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Investment Update

January 2017

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 expected staging of the show is in the US 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

Musical Theatre Production



The Broadway hit musical has been showing since January 2014. With dynamic pricing in the USA the revenue effect of a 'hit' can be dramatic and gross receipts will have gone through \$160m by the end of 2016. On December 22nd the fund received its fifteenth 10% profit distribution. The show is now booking through July 2017.

The West End production launched at the 1,200 seat Aldwych Theatre in February 2015. In May 2016 the fund received a payment taking recoupment to 35%. Since that time progress has slowed but the producers recently recast the show and confirmed booking through July 2017.

The US Tour commenced in September 2015 (currently booking through to end 2017), and we maintained our investment position. The first repayment of 25% was received in December 2015 and by end 2017 the fund had received seventeen 10% profit distributions.

Further tours are planned.

<http://beautifulonbroadway.com/>

In the Night Garden Live

Touring Theatre



The 2016 tour ran from May 26th to August 20th and overall ended exactly in line with target. New location Blackheath ended 3% below target.

Like for like the overall tour return was around 20% up on the previous year. Unfortunately the Board saw fit to take a near £110K charge against new seating stands which when delivered were not fit for purpose according to health and safety requirements. The manufacturer was found not to have the necessary insurance or personal assets to make it worthwhile to pursue the claim. The total resultant cost was in line with the next best quote.

As a consequence it is anticipated that the distribution to the fund for 2016 will be around £8,500 as opposed to £15,000 (itself up from £12,000 from the 2015 tour).

In 2017, in response to demand, there will be more days at the two strongest locations and the forecast is for a further solid increase in underlying profitability with a distribution of nearer £17,000.

<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 which ended in Q4 2016.

We have been told that costs were in line with expectations and we know the box office was healthy, particularly at the Sadler's Wells in London. During Q1 2016, we received full repayment of our initial capital and while we have yet to see the final accounts a profit of in excess of 40% is anticipated.

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

Kenneth Branagh

Theatre Production



The Kenneth Branagh 'season' opened with *The Winters' Tale* on October 17th 2015 and closed with *The Entertainer* by John Osborne in November 2016 with several plays in between.

While *Red Velvet* lost money the other four plays made a profit with *The Painkiller* and *Romeo and Juliet* achieving the best returns.

Additional revenue streams such as live cinema are still being audited but after the Theatre Tax Relief contribution a profit of around £2m for the season is anticipated meaning a healthy return over the 18 month investment.

As of October 2016 The Cultural Capital Fund had received a repayment of 100% of our initial investment.

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

Wicked (UK/International Tour)

Theatre Production



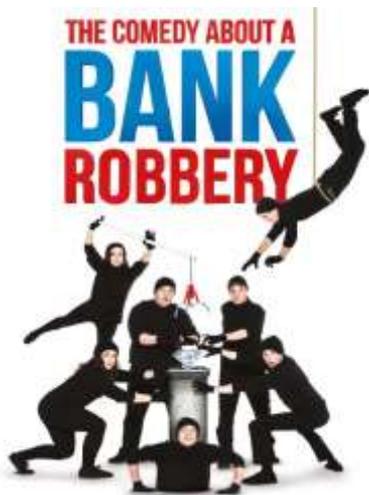
The musical *Wicked* has been a phenomenon. Seen by over 50m people in 14 countries since the Broadway premiere in 2003, the 63 week World Tour began on July 20th 2016. The show began with a short run at the Bradford Alhambra where 97% of capacity was sold (resulting in a contribution to recoupment of over £400K). In Singapore sales were slower than expected but built through the run. Both Hong Kong and Manila (where they begin in February) are seeing 'very strong' advance sales.

40 performances will take place in Shanghai from 11th April 2017 and two further Chinese cities are to be announced.

The fund anticipates larger and more frequent international touring opportunities in coming years.

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 starts on Broadway in Q1 2017. Their second outing *Peter Pan Goes Wrong* ran over Christmas 2016 and has proven to be another commercial success with BBC1 scheduling a 1 hour special of the play at 6pm on New Year's Eve.

A Comedy About a Bank Robbery opened at the Criterion Theatre (588 seats) in April 2016 and was very well received by the critics. The play is a step-up from the previous offers, with a larger cast and more ambitious staging. Booking has already been extended to October 2017 and in December the fund recouped all of the original capital invested.

Ticket sales over Christmas were strong.

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

Red Shoes

Theatre Production



Sir Matthew Bourne's original ballet version of the classic Oscar-winning dance film *The Red Shoes* premiered in Plymouth before moving to the Sadler's Wells for a Christmas run which was sold 90% of capacity through the run. The reviews were very strong.

The UK tour is now booking through July and ticket sales are encouraging.

<http://www.new-adventures.net/the-red-shoes>

Night Must Fall

Theatre Production



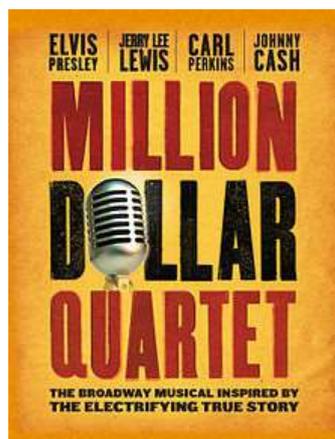
This was the first investment the fund made in a play produced by with The Original Theatre Company. The producer was confident this Emyln Williams psychological thriller would attract the theatre buying demographic and the results show he was right. In fact as a result of the encouraging demand the fund invested a further £10,000 which was used for targeted marketing in locations where demand was greater than expected.

The final accounts are likely to show a return of around 20% for the investment which was made some 8 months ago.

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

Million Dollar Quartet

Theatre Production



Million Dollar Quartet is a feel good musical with an underlying story based on a legendary jamming session at Sun Records, Memphis, in 1956. These were the studios of legendary record producer Sam Phillips and the impromptu session with Elvis Presley, Jerry Lee Lewis, Carl Perkins and Johnny Cash would become one of the seminal moments in Rock and Roll history.

The current UK tour is attractively capitalised and has the extra draw of Jason Donovan as the lead (except for the short London run at the Royal Festival Hall where Martin Kemp of Spandau Ballet replaced him). We identified the London leg as a key risk and are pleased to report that it has been profitable.

The tour opened in Leicester September 12th 2016 and is booking through June 2017. On January 1st 2017 the advance was £2.129m.

<http://milliondollarquartetlive.co.uk/tour-dates/>

Dreamgirls

Theatre Production



Dreamgirls the musical debuted on Broadway in 1981 (6 Tony awards, 4 year run), was released as a film in 2006 (2 Oscars) and is often said to represent in some way the story of the challenges and successes of The Supremes.

This show is the UK premiere for this well-known musical and stars Amber Riley (star of TV hit 'Glee') supported by a cast of over 30 and a 14 piece band. Unhelpfully sickness has hit the cast hard since even the previews began and at the time of writing Ms Riley is off with pneumonia.

The reviews have been very strong and it is clear that the show inhabits a unique position among the current West End shows.

The first preview at The Savoy Theatre (1150 seats) was on November 19th 2016 and booking is currently until Oct 2017 with the advance at £3.655m on January 3rd 2017.

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

Minor Entertainment

Family live Events



In December 2016 the fund made an investment of £100,000 for a 5.56% shareholding in Minor Entertainment, a business that was created in 2009 to produce spectacular family theatre events in unique spaces. Their main project over that period has been the annual tour of 'In the Night Garden Live' which is hosted in their own unique inflatable tent and for which they own all of the ticketing.

We see substantial demand for the skills that the team has developed and expect the business to expand into new projects over the next two years.

In 2016 Minor purchased the Chichester Festival Theatre Tent (1412 seats) for an advantageous price.

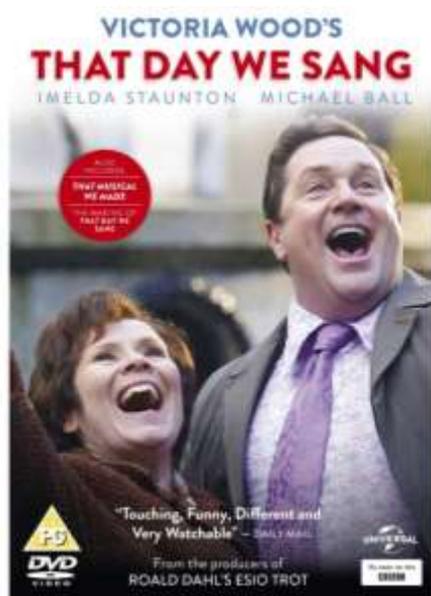
In addition detailed proposals were pitched to a major international entertainment company for a new touring 'Live' show.

www.minorentertainment.com

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 revenues have accrued from TV, Airlines and DVD sales, albeit more slowly than expected. The television distribution market is undergoing very significant change and demand is currently for series rather than a 'one-off' musical film.

While the untimely death of Ms Wood has been a blow, our investment in this film was made on the basis of a long term and multi-faceted approach to a timeless story. Progress on the development of a stage musical should begin in 2017.

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. CBeebies began airing the program in Sept 2013. ZDF have expanded their team by two in order to cope with the increased demands of selling to a proliferation of platforms.

As previously mentioned Licensing and Merchandising (L&M) has been disappointing. For children's programs this is the key long term revenue driver and as a result the Board agreed to appoint Larksheed Media, run by Tim Patterson (ex-Nickelodeon UK) to help improve the commercial position.

Clare Piggott of Larksheed (previously Mattel, Nickelodeon, BBCWW) is driving L&M opportunities. Germany is making better progress and, following the WDR deal signed in 2016, 'plush' will be launched at Nuremberg (see below).

Rob Doherty (previously Aardman, Disney, Fox Kids) is working on further series one sales opportunities (alongside with ZDFE), as well as investigating second season potential, focused primarily on Sony and Sky.

The toy fair season starts shortly and the team will be attending London (24-26th Jan), Nuremberg (1-4th Feb), Birmingham (5-9th Feb), and New York (18-21st Feb) together with Children's TV market Kidscreen in Miami (mid Feb).

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.

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.

Steady progress is being made in terms of international sales which hit \$182,000 at the end of June 2016.

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 but where they have been made are in line with forecasts

Demand for history based factual series is solid 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.

The distributor for this program was put on notice in H2 2016 as it is felt that another contact we have is better positioned to sell this type of program.

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 which has sold well and spawned further similar series.

Currently, there is little competition in the space for such lending as financing companies find the relatively small size and short lending term unattractive.

The loan has been rolled over 5 times.

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. Repayment is due in January 2017.

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 cinema release was extensive and beat expectations. Sales to television sales are underway and the DvD has been released.

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 is a major focus for the producer.

More recently demand has been identified for a television series based upon her life and the fund has made a contribution towards the first treatment of a script

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

Girl at the Lion D'Or

Feature Film Development of a book by Sebastian Faulks



Since early 2016 we have had a script that Director Anand Tucker, producer David Parfitt (Trademark Films) and writer Sebastian Faulks were all happy to take forward. Initial financing talks were also encouraging.

The challenge since then has been with casting and in Q4 the casting agent was changed to Jenny Duffy which has injected a new energy into the process. It has apparently become harder in the current environment to get 'A' list actors to commit to a 6 week film shoot when they could get a longer and as well paid contract from television

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 and undergone further assessment.

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 and we await a further update.

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.

We await the next statement.

Digital Media

MUBI

Digital Online Cinema Distribution



MUBI 'The stay at home film festival' is nine years old ending 2016 with approximately 60,000 *real* subscribers.

2016 was a disappointing year. CEO Efe Cakarel spent a lot of time on corporate activity initiated by the January 2016 offer of investment from Chinese media company Huanxi Media at a post money valuation substantially above the previous round. On June 18th the transaction was terminated as a result of '*the regulatory environment in China*'.

While MUBI did in fact raise \$2m from Huanxi Media Group in Q4 at a substantially higher price (\$1.40 per share) we expect a funding down round during 2017.

The strategic reason for MUBI to exist has never been clearer. While previously released 'classics' are hard to find an increasing number of independent and arthouse movies are also failing to get distribution. For movie fans it has never been tougher to access films outside the blockbusters and MUBI has the technology to enable this.

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 2014/2015/16

Touring Theatre Production

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

The second tour returned a £21,575 profit on an initial investment of £60,180.

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