	<b>£241,520</b>	<b>£246,686</b>
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.

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## 5. Timing of SEIS/EIS Claim

Investors will obtain income tax relief in the tax year in which investments in qualifying SEIS/EIS companies are made. Investors are also entitled to carry back SEIS/EIS income tax relief to the tax year preceding that in which investments are made, to the extent that they have not already used their SEIS/EIS capacity in that year.

Once each investment has been made, the Investment Manager will obtain SEIS3/EIS3 certificates from HMRC and send them to each Investor. The SEIS3/EIS3 certificates will confirm the amount of SEIS/EIS qualifying investments the Investor has made and are required by Investors in order to claim SEIS/EIS Relief. The Investment Manager anticipates that the Investee Companies will be trading when investment is made into the Investee Companies. If this is not the case, SEIS3/EIS3 certificates will be applied for once the Investee Company has been trading for four months or, if earlier and for SEIS only, after the Investee Company has spent at least 70% of the money raised by the investment. SEIS/EIS Reliefs must be claimed no later than five years after 31 January following the tax year in which the shares are issued in each Investee Company.

*Please note that this is only a condensed summary of the taxation legislation and should not be construed as constituting advice which a potential Investor should obtain from his or her own investment or taxation advisor before applying for an investment in the Service. The value of any tax reliefs will depend on the individual circumstances of Investors.*

*The Investment Manager or Station12 does not give tax advice and recommends that you consult a tax advisor if you are in any doubt about any of the technical aspects of the SEIS or EIS legislation.*

# PART 8: OPERATION OF THE SERVICE

## 1. Client Accounts

Prior to investment in Investee Companies, and following the realisation of investments in Investee Companies prior to the distribution of proceeds, Investors' funds will be held by the Custodian in cash in a client money account with trust status, in accordance with the FCA client money rules. All client money will be held in Prudential Regulation Authority approved UK bank.

Qualifying Shares will be issued in the name of the Nominee (and, for SEIS/EIS purposes, the Qualifying Shares will be treated as if they were subscribed for and issued to the investors who will retain beneficial ownership over them for the life of their investment). Any dividends received by the Nominee from Investee Companies will be forwarded directly to investors. However, the Investment Manager does not anticipate that any dividends will be paid by the Investee Companies during at least the Relevant Period.

All documents of title will be held by the Nominee.

## 2. Allocations

The Investment Manager will arrange for the maintenance of accounts which will be open to inspection by each Investor (upon reasonable notice) showing the amounts invested and yet to be invested on that investor's behalf.

The number of Qualifying Shares allocated to a particular Investor will be calculated by reference to the proportion which the Investor's Subscription, net of his or her share of the upfront fees charged to the Investor (as set out in Part 5 paragraph 8 above), bears to the Aggregate Subscriptions net of all such fees of all investors. It is intended that monies received from each Investor will be invested on a pro-rata basis to his or her Subscription, as investment opportunities arise. Variations to this standard procedure will only occur to avoid issuing fractions of shares, or if an investor is subject to professional rules preventing him or her from making an investment in a particular Investee Company.

Should an Investor die before his or her Subscription is fully invested, all un-invested sums subscribed by him or her will be repaid by the Investment Manager upon receipt of notice from the investor's personal representatives. Consideration will be given to liquidating the deceased Investor's Qualifying Shares, subject to the Investment Manager's absolute discretion.

## 3. Documentation and Communication

The Investment Manager will provide each Investor with half-yearly reports in each year, containing details of all investments made into Investee Companies, together with a commentary on the progress of each of these investments. The first such report will be in respect of the period ending six months after the Subscription Deadline.

The Investment Manager will provide Investors with SEIS3/EIS3 certificates, which are required to claim SEIS/EIS Reliefs, following each investment, and subject to each Investor's own circumstances; it is anticipated that these will be issued within 6 to 20 months of the Subscription Deadline, however this timescale is subject to a number of factors outside of the Investment Manager's control, including response times of HMRC.

## 4. The Custodian and Nominee

By completing the Application Form, prospective investors will, inter alia, be deemed to have irrevocably agreed to the Investment Manager having appointed the Custodian on behalf of Investors, to exercise the powers, and to carry out duties, on behalf of the investors in accordance with the provisions of the Custodian Agreement, certain provisions of which are summarised below. Investors should note that the following does not summarise all the provisions of the Custodian Agreement. Investors may request a copy of the Custodian Agreement from the Investment Manager.

### A. Function

The function of the Custodian will be to perform (or procure the performance of) custodian, nominee, receiving agent and associated administrative services, which are conferred upon it by the terms of the Custodian Agreement. The Investment Manager will provide a copy of the Custodian Agreement to the Investor as soon as reasonably practicable upon written request.

## B. Custodian's Obligations and Powers

The Custodian will:

- a. hold funds arising from Investor Subscriptions in cash in a client money account with trust status. All client money will be held in a Prudential Regulatory Authority approved UK bank pending investment in Qualifying Shares;
- b. deploy funds on the instructions of the Investment Manager acting in accordance with the Investor Agreement, appoint the Nominee to acquire Qualifying Shares and hold the corresponding shares and share certificates in its name, and act on the instructions of the Investment Manager to realise investments for Investors; and
- c. be authorised to:
  - i. buy, sell, retain, convert, exchange or otherwise deal in the Investor's Qualifying Shares upon the instructions of the Investment Manager;
  - ii. exercise voting and other shareholder rights in relation to the Investor's Qualifying Shares upon the instructions of the Investment Manager; and
  - iii. carry out such other acts and deeds which are in its reasonable opinion necessary or reasonably incidental to its appointment as a Custodian, acting in compliance with ITA, FSMA and the FCA Rules as applicable.

## C. Liability

The Custodian will act in good faith and with reasonable care and diligence in the performance of its functions. The Custodian will not be liable to an Investor in the event of any loss in value of funds invested or any insolvency of any bank with which funds are deposited in accordance with the Custodian Agreement, nor in the event of any restriction on the Custodian's ability to withdraw funds from such bank for reasons reasonably beyond the control of the Custodian.

## D. Termination

The Custodian Agreement may be terminated: (i) by either party on 6 months written notice; or (ii) if either the Custodian or the Investment Manager fails to remedy a material breach of the Custodian Agreement within 10 business days of notice of same. Where the Custodian is to be replaced, the Custodian will co-operate with the Investment Manager and any replacement custodian to ensure an effective transfer of responsibilities.

## 5. Conflicts Policy

The Investment Manager may approve an investment in an Investee Company in which members of Station12 or its shareholders have a commercial interest. This situation will be dealt with in accordance with the Investment Manager's conflicts policies. All Venture Building deals that are invested in by the Service will require an independent valuation to validate the pre-money valuation.

The Investment Manager and other members of Station12 act, and will continue to act, as the investment manager, operator, agent and/or investment adviser to various other new and existing clients which are involved in activities similar to or the same as the business of the Investee Companies. Commercial opportunities may therefore arise that would be suitable for the Investee Companies and for one or more other clients of Station12 (both current and future). The Investment Manager and/or its affiliates will seek in their absolute discretion to ensure that any suitable opportunities are allocated fairly between such other clients of Station12 in accordance with the conflicts policies of the Investment Manager from time to time and without prejudice to the Investment Manager's obligations to Investors. A summary of the Investment Manager's policy for managing conflicts of interest can be found in the Investor Agreement.

Station12 and its subsidiaries are, and will continue to be, active investors in, and advisers to, entities and individuals in the Sports, Entertainment and Knowledge sectors. There may be circumstances in the future, therefore, where Station12, its subsidiaries and/or managed funds might enter (or propose to enter) into contracts, transactions, arrangements or investments in connection with the Service and/or an Investee Company or may otherwise be directly or indirectly interested in contracts, transactions, arrangements with, or investments by, the same. Such circumstances (if they occur) will be managed in accordance with any requirements under applicable laws and regulations.

# PART 9: DEFINITIONS

<b>Term</b>	<b>Definition</b>
<b>Aggregate Subscriptions</b>	The aggregate amount of subscriptions to the Service at the Subscription Deadline
<b>AIF</b>	Alternative Investment Fund
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFMD</b>	Alternative Investment Fund Managers Directive
<b>Annual Monitoring Fee</b>	The annual monitoring fee payable by each Investee Company to the Investment Manager as more fully described in Part 5 paragraph 8
<b>Application Form</b>	An application form provided by the Investment Manager to invest in the Service completed by the Investor
<b>Capital Gains Deferral</b>	EIS deferral of CGT under Section 150C and Schedule 5B of the TCGA
<b>CGT</b>	Capital Gains Tax
<b>COBS</b>	The FCA's Conduct of Business Sourcebook
<b>Custodian</b>	The Investment Manager has agreed terms for, safe custody, custodial, nominee, receiving agent and administrative services in respect of the Service and, at the date of this IM, is Woodside Corporate Services, with its registered office at 4th Floor, 50 Mark Lane, London, EC3R 7QR
<b>Custodian Agreement</b>	The agreement between the Custodian and the Investment Manager setting out the agreed terms for safe custody, custodial nominee, receiving agent and administrative services to be provided by the Custodian to Investors. This may be in the form of two agreements with the Custodian
<b>Deposit Holder</b>	Holding Investors funds as receiving agent or otherwise. The receiving agent service is provided by the Custodian
<b>EIS</b>	The Enterprise Investment Scheme, as set out in Part 5 of ITA and sections 150A to 150C TCGA
<b>EEA State</b>	Means a state which is a member of the European Union or is party to the EEA Agreement
<b>EIS Relief</b>	The tax reliefs available under the EIS, including the income tax relief, capital gains tax exemption and deferral relief
<b>Entrepreneurs Relief</b>	Tax relief pursuant to Part V Chapter 3 of TCGA, by which disposals of business assets within an individual's lifetime limit of £10,000,000 qualify for a reduced rate of CGT of 10%
<b>FCA</b>	The Financial Conduct Authority
<b>FCA Rules</b>	The rules of the FCA as set out by the FCA's Handbook of Rules and Guidance and any other rules and guidance issued by the FCA from time to time
<b>FMSA</b>	The Financial Services and Markets Act 2000
<b>Service</b>	The Station12 Sports, Entertainment and Knowledge Service, a Station 12 Asset Management discretionary managed portfolio
<b>HMRC</b>	HM Revenue and Customs
<b>IHT</b>	Inheritance Tax
<b>IHTA</b>	The Inheritance Tax Act 1984

<b>Term</b>	<b>Definition</b>
<b>IM or Information Memorandum</b>	This Information Memorandum issued in relation to the Service
<b>Investee Company</b>	A company in which an Investor is invested, which is a qualifying company for SEIS/EIS purposes
<b>Investor</b>	An individual who completes an Application Form which is accepted by the Investment Manager and so enters into an Investor's Agreement and invests through the Service
<b>Investor Agreement</b>	The agreement to be entered into between each Investor and the Investment Manager, as enclosed with this IM
<b>Investor Relief</b>	Tax relief pursuant to Part V Chapter 5 of TCGA, by which disposals of qualifying shares within an individual's lifetime limit of £10,000,000 qualify for a reduced rate of CGT of 10%
<b>ITA</b>	The Income Tax Act 2007
<b>Investment Manager</b>	Station 12 Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (FRN 779914). Station 12 Asset Management Limited is registered in England and Wales. Registered No: 10596368. Registered Address: 5 Jardine House, Harrovia Business Village, Bessborough Road, Harrow, England, HA1 3EX
<b>Sports, Entertainment and Knowledge</b>	Music, TV, film, publishing, radio, online video, and includes: content production and delivery in multiple platforms, live events as well as enabling technologies that support them, advertising and marketing, gaming/eSports, virtual reality, talent, publishing and knowledge amongst others
<b>Nominee</b>	Such nominee as the Custodian may appoint from time to time, and at the date of this IM, is WCS Nominees Limited
<b>Performance Fee</b>	Has the meaning ascribed to it in Part 5, Paragraph 8 of this IM
<b>Professional Client</b>	An investor in the Service who has been categorised as a professional client for the purposes of their investment in the Service in accordance with COBS
<b>Qualifying Shares</b>	Ordinary equity shares in an Investee Company that qualify for SEIS or EIS Relief and are subscribed for by the Service on behalf of Investors
<b>Qualifying Trade</b>	A trade permitted by Sections 189 and 192 ITA
<b>Readily Realisable Investment</b>	A government or public security denominated in the currency of the country of its issuer or any other security which is: <ul style="list-style-type: none"> <li>a. admitted to official Listing on an exchange in an EEA State</li> <li>b. regularly traded on or under the rules of such an exchange</li> <li>c. 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</li> <li>d. a newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded</li> </ul>

<b>Term</b>	<b>Definition</b>
<b>Relevant Period</b>	The period beginning on the date that the Qualifying Shares are issued by the Investee Company and ending three years after that date, or (for SEIS purposes) three years after the commencement of the Investee Company's trade, whichever is later
<b>Retail Client</b>	Any Investor in the Service who is not categorised as a professional investor in accordance with the FCA Conduct of Business Sourcebook (COBS)
<b>SEIS</b>	The Seed Enterprise Investment Scheme, as set out in Part 5A of the ITA and sections 150E to 150G TCGA
<b>SEIS Relief</b>	The tax relief available under the SEIS, including the income tax relief, capital gains exemption and reinvestment relief.
<b>Subscription</b>	Total amount subscribed to the Service pursuant to the Application Form
<b>Subscription Deadline</b>	The Service operates rolling close dates as advised by the Investment Manager
<b>Station12</b>	Station 12 Limited, company registration number 08972812. Registered Address: 5 Jardine House, Harrovia Business Village, Bessborough Road, Harrow, Middlesex, HA1 3EX, Station 12 Limited is registered in England and Wales and invests, builds and advisers companies in the Sports, Entertainment and Knowledge sectors
<b>Transaction fee</b>	Has the meaning ascribed to it in Part 5, Paragraph 8 of this IM
<b>Tax Benefits</b>	The various tax benefits, including SEIS/EIS Relief, arising from subscriptions for shares in Investee Companies
<b>TCGA</b>	The Taxation of Chargeable Gains Act 1992

This IM is dated 5 July 2020.

**CANCELLATION NOTICE**

You may cancel your application and terminate the Investor Agreement at any time within 14 days of the Investment Manager accepting your Application Form. If you wish to cancel your application, please complete the details below and send this notice to the Investment Manager for the attention of: Managing Partner, Station 12 Limited, 98 Abinger Road, London W4 1EX.

I hereby cancel my application to the Station12 Sports, Entertainment and Knowledge Service.

Title _____	Address _____
First Name(s) _____	_____
Last Name _____	Postcode _____
Signature _____	Date _____





## APPENDIX

### INVESTOR AGREEMENT

This investor agreement (the Agreement) sets out the terms upon which we, Station 12 Asset Management Limited (the Investment Manager), agree to provide discretionary managed services to you (the Investor).

The Application Form forms part of this Agreement. Upon acceptance of a signed Application Form by the Investment Manager, this Agreement, the Application Form and those parts of the IM referred to herein, will constitute the whole of the binding agreement between you, the Investor, and the Investment Manager.

#### 1. Introduction

- 1.1 Station 12 Asset Management Limited is authorised and regulated by the Financial Conduct Authority (FRN 779914). Station 12 Asset Management Limited is registered in England and Wales. Registered No: 10596368. Registered Address: 5 Jardine House, Harrovia Business Village, Bessborough Road, Harrow, England, HA1 3EX.
- 1.2 An investment requires:
- a. the appointment of the Investment Manager by the Investor upon the terms of this Agreement;
  - b. the appointment of a third party to hold the Investor's cash and investments on behalf of the Investor. The Investment Manager has entered into an agreement with the Custodian for the provision of these custodian, nominee, receiving agent, settlement and associated services.

#### 2. Definitions, Construction and Interpretation

- 2.1 The following words and phrases have the following meanings when used in this Agreement:

**Act** means the Financial Services and Markets Act 2000;

**Application Form** means an application form, provided by the Investment Manager, for investment through the Service, completed by the Investor;

**Applicable Laws** means all relevant English laws, regulations and rules, including those of the FCA;

**Associate** means any person or entity, which (whether directly or indirectly) controls or is controlled by another party or is under common control with that party. For the purpose of this definition "control" shall be deemed to refer also to any power to exercise significant influence over the operating or financial policies of any person or entity;

**Custodian** means Woodside Corporate Services Limited, which is authorised and regulated by the FCA (FRN 467652), registered in England under company number 6171085, with its registered office 4th Floor, 50 Mark Lane, London, EC3R 7QR, or such other custodian as may be appointed by the Investment Manager from time to time;

**Custodian Agreement** means the agreement between the Investment Manager and the Custodian for safe custody, custodial nominee, receiving agent and administrative services entered into by the Investment Manager on behalf of each Investor in connection with the Service. This may be in the form of two agreements with Custodian;

**Custodian Services** means the services provided by or on behalf of the Custodian under the Custodian Agreement;

**EEA State** means a state which is a member of the European Union or is party to the EEA Agreement;

**EIDV Services** means the electronic identity verification services provided by the EIDV Service Provider as part of the identification process as set out in the Application Form;

**EIDV Service Provider** means a third party service provider as may be engaged by the Investment Manager from time to time to provide the EIDV Services or similar services;

**EIS** means the Enterprise Investment Scheme set out in ITA Sections 156-257, and in TCGA Sections 150A-150C and Schedule 5B;

**EIS Relief** means the tax reliefs available under the EIS, including the income tax relief, capital gains tax exemption, share loss relief and capital gains tax deferral relief;

**FCA** means the Financial Conduct Authority;

**FCA Rules** means the rules of the FCA as set out in the FCA's Handbook of Rules and Guidance and any other rules and guidance issued by the FCA from time to time;

**Financial Services Compensation Scheme** has the definition given to it under the Act;

**Service** means the Station12 Media, Entertainment and Knowledge Service, a Station 12 Asset Management discretionary managed portfolio;

**Group** means Station 12 Limited and any of its direct or indirect subsidiaries and associates from time to time;

**HMRC** means HM Revenue & Customs;

**IM** means the the Information Memorandum issued by the Investment Manager in connection with the Service;

**Investment** means an investment in Qualifying Shares acquired at the direction of the Investment Manager through the Service;

**Investment Agreement** means any investment agreement between the Investment Manager and an Investee Company, pursuant to which the Investor has invested in that company;

**Investee Company** means a company in which an investor is invested, which is a qualifying company for SEIS/EIS purposes;

**Investment Manager** means Station 12 Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (FRN 779914). Station 12 Asset Management Limited is registered in England and Wales. Registered No: 10596368. Registered Address: 5 Jardine House, Harrobian Business Village, Bessborough Road, Harrow, England, HA1 3EX;

**Investment Strategy** means the investment strategy as set out in the IM;

**Investor** means an individual who completes an Application Form as provided by the Investment Manager, which is accepted by the Investment Manager and so enters into an Investor's Agreement and invests through the Service;

**ITA** means the Income Tax Act 2007;

**MiFID** means EU Markets in Financial Instruments Directive which came into force on 1 November 2007, as subsequently amended;

**MTF** means Multilateral Trading Facility;

**Nominee** means a non-trading subsidiary of the Custodian, or any other nominee as may be appointed by the custodian from time to time;

**Professional Client** means an investor in the fund who has been categorised as a professional client for the purposes of their investment in the fund in accordance with FCA Conduct of Business Sourcebook (COBS);

**Qualifying Shares** means ordinary shares in an Investee Company;

**Readily Realisable Investments** means:  
A government or public security denominated in the currency of the country of its issuer or any other security which is:

- Admitted to Official Listing on an Exchange in an EEA State
- Regularly traded on or under the rules of such an Exchange
- 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
- A newly issued security which can reasonably be expected to fall within the above categories when it begins to be traded.

**Regulated Market** means any market included on the list maintained by the FCA in accordance with the provisions of Article 47 of MiFID and included as such on the FCA Register, or any equivalent market similarly regulated in another member state of the EEA;

**Relevant Period** has the meaning given to it in the IM, being the period beginning on the date that the Qualifying Shares are issued by an Investee Company and ending three years after that date, or (for EIS purposes) three years after the commencement of the Investee Company's trade, whichever is later;

**Retail Client** means any investor in the fund who is not categorised as a professional investor in accordance with FCA Conduct of Business Sourcebook (COBS);

**Schedule** means a schedule to this Agreement;

**SEIS** means the Seed Enterprise Investment Scheme, as set out in Part 5A of ITA and sections 150E to 150G TCGA

**SEIS Relief** means the tax reliefs available under the SEIS, including the income tax relief, capital gains tax exemption, share loss relief and capital gains tax deferral relief

**Services** means the services provided by the Investment Manager under Clause 6 of this Agreement;

**Station12** means Station 12 Limited, company registration number 08972812. Registered address 5 Jardine House, Harrovia Business Village, Bessborough Road, Harrow, Middlesex, HA1 3EX. Station 12 Limited is registered in England and Wales and invests, builds and advises companies in the Sports, Entertainment and Knowledge sectors;

**Subscription** means a subscription by the Investor pursuant to Clause 5 of this Agreement;

**Subscription Deadline** means The Service operates rolling close dates as advised by the Investment Manager;

**Tax Benefits** means the various tax benefits, including SEIS/EIS Relief, arising from subscriptions for Qualifying Shares;

**TCGA** means Taxation of Chargeable Gains Act 1992; and

**US Person** includes: 1) individuals who are United States of America (US) citizens (including dual citizens) or resident, US passport holders, green card holders, individuals born in the US who have not renounced their citizenship, permanent residents of the US and those with a "substantial presence" in the US as defined in US tax law; 2) a partnership or corporation organised in the US or under the laws of the US; 3) certain trusts with a US nexus; and 4) a non-US entity which is controlled by US Persons (if you are in any doubt as to whether you are a US Person you should consult an adviser).

- 2.2 Words and expressions defined in the FCA Rules, which are not otherwise defined in this Agreement will, unless the context otherwise requires, have the same meaning in this Agreement.
- 2.3 Any reference to a statute, statutory instrument or to rules or regulations are 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.
- 2.4 References to the singular also include the plural and vice versa.
- 2.5 Unless otherwise indicated, references to Clauses and Schedules are to clauses and schedules in this Agreement.
- 2.6 Headings to Clauses are for convenience only and do not affect the interpretation of this Agreement.
- 2.7 All references to the masculine shall, in each instance, equally refer to the feminine and vice versa.

### **3. Making an Investment**

- 3.1 This Agreement comes into force on the date that the Investment Manager accepts the Investor's Application Form. An Application Form is accepted when recorded on the register of applications maintained by the Investment Manager.
- 3.2 An Application Form must be properly completed and executed by the Investor and received by the Investment Manager before acceptance of the applicant as an Investor.
- 3.3 Where the Investor submits an Application Form which is accepted by the Investment Manager, the Investor hereby appoints the Investment Manager to fulfil its role in managing the Investments on the terms and subject to the conditions set out in this Agreement. The Investment Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.

### **4. Cancellation Rights**

- 4.1 The Investor has the right to cancel his Subscription provided that the Investor notifies the Investment Manager in writing at the address set out in this Agreement within 14 days of the Investment Manager accepting the Investor's Application Form.
- 4.2 If the Investor exercises the right to cancel his Subscription, the Investment Manager will refund any monies paid by the Investor less any charges the Investment Manager has already incurred for the Services undertaken in accordance with the terms of this Agreement and less any sums paid to advisers and introducers. The Investment Manager will endeavour to arrange the return of any such monies as soon as possible (and in any event, not more than 30 days following cancellation). The Investor will not be entitled to interest on such monies.
- 4.3 Where an Investor does not exercise the right to cancel within the requisite time period, any termination of this Agreement by the Investor will be governed by the conditions specified in Clause 17.

- 4.4 The Investor acknowledges that, notwithstanding the right to cancel under the FCA Rules, he does not have the right to cancel, terminate and/or reverse any particular Investment transaction executed for the account of the Investor before cancellation takes effect.

### **5. Subscription**

- 5.1 In order to invest in the Service, the Investor must make a Subscription of at least £10,000 (subject to the Investment Manager's discretion to accept a lesser amount) at the same time as submitting his Application Form.
- 5.2 Subject to the Investment Manager's discretion, the Investor may make further Subscriptions at any time up to and including the Subscription Deadline. The Investor may not make any Subscription after that date and the Investment Manager cannot require the Investor to add further monies to the Investee Companies.
- 5.3 Prior to Investment in Investee Companies, and following the realisation of Investments in Investee Companies but prior to the distribution of proceeds, Investors' funds will be held by the Custodian in cash in a designated client money account with trust status. All client money will be held in a Prudential Regulatory Authority approved UK bank. Qualifying Shares will be issued in the name of the Nominee (and, for SEIS/EIS purposes, the Qualifying Shares will be treated as if they were subscribed for and issued to the Investor who will retain beneficial ownership of them for the life of the Investment). Any dividends received by the Nominee from Investee Companies will be forwarded directly to the Investor pro rata to the Investor's respective shareholding in such Investee Companies. These will be batched and paid out in dividend runs periodically. De minimis sums will apply as the cost of processing trivial dividends can outweigh the value of the dividend. However, the Investment Manager does not anticipate that any dividends will be paid by the Investee Companies during the Relevant Period. All documents of title will be held by the Nominee on behalf of the Investors.

5.4 The Custodian will hold Subscriptions until the Investment Manager has completed its money laundering checks in respect of an Investor to its satisfaction.

5.5 The Investor acknowledges that any monies held on deposit by the Custodian are held at the Investor's risk and that neither the Investment Manager, Station12, nor any Custodian, nor any director or officer of any of them, will be liable to the Investor in the event of any loss in value of such Investments or the insolvency of any bank with which Investor's funds are deposited, nor will they be so liable in the event of any restriction on their ability to withdraw funds from such bank for reasons beyond the reasonable control of any of them.

## 6. Investment Manager Services

6.1 The Investment Manager will exercise all discretionary investment powers in relation to the selection of or exercising rights relating to Investments, including, for the avoidance of doubt, any conversion, subscription, voting or other rights relating to Investments (and the Investor hereby irrevocably authorises and empowers the Investment Manager in this regard), in each case upon the terms and subject to the conditions set out in this Agreement.

6.2 The Investor acknowledges and agrees that the Custodian is not obliged to seek or accept any instruction or direction directly from the Investor in respect of the Custodian's execution of instructions from the Investment Manager relating to the exercise of the Investor's rights relating to Investments.

6.3 The Investment Manager will not, except as expressly provided in this Agreement or unless otherwise authorised by or on behalf of the Investor, have any authority to act on behalf of, or in respect of, the Investor or to act as the agent of the Investor.

6.4 The Tax Benefits are dependent on an Investor's personal circumstances. The Investment Manager does not provide tax advice and Investors should seek independent tax advice to determine and understand the suitability of investing in the Service and any effect that this may have on the Investor's position generally.

## 7. Custodian Services

7.1 The Investment Manager will arrange for the Custodian to provide safe custody services in relation to the Investments and the Investor's cash pursuant to the Custodian Agreement. The Custodian will act as custodian of the cash and other assets of the Service.

7.2 The Investment Manager will provide a copy of the Custodian Agreement to the Investor as soon as reasonably practicable upon written request.

7.3 By accepting the terms of this Agreement, the Investor agrees that:

- a. the Investment Manager is authorised to enter into the Custodian Agreement on the Investor's behalf as the Investor's agent, to give instructions to the Custodian and to agree any subsequent amendments to the Custodian Agreement on the Investor's behalf, provided that the Investment Manager notifies the Investor of such amendments in accordance with the FCA rules;
- b. the Investor is bound by the terms of the Custodian Agreement; and
- c. the Custodian is authorised to transfer cash or Investments from the Investor's account to meet its fees and settlement or other obligations under the Custodian Agreement.

7.4 Under the Custodian Agreement, the Investor will remain the customer of the Investment Manager, but will also become a customer of the Custodian for settlement, custody, receiving agent and nominee purposes only. The Investment Manager retains responsibility for compliance and regulatory requirements regarding the provision of the Services. The Custodian neither provides investment advice nor gives advice nor offers any opinion regarding the suitability of any transaction. The Investor should direct all enquiries regarding the Service to the Investment Manager and not to the Custodian. The Custodian will not accept instructions from the Investor directly. The Custodian will provide nominee services to Investors through the Nominee.

7.5 The Investment Manager is authorised to replace the Custodian in the event of material breach of the Custodian Agreement and/or to vary the terms of the Custodian Agreement from time to time and will endeavour to ensure that it does so on terms no less beneficial to the Investor.

7.6 The Investor acknowledges that although the Custodian will not co-mingle securities with its own property, the Custodian may co-mingle the Investor's securities with securities held for other customers. In addition, securities deposited with a delegate of the Custodian may be held in an omnibus account by the delegate of the Custodian. In each case, individual client entitlements may not be identifiable by separate certificates, or other physical documents by title, entries on the register or equivalent electronic records. If there is an irreconcilable shortfall following any default by the Custodian or a delegate of the Custodian, the Investor may not receive his full entitlement and may share in the shortfall pro-rata among the Custodian's other clients or the delegate's other clients.

## **8. Delegation and Assignment**

8.1 The Investment Manager may engage agents, including Associates, to perform any administrative, custodial or ancillary services to assist the Investment Manager in performing the Services, in which case it will act in good faith in the selection, use and monitoring of agents and Associates but otherwise will have no liability in respect of such agents and Associates. Any such engagement of such agents and Associates will not affect the liability of the Investment Manager under the terms of this Agreement.

8.2 The Investment Manager may replace, substitute, assign or novate this Agreement to any appropriately authorised and regulated member of the Group, and agrees to notify the Investor of such replacement, substitution, assignment or novation.

8.3 This Agreement is personal to the Investor and the Investor may not assign it.

## **9. Potential Conflicts of Interest and Disclosure**

9.1 The Investment Manager and the Custodian may provide services similar to the Services or any other services whatsoever to any other of their respective customers and neither the Investment Manager nor the Custodian will in any circumstances be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable by the Investment Manager or Custodian, the Investment Manager or the Custodian will use all reasonable endeavours to ensure fair treatment as between the Investor and other customers in compliance with the FCA Rules.

9.2 A summary of the Investment Manager's conflicts of interest policy, which details how the Investment Manager identifies and manages conflicts of interest, is set out in Schedule 1.

## **10. Investment Manager Authorisation, Client Categorisation, Investor Confirmations and Obligations**

10.1 The Investor confirms for the purposes of the FCA Rules, the Service as a whole will be deemed to be client of the Investment Manager. For all other purposes and to the extent you are a client of the Investment Manager, the Investment Manager will categorise you as a 'Professional Client' or 'Retail Client'.

An application to the Service will only be accepted from the Investor if they have been categorised by the Manager as a Professional or Retail Client (that meet either COBS 4.7.7 (a), 4.7.7 (b) 4.7.7 (c) and 4.7.10). An Investor will be categorised as a Professional Investor if the Investor has elected to be an Professional Investor and:

- a. the Investment Manager undertakes an adequate assessment of the expertise, experience and knowledge of the Investor that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Investor is capable of making their own investment decisions and understanding the risks involved;
- b. the Investment Manager has given the Investor a clear written warning of the protections and investor compensation rights the Investor may lose; and
- c. the Investor has stated in writing, in a separate document from this Agreement that they are aware of the consequences of losing such protections. A separate letter for completion is contained within the application pack.

- 10.2 The Investor will have to complete the form on their investment experience which appears after the Application Form headed Investor Appropriateness. The information provided by the Investor will be kept confidential by the Investment Manager but it is important to enable the Investment Manager to conduct the qualitative test for Professional Clients and the appropriateness test for Retail Clients under the FCA Rules.
- 10.3 A Professional Client will lose the protections applicable exclusively to Retail Clients. Certain of the FCA Rules will automatically be limited or modified in their application to a Professional Client.
- 10.4 The following protections will not apply to a Professional Client. This may include, but not limited to the following:
- a. The Investment Manager will not be obliged to warn a Professional Client of the nature of any risks involved in any potential Investments in the Service.
  - b. Disclosures: Additional disclosures which must be provided to Retail Clients need not be provided to Professional Clients (for example, on costs, fees and charges, foreign exchange conversion rates and certain information on managing investments).
  - c. Suitability: When it is necessary to assess the suitability of an Investment for the Investor, the Investment Manager can assume that a Professional Client has the necessary experience and knowledge to understand the risks involved and in certain circumstances can assume it is able financially to bear any Investment risks as set out in the IM.
  - d. Best execution: The obligation to obtain the best possible result when executing an order on behalf of an Investor differs in its application between Retail Clients and Professional Clients.
  - e. Periodic statements: A Retail Client is entitled to receive more detailed information in periodic statements than a Professional Client, and a Retail Client may request to receive a statement every three months.
  - f. The Financial Ombudsman Service (FOS): FOS is a point of referral under which certain complaints relating to regulated activities may be resolved quickly and with minimum formality by an independent person. Only Retail Clients are entitled to refer complaints to FOS.
- 10.5 The Investor confirms that he is an experienced investor in small to medium higher risk, unquoted companies and is suitably knowledgeable of the risks associated with non-Readily Realisable Investments.
- 10.6 The Investor confirms that he is not seeking advice from either the Investment Manager or Station12 on the merits of any investment made through the Service.
- 10.7 The Investor agrees that the Investment Manager may hold information about him and his affairs in order to verify his identity and financial standing or otherwise in the performance of the Services (among other things the Investment Manager may consult a credit or mutual reference agency, which may retain a record of the enquiry).
- 10.8 The Investment 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. The Investment Manager must, therefore, verify the Investor's identity and report suspicious transactions to the appropriate enforcement agencies. If the Investor does not provide the identity verification information when requested, the Investment Manager may be unable to accept any instructions from them or provide the Investor with any Services.
- 10.9 Services are provided on the basis of the declaration made by the Investor in the Application Form, which includes the following statements by the Investor:
- g. the Investor wishes to seek SEIS/EIS Relief in respect of the Investments;
  - h. the Investor agrees to notify the Investment Manager if any Investment is made in a company with which the Investor is connected, as defined in Sections 163 and Sections 166 to 170 (EIS) and within Section 257BA and 257BB (SEIS) of the 2012 Finance Act or if within three years of the later of the issue of the relevant shares and the commencement of trade they become connected with an Investee Company in which an Investment is made or receive value from such a company;
  - i. the Investor agrees to notify the Investment Manager if he/she is or becomes a US Person; and

- j. the Investor confirms that the information stated in the Application Form is true and accurate as at the date of submission of the Application Form and will be true and accurate as at the date of this Agreement.

10.10 The Investor must, as soon as practicable but in no event later than 14 days from the date of such change, inform the Investment 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 10.6 above refers.

10.11 The Investor shall provide the Investment Manager with any information that the Investment Manager reasonably requests for the purposes of providing the Services pursuant to the terms of this Agreement.

## 11. Investment Objectives and restrictions

- 11.1 The investment objective of the Service is to offer the investor an opportunity to invest in unquoted SEIS/EIS qualifying companies within the Sports, Entertainment and Knowledge sectors.
- 11.2 In performing its Services, the Investment Manager will at all times have regard to and shall use its reasonable endeavours to comply with:
  - a. the Investment Strategy;
  - b. the need for Investments to attract the Tax Benefits; and
  - c. all Applicable Laws.
- 11.3 The Investment Manager reserves the right to return any surplus of cash if it concludes that it cannot be invested in appropriate Investments, and it considers this to be in the best interests of the Investor or other Investors.
- 11.4 In the event of a gradual realisation of Investments prior to termination of the Investor Agreement under Clause 17, those realised Investments shall be dealt with in accordance with Clause 5.3 above.

## 12. Terms Applicable to Dealing

- 12.1 The Investor agrees and accepts that Investments will be in a range of unlisted securities and that such securities generally do not trade on a Regulated Market or multi-lateral trading facility. The Investor acknowledges there is no certainty that market makers will be prepared to deal in such securities and adequate information for determining the current value of such securities may be unavailable. The Investment Manager will ensure that transactions in unlisted securities will be effected on the best commercial terms which can be secured.
- 12.2 The number of Qualifying Shares allocated to a particular Investor will be calculated by reference to the Investor's Subscription, net of his or her share of the up front fees charged to the Investor (as set out in Part 5 paragraph 8 of the IM), provided that Investors will not have fractions of shares. The Investor acknowledges that minor variations may be required to prevent Investors having fractions of shares.
- 12.3 Subject to both the FCA Rules and the Investment Manager's policy on the management of conflicts of interest, the Investment Manager may make use of dealing commission arrangements in respect of deals undertaken on behalf of Investors as may be disclosed to the Investor from time to time.
- 12.4 Subject to the FCA Rules, the Investment Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, will have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 12.5 The Investment Manager shall take all reasonable steps to obtain the best possible result when executing orders on an Investor's behalf. This duty of best execution is owed by the Investment Manager to an Investor only when the Investment Manager has contractual or agency obligations to an Investor. An Investor should familiarise himself with the Order Execution Policy, provided in Schedule 3 of this Agreement. The Investment Manager is required to obtain each Investor's consent to this policy, which will be demonstrated by the relevant Investor submitting a completed Application Form to the Investment Manager.

12.6 The Investment Manager may aggregate an Investor's transactions with those of other customers and of its employees, in accordance with the FCA Rules. It is unlikely that the effect of such an allocation will work to an Investor's disadvantage; however, occasionally this may not be the case. The Investment Manager will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the FCA Rules.

### 13. Reports and Information

13.1 The Investment Manager, in accordance with FCA Rules, will provide the Investor with a periodic statement once every six months from the Subscription Deadline and will provide reports which will include a measure of performance of Investments.

13.2 The Investment Manager will endeavour to supply such further information, which is in its possession or under its control as the Investor may reasonably request in writing, upon reasonable notice and subject to any overriding duty of confidentiality to which the Investment Manager may be subject in respect of the same.

13.3 The Investor confirms that confirmation of every transaction completed is not required. The Investment Manager confirms and the Investor accepts that periodic statements sent by the Investment Manager will include such information as is prescribed by the FCA Rules for confirmation of trades.

### 14. Fees and the Reimbursement of Costs and Expenses

14.1 In consideration of the performance of the Services under this Agreement and any agreements entered into with the Investee Companies, the Investment Manager will receive the fees and shall be reimbursed its costs and expenses as set out in Part 5 paragraph 8 of the IM.

14.2 The Custodian will receive fees for the provision of custodian, nominee, receiving agent, settlement and associated services under the Custodian Agreement. The Custodian will receive reimbursement of its costs and expenses under the Custodian Agreement and in accordance with the terms of this Agreement.

14.3 The Investment Manager and/or any Associate of the Investment Manager may provide certain administration and other services to some or all of the Investee Companies, including for example legal, accounting, company secretarial, taxation, audit, administration and transactional services, in consideration of which such companies shall be entitled to charge their reasonable costs.

14.4 If the full amount of the up front fees payable to the Investment Manager, by the Investee Companies by the date falling on the day prior to the first anniversary of the Subscription Deadline has not been paid, the Investment Manager is entitled to deduct from the Investor's Subscription an amount equal to the full amount of such fees less any amounts of such fees already received (the Fee Shortfall). In such instance, (a) if any Investee Company is in default of payment, the Investment Manager will direct the relevant Investee Company to reimburse the Investor the relevant amount of the Fee Shortfall; and (b) if any such fees are paid by the Investor in respect of amounts yet to be invested at that date, then upon Investment of those amounts the relevant Investee Company shall in addition recognise the investment of an appropriate share of the Fee Shortfall.

### 15. Liability

15.1 Each of the Investment Manager and Custodian will at all times act in good faith and with reasonable care.

15.2 The Investor agrees that neither the Investment Manager nor Station12 shall have any liability to the Investor 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 or them pursuant to this Agreement, including (but not limited to) loss or damage incurred as result of (a) HMRC not granting SEIS/EIS Relief or withdrawing SEIS/EIS Relief previously claimed in relation to Investee Companies, (b) changes in legislation since the date of this Agreement, and (c) third party claims, provided that nothing in this Agreement will operate to exclude or limit any liability of the Investment Manager (i) in respect of fraud on its or their part, or (ii) in respect of death or personal injury arising from its or their negligence, or (iii) which otherwise cannot lawfully be omitted or excluded (including any duty or liability owed to the Investor under the FCA Rules), or (iv) which is finally and judicially determined to have resulted from its or their wilful default or negligence.

- 15.3 The liability of the Investment Manager under or in connection with this Agreement is limited to the fees paid to the Investment Manager under Clause 14. The Investor hereby undertakes to indemnify and keep fully and effectively indemnified the Investment Manager and Station12 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 its or their obligations under this Agreement or arising from breach by an Investor of any of its obligations or duties or representations it may be deemed to have given under this Agreement and/or the Application Form, provided that the Investor will not be required to so indemnify the Investment Manager and Station12 (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 negligence of the Investment Manager or Station12 (as the case may be).
- 15.4 Neither the Investment Manager nor Station12 will be liable for the default of any counterparty, agent, banker, nominee, custodian or other person or entity which holds money, investments or documents of title for the Investor in relation to the Service provided that any such agent, banker, nominee, custodian, person or entity was selected, appointed or retained by the Investment Manager in good faith and applying reasonable care.
- 15.5 The Investor acknowledges and agrees that:
- a. neither the Investment Manager nor Station12 gives any representation or warranty as to the performance of Investments and the Investor has not relied upon any agreements, understandings or representations made to, by or with the Investment Manager or Station12 when entering into this Agreement or in his decision to make an Investment;
  - b. the Investments are not Readily Realisable Investments and as such are high-risk investments for which there is a restricted market and that it may be difficult to sell the Investments or to obtain reliable information about their value; and
  - d. he has considered the suitability of the Service and SEIS/EIS investments carefully, and has noted the description of the proposed Investments and has read and accepts the risk factors and the important information set out in the IM.
- 15.6 If the Custodian should fail, for any reason, to deliver any necessary documents or to account for any Investments to the Investment Manager, the Investment Manager will take all reasonable steps on the Investor's behalf to recover such documents or Investments or any sums due or compensation in lieu thereof but, subject to the Investment Manager's general duty of good faith, will not be liable for such failure.
- 15.7 Neither the Investment Manager, nor Station12 will be liable to the Investor for any failure, interruption or delay in the performance of the Investment Manager's obligations under this Agreement resulting from any occurrence not reasonably within the Investment Manager's control (including, but not limited to: acts or regulations of any governmental or supranational bodies or authorities; storm, accident or fire; lock-out or strike; breakdown, failure or malfunction of any telecommunications or computer service or services; and acts of war, terrorism or civil unrest). Neither the Investment Manager nor Station12 will be liable to the Investor for any consequent impact on his/her Investment or any consequent damage or loss suffered or incurred by the Investor. In such circumstances, all amounts due to the Investment Manager under this Agreement will continue to be paid as and when due.

## 16. Early Withdrawal

- 16.1 The Investor may not require the Investment Manager or the Custodian to dispose of the whole or any part of the Investor's interest in an Investee Company prior to the disposal of all Qualifying Shares in the relevant Investee Company which are attributable to the Investor.
- 16.2 Prior to the Investment Manager realising all Investments under this Agreement, the Investor may not withdraw (or require the Investment Manager or the Custodian to withdraw) all or part of his Subscription.

## 17. Termination

- 17.1 The term of the Service is expected to be a period of approximately three to six years after the Investment in the Investee Companies, prior to the expiry of which the Investment Manager will set and notify the Investor of an estimated date upon which the Investment Manager will begin to realise Investments (dependent on the liquidity of the particular Investments).
- 17.2 The Investment Manager may at any time terminate this Agreement on no fewer than three months' written notice to the Investor or on immediate notice if required by any competent regulatory authority.
- 17.3 This Agreement will terminate if the Investment Manager ceases to be appropriately authorised by the FCA or becomes insolvent and is not replaced by another appropriately authorised and regulated member of the Group.
- 17.4 On termination of this Agreement:
- a. all of the fees set out in the IM shall remain payable and those parties entitled to the reimbursement of costs or expenses under this Agreement or the IM shall remain so entitled notwithstanding the termination of this Agreement;
  - b. the Investments (including any cash to which the Investor is beneficially entitled) will be transferred into the Investor's name (or into such other name as the Investor may direct) and the Investor will be liable to pay the cost of any such transfers;

- c. the Investment Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously; and
- e. the Investment Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including any of the fees, costs and expenses referred to above.

- 17.5 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 as set out in Clause 17.4 above).

## 18. Data Protection and Confidential Information

- 18.1 Neither the Investment Manager nor any Associate of the Investment Manager is obliged to disclose to the Investor or to take into consideration information:
- a. the disclosure of which to the Investor would or might be a breach of duty or confidence to any other person; or
  - f. which comes to the notice of an employee, officer or agent of the Investment Manager or of an Associate of the Investment Manager, but properly does not come to the actual notice of an individual providing Services.
- 18.2 The Investor hereby agrees that the Investment Manager may use, store or otherwise process personal information provided by the Investor to the Investment Manager (for period of 10 years) in connection with the provision of the Services (which for the avoidance of doubt shall include the use, storage or processing of such information by the Custodian, the EIDV Service Provider as data processors on behalf of the Investment Manager).

- 18.3 Neither the Investor, the Investment Manager, Station12 nor the Custodian, nor the EIDV Service Provider shall disclose information of a confidential nature acquired in relation to any of them to any other third party (other than an Associate of any of them or as may be required by law or applicable regulation in respect of an Investment) and the information will not be used for any purpose other than in connection with the provision of the Services and any services provided by the Custodian under the Custodian Agreement or any services provided by the EIDV Service Provider. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Information of a confidential nature may only be disclosed to third parties (excluding Associates) in the following circumstances:
- a. where required by law or if requested by any regulatory authority or exchange having control or jurisdiction over the Investment Manager or the Custodian (or any respective Associate);
  - b. where required to investigate or prevent fraud or other illegal activity;
  - c. where required by a third party in connection with the provision of the Services to the Investor by the Investment Manager or the Custodian Services of the Custodian;
  - d. where required by a third party in connection with the provision of the Services to the Investor by the Investment Manager or the Custodian Services of the Custodian or the EIDV Services by the EIDV Service Provider;
  - e. for purposes ancillary to the provision of the Services, the Custodian Services, the EIDV Services or the administration of the Investor's account, including, without limitation, for the purposes of credit enquiries or assessments;
  - f. if it is in the public interest to disclose such information; and
  - g. at the Investor's request or with the Investor's consent.
- 18.4 Each of the Investment Manager, the Custodian, and the EIDV Service Provider shall be responsible for compliance with the provisions of the Data Protection Act 1998. The Data Protection Rider set out in Schedule 2 of this Agreement sets out the terms upon which the Custodian will handle customer data.
- 18.5 The Investment Manager, and where relevant the Custodian, and/or the EIDV Service Provider, will act as a data controller (and in certain circumstances, data processor) within the meaning of the Data Protection Act 1998 (the Data Protection Act). The Investor hereby consents to the processing and use by the Investment Manager, and where relevant the Custodian, and/or the EIDV Service Provider, and their agents and their respective Associates of personal data (as defined in the Data Protection Act) given by the Investor under this Agreement in connection with the provision of Services and/or the Custodian Services to the Investor. The Investor undertakes to supply personal data to the Investment Manager and the Custodian in accordance with the provisions of the Data Protection Act.
- 18.6 The Investor's personal data will be stored in a database, which is shared by the Investment Manager and Associates of the Investment Manager. The Investor agrees that this personal data may be used by the Investment Manager and/or Associates of the Investment Manager to send the Investor details of new and existing products or other opportunities which may be considered of interest or relevance to the Investor (including by e-mail) unless the Investor notifies the Investment Manager in writing that it may not be used in this way.
- 18.7 Please be advised that, by signing this Agreement, the Investor will be consenting to the transmittal of their data outside of the European Economic Area (as defined in the Data Protection Act).
- 18.8 In accordance with the Data Protection Act, the Investor is entitled, on payment of a fee, to a copy of the information the Investment Manager, the Custodian, and/or the EIDV Service Provider, hold about the Investor. In the first instance, the Investor should direct any such request to the Investment Manager. The Investor should inform the Investment Manager if any information the Investment Manager (if applicable) and/or the Custodian hold about them is inaccurate, so that the Investment Manager may correct it or procure its correction.
- 18.9 The Investor may not require the destruction or deletion of any record pertaining to the Investor unless the Investment Manager or the Custodian are required to destroy or delete such records by force of law or other regulatory requirement.

**19. Complaints and Compensation**

- 19.1 Any complaint the Investor may have in relation to the Services provided under the terms of this Agreement should be made in writing to:

Station 12 Asset Management Limited  
Address: 98 Abinger Road, London W4 1EX,  
for the attention of: the Managing Partner

- 19.2 Any complaint the Investor may have in relation to the Custodian Services should be made in writing to the address below (and copied to the Investment Manager at the address given above):

Woodside Corporate Services Limited  
Address: 4th Floor, 50 Mark Lane, London,  
EC3R 7QR, for the Attention of John Rowe

- 19.3 Complaints to the Investment Manager and/or the Custodian will be dealt with in accordance with the FCA Rules. The Investment Manager and Custodian will endeavour to resolve an Investor's complaint as quickly as possible, but in any event, will acknowledge receipt of an Investor's letter of complaint within five business days of receipt. A leaflet detailing the procedure involved will be provided in the Investment Manager's or the Custodian's final response.

- 19.4 Details of the Investment Manager's and the Custodian's internal complaints handling procedures are available upon request and will be provided upon receipt of a complaint.

- 19.5 The Investment Manager and the Custodian are covered by the Financial Services Compensation Scheme. The Investor may be entitled to compensation from the scheme if either the Investment Manager or the Custodian cannot meet their obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered up to a maximum of £50,000. Further information about compensation arrangements is available on request from the Investment Manager, or from the Financial Services Compensation Scheme.

**20. Notices, Instructions and Communications**

- 20.1 Any notice or other communication given or made under this Agreement will be in writing and delivered to the relevant party (i) by hand or (ii) by first class prepaid letter to the address of the relevant party specified in this Agreement (or the relevant Application Form as the case may be) or (iii) through a secure online website provided by, and managed by, the Investment Manager and accessible to individual Investors or, (iv) by electronic mail to the email address specified in that Investor's Application Form, or in each case, to such other address or number in England as may be notified hereunder by that party from time to time and in each case shall be effective notwithstanding any change of address not so notified. Unless the contrary shall be proved, each such notice or communication shall be deemed to have been given or made and delivered, if by UK first class letter, 48 hours after posting, if by hand delivery, when left at the relevant address, if by facsimile transmission, the business day next following the day on which such facsimile was transmitted (save where receipt has not been confirmed) and if by electronic mail, the business day next following the day on which such email was transmitted (save where notice of a failure to deliver the electronic mail has been received by the sender).

- 20.2 The address and email of the Investment Manager for the purpose of Clause 20.1 is:

Station 12 Asset Management Limited  
98 Abinger Road, London W4 1EX  
For the Attention of Managing Partner  
Email: enquiries@station12.co

- 20.3 The Investment Manager will, on request, notify the Investor of the address and contact details of the Custodian for the purpose of Clause 20.1 which, at the date of this Agreement is:

Woodside Corporate Services Limited  
4th Floor, 50 Mark Lane, London EC3R 7QR.  
For the Attention of John Rowe  
Email: john.rowe@woodsidesecretaries.co.uk

20.4 The Investment Manager may rely and act on any instruction or communication, which purports to have been given by persons authorised to give instructions by the Investor under this Agreement (or the Application Form as the case may be), or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person has been terminated.

20.5 The Investment Manager will not be liable for any delay or failure of delivery (for whatever reason) of any communication sent to the Investor.

20.6 The Investor shall communicate with the Investment Manager in the English language. Any documents or other information provided by the Investment Manager will be in English.

## **21. Amendments**

The Investment Manager may amend the terms and conditions in this Agreement from time to time by giving the Investor no fewer than ten business days' written notice prior to the amendment. The Investment Manager may also amend these terms by giving the Investor written notice with immediate effect if this is necessary in order to comply with HMRC requirements in order to maintain the SEIS/EIS Relief or in order to comply with the FCA Rules.

## **22. Entire Agreement**

This Agreement, together with the Application Form and those sections of the IM referred to herein, comprises the entire agreement between the Investment Manager and the Investor relating to the provision of the Services.

## **23. Rights of Third Parties**

Save for the Custodian, which shall have the benefit of Clauses 5.5, 15 and 18 and Associates of the Investment Manager, which shall have the benefit of Clauses 15, 17.5 and 18 as though named therein *mutatis mutandis*, 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.

## **24. Severability**

If any term, condition or provision of this Agreement will be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision will not affect the validity, legality or enforceability of the remainder of this Agreement.

## **25. Governing Law**

This Agreement and all matters relating thereto will, whether contractual or non-contractual, be governed by and construed in accordance with the laws of England and Wales and the parties hereby submit to the exclusive jurisdiction of the English Courts.

## SCHEDULE 1 CONFLICTS OF INTEREST POLICY

This Schedule describes the arrangements put in place by the Investment Manager to identify and manage conflicts of interest arising during the course of carrying on regulated activities. The Investment Manager is authorised and regulated by the FCA.

### 1. Identifying Conflicts

- 1.1 The Investment Manager is required to take all reasonable steps to identify conflicts of interest that arise or may arise, in the course of providing a service between:
  - a. the Investment Manager, including its senior management, employees, appointed representatives or tied agents (where relevant), or any person directly or indirectly linked to them by control, and a client of the Investment Manager; or
  - b. one client of the Investment Manager and another client.
- 1.2 For the purpose of identifying conflicts, the Investment Manager will take into an account whether the firm or a relevant person:
  - a. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
  - b. has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
  - c. has a financial or another incentive to favour the interest of another client or group of clients over the interests of the client;
  - d. carries out the same activities for more than one client;
  - e. carries on the same business as the client; or
  - f. receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

### 2. Conflicts which may apply to the Investment Manager

- 2.1 The following scenarios have been identified as potentially giving rise to a conflict of interest:
  - a. the Investment Manager acting as a discretionary investment manager and executing, or considering executing, a deal involving a related party where one of the Group companies has accepted a mandate to advise on a transaction;
  - b. the Investment Manager acting as a discretionary investment manager and executing, or considering executing, a deal where one of the Group companies already has an investment in. In this situation disclosure will be made to the Investor;
  - c. where the Investment Manager will make decisions that may be more beneficial for certain Investors than others; and
  - d. where the Investment Manager exercises discretion to purchase, on behalf of a client, an investment which, by its size and nature, could be deemed an appropriate acquisition for another discretionary client's portfolio.
- 2.2 Note that the list at paragraph 2.1 above is not intended to be exhaustive; other situations may occur which give rise to an actual or potential conflict of interest arising. The key consideration at all times is that where a situation contains either an inherent conflict or the potential for a conflict to arise, relevant employees of the Investment Manager will ensure that appropriate actions are taken and that those actions are consistent with the policies and procedures established by the Investment Manager.

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### **3. Managing Conflicts of Interest**

- 3.1 The Investment Manager operates and maintains effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest identified from constituting or giving rise to a material risk of damage to the interests of its clients. These arrangements include:
- a. the Investment Manager operates a "Policy of Independence" which requires its clients to be treated fairly in instances where the Investment Manager or an employee has a material interest or a conflict in relation to a potential transaction. In such cases, the interest or conflict must be disregarded when advising customers, exercising discretion for them or dealing on their behalf.
  - b. the investment agreements and/or policies agreed with each client set out the parameters of the discretionary investment management decisions the Investment Manager is entitled to take;
  - c. all employees of the Group are subject to a personal account dealing policy, designed to avoid conflicts of interest arising from the acquisition by employees of shares or securities relating to a client, prospective client, target or acquirer of a client;
  - d. in making decisions, the Investment Manager intends to consider the investment objectives of the Service as a whole, not the investment objectives of any individual Investor;
  - e. a gifts & hospitality policy, which sets out the level of small gifts and minor hospitality, which are acceptable.

### **4. Disclosure of Conflicts of Interest**

If it is felt that the arrangements put in place to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, the Investment Manager will clearly disclose the general nature and/or sources of such conflicts of interest to the client before undertaking business, or any further business, for the client.

### **5. Declining to Act**

If it is determined that the Investment Manager is unable to effectively manage an actual or potential conflict of interest, which has arisen or may arise, it may have to decline to act for the client.

### **6. Further Information**

Further details of the Investment Manager's conflicts of interest policy are available on request.

## SCHEDULE 2 DATA PROTECTION RIDER

The following rider is an extract from the Custodian Agreement and sets out the terms upon which the Investment Manager appoints the Custodian as a Data Processor.

In this data protection rider, the term Data Processor shall mean:

- a. the Administrator in respect of the Administrator Services and the Additional Services; and
- b. the Nominee in respect of the Nominee Services.

### 1. Customer Personal Data

With respect to the Customer Personal Data, the Manager appoints the Data Processors as data processors. The Data Processor will not assume any responsibility for determining the purposes for which and the manner in which the Customer Personal Data is processed.

### 2. Customer Personal Data to be collected

The Data Processors will receive information that will genuinely be used for the purposes set out in this agreement. Specifically, the Data Processors will receive, without limitation:

- a. all of the information submitted to the Data Processors including any information provided when potential investors are making an application or registering interest in relation to the Service, along with the information sent to the Data Processors in emails and text messages, or on social media platforms (such as Facebook or Twitter);
- b. all of the information provided to the Data Processors by third parties such as information provided by an employer or organisations;
- c. information provided to the Data Processors in response to surveys or competitions;
- d. information sent to the Data Processors on email or secure message;
- e. information given to the Data Processors via the telephone;
- f. details of any bank account details used in relation to the Service;
- g. information that sent to the Data Processors as part of the "know your client" compliance checks;

- h. information on what is viewed, clicked on and accessed in and through the Data Processors' marketing emails and text messages (SMS or MMS) or website. The Data Processors may collect the time and geographic location of the device; and
- i. information given to the Data Processors by Investors in the Application Form or other related documents that may contain another person's personal data. If such data is provided, the Investors confirm that they have been appointed to act for them, they consent to the Investor providing their personal data to the Data Processors and any processing of their personal data and that the Investor has informed them of the Data Processors' identity and the purpose for which their personal data will be processed (as set out in this agreement).

### 3. How Customer Personal Data will be used

The purposes for which the Data Processors may process Customer Personal Data shall be limited to:

- a. providing the services set out in this agreement;
- b. where services are requested from third-party providers, making introductions to third-party providers and sharing Customer Personal Data with such third-party providers for this purpose with the prior written consent of the Manager;
- c. marketing services and products relating to funds, discretionary portfolio services, or other products of a similar or complementary nature provided that an individual has opted in to receive such material and with the prior written consent of the Manager only;
- d. the release of the name, address, email address and telephone number of Investors and the Manager to market research organisations for the purpose of confidential market research surveys carried out by post, telephone or electronically on behalf of the Data Processors (but only with the consent of the Investor or Manager);
- e. the compliance with a request made by the Data Controllers;
- f. verification of identity checks and bank details, including use of the services of a credit reference agency or fraud prevention agencies;

- g. the transfer of information to the Official Receiver or appointed insolvency practitioner(s), if a Data Controller receives notice of or is informed of an Investor's or the Manager's insolvency or bankruptcy, or of any insolvency proceedings/arrangements;
- h. enforcing or obtaining settlement of debts owed to the Data Processors, including sharing information with any debt collection, debt tracing or other agent for these purposes;
- i. any use of Customer Personal Data to comply with legal or regulatory obligations, including disclosing Customer Personal Data to a third party if required (or reasonably believe to be required) to do so by law, or if requested to disclose information to the Financial Conduct Authority, HM Revenue & Customs or any other regulatory or fiscal authority in any country, the London Stock Exchange plc and ICAP or the operator of any market on which investments are held;
- j. sharing with HM Revenue & Customs and/or any domestic and/or any foreign tax authority any information or documentation that has been provided with respect to liability to tax in any jurisdiction (both within the UK and, if applicable, internationally) and/or in response to requests from such authorities;
- k. to gather feedback about products and other services and activities from time to time. The Data Processors may invite the Manager or the Investors to provide this feedback on occasion, for example by emailing to ask the Investors or Manager whether they would like to review a product bought or a service used. The Data Processors may use independent research and feedback providers to do so on their behalf;
- l. to contact the Investors or the Manager from time to time about products, news, offers, new competitions and sponsored events;
- m. to respond to any questions, suggestions, issues or complaints raised;
- n. to gather statistics about use of websites, and opinions on adverts, offers, news, product information, competitions, sponsored events, social media and other digital content. The Data Processors may then analyse these statistics to understand if these things appear interesting and meet most people's needs, or if they should be improved, and if so, what design or other changes (e.g. around the nature and timing of communications) would be most beneficial both for our customers, and for our business;
- o. to protect the Investors and the Manager against any other potential criminal behaviour, including potential identity theft and fraud; and
- p. to maintain administrative and statutory records about its business to enable the Data Processors to understand how, when, where and at what price and account to the tax authorities for the related taxes that they have to pay.

#### 4. Sharing Information

- 4.1 In order to provide the services set out in this agreement, the Data Processors may pass information to other people and businesses as set out below.
- 4.2 The Data Processors may share the information collected with the following person(s) only:
  - a. any company within their Group;
  - b. third-party service providers where this is necessary for the purpose of continuing to provide the services set out in this agreement;
  - c. other people and businesses who help provide the Administrator's services, for example payment services companies who enable the Data Processors to store details of and allow Investors to use payment cards;
  - d. insurers and insurance brokers where required in order to be able to obtain insurance against risks faced by the Data Controllers. They may retain this information for the purpose of ongoing risk assessment and insurance broking and underwriting services;

- e. credit reference agencies and banks and finance companies (including TraceSmart and Experian) who provide anti-fraud and identity information. When sent for anti-fraud purposes, the recipient organisation may hold information on file for the purposes of their fraud-prevention services in the future;
- f. professional advisors for example lawyers and technology consultants;
- g. the Police, Local Authorities, Her Majesty's Revenue and Customs (HMRC) the Courts and any other central or local government bodies where they request it and it may be lawfully disclosed, for example for the prevention and detection of crime;
- h. other people who make a subject access request, where allowed to do so by law; and
- i. any new business partners the Data Controllers may have over time, for example a joint venture, reorganisation, business merger or sale affecting a Data Controller.
- 4.3 The Data Controllers also may share the information collected where legally obliged to do so, for example, to comply with a court order.
- 5. The Data Processors will and will procure that all Sub-contractors will:**
- 5.1 unless otherwise requested by the Manager, process the Customer Personal Data only to the extent, and in such manner, as is necessary for the provision of the applicable Administrator Services and only in accordance with instructions from the Manager (which may be specific instructions or instructions of a general nature as set out in this agreement or as otherwise notified by the Manager to the Administrator or the Nominee (or either of them) at any time);
- 5.2 implement, keep under review and update when necessary, appropriate technical and organisational measures to protect the Customer Personal Data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure; and
- 5.3 notify the Manager of any unauthorised or unlawful processing or any accidental loss, destruction, damage, alteration or disclosure of the Customer Personal Data as soon as it becomes aware and keep the Manager informed of any related developments.
- 6. The Data Processors acknowledge:**
- 6.1 that the Manager is relying upon the Data Processors' skill and knowledge in order to assess what is 'appropriate' to protect the Customer Personal Data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure; and
- 6.2 that the technical and organisational measures shall be appropriate to the harm which might result from any unauthorised or unlawful processing and accidental loss, destruction or damage to the Customer Personal Data and having regard to the nature of the Customer Personal Data which is to be protected.
- 7. Assurances**
- The Data Processors will each ensure:
- a. the reliability of any employees and Sub-contractor personnel who have access to the Customer Personal Data;
- b. that all employees and Sub-contractor personnel involved in the processing of the Customer Personal Data have undergone adequate training in the care, protection and handling of personal data; and
- c. that all such employees and Sub-contractor personnel perform their duties strictly in compliance with the provisions of clause 12 (Confidentiality) of this agreement by treating such Customer Personal Data as Confidential Information.

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## **8. Transfer of Customer Personal Data outside of the EEA**

- 8.1 Although the Administrator is a business based in the UK, it may be necessary in providing the services under this agreement, for Customer Personal Data to be processed in countries outside the EEA which may not have the same data protection laws as the United Kingdom or other countries in the EEA. In the event it is necessary for the Data Processor to transfer Customer Personal Data outside the EEA it will ensure adequate safeguards are in place to protect Customer Personal Data before making the transfer, and will not transfer Customer Personal Data if it cannot be sure it is sufficiently protected.
- 8.2 Please note that information protection laws do vary from country to country. In particular, the law of the country in which you are resident or domiciled may offer a higher standard of protection than the laws in the United Kingdom and/or those other countries in which we store and use the information we collect. The transfer of information to other countries could result in that information being available to government and other authorities in those countries under their laws.

## **9. Holding Customer Personal Data**

- 9.1 Customer Personal Data will not be retained for longer than necessary to achieve the purpose for which that data was obtained. In addition, the Data Controllers are required by law or by rules made by the Financial Conduct Authority to retain certain types of information for specified time periods.
- 9.2 The Customer Personal Data will then be either securely deleted or anonymised.

## SCHEDULE 3 ORDER EXECUTION POLICY FOR RETAIL CLIENTS

### 1. Purpose

- 1.1 This Schedule summarises the arrangements put in place by the Investment Manager under the FCA Rules and MiFID to meet its obligation to take all reasonable steps to obtain the best possible result when executing orders in financial instruments on behalf of clients.
- 1.2 The duty of best execution is owed by the Investment Manager to a client only when the Investment Manager has a contractual or agency obligation to the client.

### 2. 'Execution Factors' and 'Execution Criteria'

- 2.1 In meeting our best execution obligation to you, we will take into account the following execution factors: price, costs, speed, the likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order.
- 2.2 Additionally, when executing a client order, the following best execution criteria will be taken into account when determining the importance of the execution factors, which are the characteristics of: the client (including their categorisation as a Retail or Professional Client by the Investment Manager for the purposes of the Services provided by it to them); the client order; the financial instruments that are the subject of the order; and the execution venues to which the order can be directed (where relevant).
- 2.3 Your attention is drawn to the information about the restrictions which apply to your ability to dispose of an interest in an Investee Company prior to disposal of the overall position in that company.

### 3. The Role of Price When Obtaining Best Execution

- 3.1 For a Retail Client, the best possible result will always be determined in terms of the "Total Consideration". The Total Consideration represents:
- a. the price of the financial instrument; and
  - b. the costs related to execution, which will include any expenses incurred by you, which are directly related to the execution of your order. This can include:
    - i. execution venue fees;
    - ii. clearing and settlement fees; and
    - iii. any other fees paid to third parties involved in the execution of the order.
- 3.2 Therefore when dealing for you or on your behalf, obtaining the best result in terms of Total Consideration will take precedence over the other execution factors listed in paragraph 2.1 above, and the other execution factors will only be given precedence over the immediate price and cost consideration insofar as they are instrumental in delivering the best possible result in terms of the Total Consideration to you.

### 4. Execution Venues

- 4.1 The Investment Manager, in providing the Services, primarily executes deals in transferable securities, which are not admitted to trading on a Regulated Market or multi-lateral trading facility (MTF). Transactions in unlisted securities will be effected on the best commercial terms that can be secured.
- 4.2 The Investment Manager considers that it will be demonstrated that all reasonable steps have been taken to obtain the best possible result when executing a client order in an unlisted security where this is in accordance with: the Strategy, as detailed in the IM; and the factors set out in Clause 11 of this Agreement.

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- 4.3 Pending the acquisition of Qualifying Shares, the Investment Manager may invest in government securities or in other investments it considers to be of a similar risk profile. In order to execute an order in a financial instrument admitted to trading on a Regulated Market, the Investment Manager will transmit the order to a broker for execution, typically a Member of the London Stock Exchange. Such a firm will have its own Order Execution Policy in respect of its obligation to obtain the best possible result when executing orders, which the Investment Manager will have consented to. The Investment Manager will place reliance on the Order Execution Policy of the executing broker to ensure that the best possible result is obtained for the client in this type of scenario.
- 4.4 The Investment Manager remains responsible for the execution of any transactions on your behalf. Where an order is transmitted by the Investment Manager to a third party to execute on your behalf, the Investment Manager, and not you, will be the client of that third party. In respect of such transactions, the execution venue(s) used may include from time-to-time those which are not a Regulated Market or a MTF. Regarding a trade for units in a fund, the venue will be the fund manager or the fund itself.

## **5. Demonstration of Best Execution**

- 5.1 On request from a client, the Investment Manager will, as soon as reasonably practicable following such request, demonstrate that orders have been executed in accordance with this policy.

## **6. Review of this Policy**

- 6.1 The Investment Manager will review the effectiveness of this policy at least on an annual basis. Clients will be notified of any material changes.

## **7. Consent**

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



# Station12

## Contact

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