

Patrick Houston

M +44 (0)7917 123 341

T +44 (0)20 3475 4877

patrick@bobandco.co.uk

culturalcapitalfund.co.uk

Investment Update

September
2016

Theatre

Paper Dolls

Musical Theatre Development



Paper Dolls (first shown at the Tricycle in February 2013 and now being developed in the US) continues to receive an encouraging degree of interest from parties spanning across various different media platforms.

The next confirmed staging of the show is at the Winter Gardens in Chicago to start in Sept. 2017. In addition, a search for a writer has commenced with a view to examining the options around a television series for what is an extraordinary story.

Beautiful – The Carole King Musical (Broadway)

Musical Theatre Production



The Broadway hit musical has been showing since January 2014. With dynamic pricing in the USA the revenue of a 'hit' can be dramatic and gross receipts went through \$149m in the first week of September 2016 (Variety). As of Sept 2016 payments totalling 165% of the initial investment had been received. The show is now booking through January 2017.

The West End production launched at the 1,200 seat Aldwych Theatre in February 2015. As of the first week in May 2016 the fund had received payments totalling 35% of the initial investment. Summer 2016 has been slow but the producers have confirmed that the show is booking through July 2017.

The US Tour commenced in September 2015 (currently booking through to Dec 2017), and we have maintained our investment position. The first repayment of 25% was received in December 2015 and in early August 2016 the fund had received 145% (gross) of the initial investment. The show is currently booking to end 2017.

<http://beautifulonbroadway.com/>

Hetty Feather Live

Touring Theatre Production



The extensive UK tour commenced in Bristol in July 2015 and ended in Cheltenham, April 2016. The West End (Duke of York's) run of 40 performances in August generated excellent reviews proving the show had strengthened compared to the first run in 2014.

A combination of in line revenues, tight management of costs and an uplift in merchandising revenues means that profits are likely to be in excess of 30%. This is in line with last year's tour. As of July 1st all of the original capital had been recouped with the first 50% repaid in May 2016.

As part of the brand building exercise *Hetty Feather* transferred to Sarasota, Florida in June for a 3 week run and appears to have been well received critically.

This is a development project building on a popular book by bestselling author Jacqueline Wilson.

<http://www.hettyfeatherlive.com/>

In the Night Garden Live

Touring Theatre



The 2015 tour ended 5% ahead of target with London and Manchester performing strongly with Glasgow once again being the laggard, although it did breakeven. In 2016 there will be one fewer location (Glasgow will be left out) and Blackheath will replace the O2.

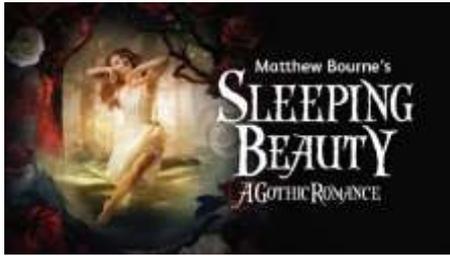
The 2014 and 2015 distributions were in line with expectations, totalling approximately £15, 413 and 43% of the original investment has now been repaid.

The 2016 tour ran from May 26th to August 20th and bookings were in line with target, itself an uplift on the last tour. None of the locations were significantly out of line with Blackheath the laggard (closing 3% below target) largely as a result of being a new location.

<https://www.nightgardenlive.com/>

Sleeping Beauty

Ballet Production



This revival of Sir Matthew Bourne's *Sleeping Beauty* commenced in Plymouth on October 17th 2015, played at the Sadler's Wells Theatre from Dec 1st to Jan 24th 2016 and ended in Wycombe in May before starting an international tour in Seoul, South Korea.

Initial costs were in line with expectations and box office healthy, particularly at the Sadlers Wells in London. During Q1 2016, we received full repayment of our initial capital and a profit of in excess of 40% is currently anticipated

<http://new-adventures.net/sleeping-beauty>

Kenneth Branagh

Theatre Production



The Kenneth Branagh 'season' opened with *The Winters' Tale* on October 17th and closes with *The Entertainer* by John Osborne in November 2016 with several plays in between.

While *Red Velvet* was not a huge success commercially the *Winters' Tale* and *The Painkiller* enjoyed a very strong box office. *Romeo and Juliet* starring Lily James has had a good reception and we expect the 'live' performance to have boosted returns.

Overall set-up costs were slightly over budget but the overspend was compensated by a sponsorship arrangement. In addition, the live worldwide cinema broadcast of *The Winter's Tale* was a major success and similar cinema broadcasts are planned for *Romeo and Juliet* and *The Entertainer*. The sponsorship and cinema revenues are additional revenue streams that were not included within the original forecasts.

As of June 20th 2016 The Cultural Capital Fund had received a repayment of 75% of our initial investment.

<http://www.branaghtheatre.com/>

Wicked (UK/International Tour)

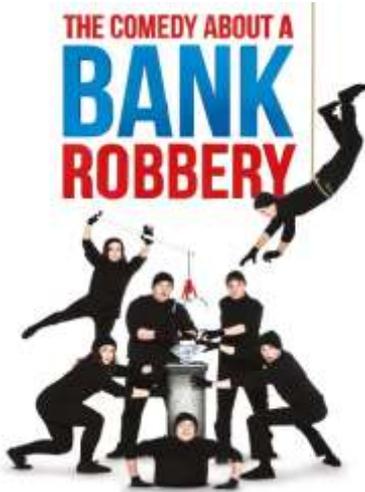
Theatre Production



The musical *Wicked* has been a phenomenon. Seen by over 50m people in 14 countries since the Broadway premiere in 2003, they embarked on a 63 week World Tour on July 20th 2016 visiting many of the major cities in the Pacific region before returning to Europe. This is the funds first investment in an international tour and although small offers an opportunity to learn about what will inevitably be an area of growth in the future.

The Comedy About A Bank Robbery

Theatre Production



Theatre company 'Mischief Theatre' and producer Kenny Wax are well known to Bob &Co. Mischief Theatre's first production *The Play That Goes Wrong* has enjoyed a long and successful run in the West End's Duchess Theatre (489 seats) and is destined for Broadway. Their second outing *Peter Pan Goes Wrong* ran over Christmas 2016 and was another success, being set to return to the London stage in October.

A Comedy About a Bank Robbery opened at the Criterion Theatre (588 seats) in April 2016 and was very well received by the critics, which in turn has helped to drive encouraging advance sales at the box office. The play is a step-up from the previous offers, with a larger cast and more ambitious staging. Booking has already been extended to April 2017 and in early August the fund recouped 50% of the original capital invested.

<http://www.criterion-theatre.co.uk/home>

Red Shoes

Theatre Production



Sir Matthew Bourne has created ballet version of the classic Oscar-winning dance film *The Red Shoes* which will premiere in Plymouth in November before moving to the Sadlers Wells for a Christmas run. The London advance is encouraging.

<http://www.sadlerswells.com/whats-on/2016/matthew-bournes-production-of-the-red-shoes>

Night Must Fall

Theatre Production



We have been monitoring The Original Theatre Company for a while and the commercial terms of this UK tour of the Emlyn Williams psychological thriller were sufficiently attractive for the fund to make an investment. Ticket sales have been encouraging and the producers have increased marketing spend in anticipation of an overall accretive impact on revenues.

<http://www.originaltheatre.com/our-productions/>

Television

The Day We Sang

TV Drama Production



This TV musical drama starring Michael Ball and Imelda Staunton was the first and last to be written and directed by comedian Victoria Wood who tragically died in April 2016.

The show premiered on the BBC at Christmas 2014 and has since been repeated. A DVD advance deal for the UK and Eire was agreed with Universal in early 2015 with an advance of £50,000.

Following MIPCOM in October 2015, international sales have been slower than expected with buyers commenting that it is hard to know where to place a 'one-off' musical film. Acceptance at the Chicago International Film Festival for October 2016 is encouraging.

Our investment in this film is predicated not only on international sales but also developing a story with a timeless message. We envisage developing a stage musical which we would intend to be supported by the original cast.

Q Pootle 5

Children's TV Animation Production



This 52x11 minute animation series targeting 3-5 year olds has been introduced to over 100 countries by international distribution agent ZDF and aired in over 70 with a typical contract being for 5 years. ZDF have recently expanded their team by two in order to cope with the increased demands of selling to a proliferation of platforms. The two most recent sales were to a pan-European OTT (Internet delivered) customer and a Thailand based terrestrial channel.

In the UK, CBeebies has been airing the program since September 2013. Given the time period, licensing and merchandising (L&M) has been disappointing (albeit during a period of considerable uncertainty within the retail sector) and the Board has recommended changes to address this. Tim Patterson, formerly director of programmes at Nickelodeon UK is now working with the Q Pootle Board to improve the commercial proposition.

The most positive reception has been in Germany where the program first aired in early 2015. On the back of this, a deal was signed for L&M with WDR Media in Germany, Austria and Switzerland and progress has started towards getting product into the shops in 2017. In that vein an approach from Nici products is also under discussion.

Nici currently manufacture soft toys and stationery, they intend to sign a deal to produce plush toys, beanbag magnets, cushions, pencil cases, purses, game suitcases, sandwich boxes and bottles, saving boxes and cups. The first prototypes have been produced to present to the German toy fairs from Q4 2016.

In line with the changing market place a YouTube strategy is being developed in tandem with the distribution agent which if executed well will help to raise the profile of the brand in new territories and aid sales.

All of this is a reminder about the time it takes to build a brand that will have a sustainable position in the minds of children and on the shelves of shops for many years.

Q Pootle 5 Christmas Special

Children's TV Animation Production



Sold separately as a 27 minute 'one-off', the international sales for the Christmas Special are to some degree dependant on the reception for the brand where the 52 episodes of the daily are aired. This is not always the case however as in some countries 'one-offs' are seen as quite attractive.

Mandela, My Dad and Me

TV Documentary Production



This documentary co-produced by Woodcut Media follows Idris Elba during the year he produced music album *Mi Mandela in Africa* and portrayed Nelson Mandela in *Mandela: Long Walk to Freedom*. Idris' profile continues to rise across the globe having been nominated for a Golden Globe (Dec 2015) in the role of best supporting actor for *Beasts of No Nation* and more recently for the Television BAFTA's for *Luther*.

Steady progress is being made in terms of international sales.

Defenders of the Sky

TV Documentary Production



Fund investment Airfields is a 10 part documentary series, developed and produced by Woodcut Media. The first showing was on the History Channel in the UK under the name of *Defenders of the Sky*.

International Sales have been slower than anticipated, nevertheless sales that have been made are at or around the mid forecast for each territory.

We are encouraged that subsequent series *Combat Trains*; (also developed and produced by Woodcut Media) has been selling very strongly around the world and as a result of feedback, the respective channels' plans are well advanced for further series which will follow a similar format. It would seem that demand for history based factual series is currently strong, however subtle differences can impact the ability to sell to certain countries. Furthermore, contracts tend to be struck for periods of only a few years, allowing owners of the rights to sell programmes again, which provides valuable future income.

We held a meeting with the producer of *Defenders of the Sky* in March which yielded a number of ideas in terms of how to accelerate the sales process and these are being actioned post the MIP TV sales convention (April 2016).

Woodcut Media

Loan



In September 2015 a £50,000 loan with a term of 3 months was extended to Woodcut Media, a factual and documentary maker connected to the Bob & Co family. The loan is secured against pre-sales for *Combat Trains*, a documentary series comprising 8x60 minute programmes. A redemption value of £53,000 implied an annualised interest rate of 24%.

Currently, there is little competition in the space for such lending as financing companies find the relatively small size and short lending term unattractive. Taking into account the fact that any lender would charge arrangement fees, Woodcut Media concluded that this was a competitive offer and have since rolled the loan over for each three month period.

The underlying program *Combat Trains* is achieving encouraging international sales.

Animal Antics

Non-Scripted Entertainment Loan

Animal Antics is a 13x30 minute video-clip show commissioned by major Scandinavian television broadcaster Modern Times Group (MTG) for a budget of £253,500. Distributor Factory Media group will pay half of their £195K contribution up front and the remainder on 1st January 2017. As such Woodcut Media needed a loan to cover the 'gap'.

The withdrawal of financial parties prepared to lend in this space means that, including arrangement fees, finance can be very expensive hence providing a good opportunity for the fund.

Film

Peggy Guggenheim – Art Addict

Documentary Film



This feature documentary about the life of art icon Peggy Guggenheim was shown at the Tribeca Film Festival in New York on April 20th 2015, premiered in the US in October and in the UK on November 30th.

The 3 main revenue streams in which the fund will share are:

Extensive cinema release

The UK and US enjoyed a successful theatrical window with over \$650K being taken at box office (BO). The total BO will exceed US\$2m against original expectations of nearer \$1.6m.

International pre-sale discussions for TV and related platforms

Discussions have been underway for some time in the major territories. What sales have been made are at attractive levels. It is worth noting that as the broadcast landscape continues to evolve so does the complexity of the sales process in terms of the options available to a content owner around platform, window (timescale) and price.

DVD and VOD

One of the reasons we are attracted to the Peggy Documentary is that the unique content and narration by Peggy herself suggests this piece will never be bettered. Satisfying this 'long tail' demand in the form of a range of DVD's is a major focus for the producer. The first order from a Guggenheim museum has been delivered. Although Video On Demand remains in its infancy worldwide this will in future become a major platform for distribution of such timeless pieces and margins in this format are very attractive.

<http://www.guggenheimfilm.co.uk/>

Girl at the Lion D'Or

Feature Film Development of a book by Sebastian Faulks



With director Anand Tucker, producer David Parfitt (Trademark Films) and casting agent Shaheen Baig all attached and pleased with the script, *Girl at the Lion D'Or* is a complete package (circa £5m budget proposed).

Trademark are in advanced discussions about a financing arrangement which should lead to filming beginning once a cast of sufficient profile has been attached. As such, approaches have been made to some significant names.

Once filming commences' the Fund will not only receive its capital and premium, but will be in line for producer fees.

The Winter Ghosts

Feature Film Development



The first draft of the script by Kate Mosse was received and the conclusion was generally positive. The second draft has been received.

It is felt that a successful completion of *The Girl at the Lion D'Or* project will help the process with respect to *The Winter Ghosts*.

The Indian Job

Feature Film Development

Following the completion of the script in Q3, approaches were made to various financing organisations of which three are continuing discussions. These discussions are being led by Endor Productions.

An application has been made to the Creative Europe Media Fund for a €50,000 grant to cover further script work, a visit to Mumbai to meet the proposed cast, and to visit some proposed film locations with the Indian production partners. These include experienced services company India Take One who are working on budgets.

Casting Director Sehir Latif (*The Best Exotic Marigold Hotel*, *Zero Dark Thirty*, *Lunch Box*) has made approaches to a number of leading Indian actors and the potential size of the budget has been increased to \$10M.

Lilting

Feature Film Production



Following UK theatrical release in September 2014, critically acclaimed film *Lilting* entered recoupment for investors in early 2015. The profile of lead Ben Whishaw continues to rise (*James Bond*, *London Spy*, *The Crucible* (Broadway)) which is helpful.

The latest statement was to February 2016 and returned 10% of our original investment.

Digital Media

MUBI

Digital Online Cinema Distribution



MUBI 'The stay at home film festival' is eight years old, and following considerable marketing effort and content acquisition through the summer and autumn of 2015, subscriber numbers ended 2015 at about 80,000. This was below target but costs have been well managed and the financial outcome was within range of original expectations.

Of more significance in the short term is that in January 2016 MUBI received an offer of investment from Chinese media company Huanxi Media at a post money valuation substantially above the last round (over 3x higher excluding the implied value of the JV stake). On June 18th the transaction was terminated as a result of 'the regulatory environment in China became increasingly complex'. MUBI CEO said 'we are still discussing other possible forms of cooperation for the future and both parties remain committed to an ongoing partnership'. We believe in the model and see other opportunities for value creation should this one not succeed.

Other notable achievements in the year include a number of studio deals to enlarge the content portfolio and their first exclusive content releases (Miguel Gomes *Arabian Nights* and *Junun*).

MUBI has a weekly podcast in association with Monocle magazine called *The Cinema Show*.

www.MUBI.com

Investments completed in the period

Photograph 51

Theatre Production

This West End drama starring Nicole Kidman ran from September 5th to November 21st 2015. Our investment was entered into in August 2015, and in late November we received full repayment of our original £10,000 investment. A further payment of £9,721 has since been received representing a very successful return.

Barnum

Touring Theatre Production

The extensive 11 month long Barnum UK tour finished in Cardiff in August. Costs were overall below budget and revenues largely in line resulting in a profit of £18,544 over 14 months (21%). Should any international deals be signed there is further potential for licence fees to be earned.

Hetty Feather 2014

Touring Theatre Production

The first tour of *Hetty Feather* returned a £13,608 profit on an investment of £29,250.

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