Select Television Production EIS 4

INVESTOR GUIDE 2016/2017

UK production businesses creating and exploiting new television content for the international marketplace.

Offers investors the dual benefits of:

- Growth potential from a buoyant market for new television content
- Tax relief including 30% income tax relief and capital gains deferral

GREAT POINT MEDIA

What is EIS?

The Enterprise Investment Scheme (EIS) is a Government initiative designed to promote investment into small businesses by offering a range of attractive tax reliefs.

For certain investors who pay higher rate income tax, this relief can reduce capital at risk to 38.5p for each £1 invested.

Five different tax reliefs combine to make EIS qualifying investments attractive within any portfolio:

1: 30% income tax relief

2: Unlimited deferral of capital gains

3: Inheritance tax relief after 2 years while shares held

4: Tax free gains on disposal of profitable investments

5: Loss relief on non-performing investments

To qualify for EIS relief, key criteria include the requirement for investments to be made into unlisted small businesses and shares to be held for at least 3 years.

EIS Benefits

The table below demonstrates the potential advantages offered by an investment into an EIS qualifying company:

	1: Underlying investment fails	2: Underlying investment grows by 10%
Investment	**£100,000**	**£100,000**
Upfront tax relief @ 30%	£30,000	£30,000
Investment return after 3 years	Nil Investment fails	£110,000 10% growth
Loss relief (available for amount invested less income tax relief already claimed)	£31,500	-
Total return (including reliefs)	**£61,500**	**£140,000**
% return	**-38.5%**	**40%**
	Loss limited to 38.5%	**Returns enhanced by 30% upfront income tax relief**
Additional benefits available		
CGT deferral relief @ 28%	**£28,000**	**£28,000**
IHT relief @ 40%	-	**£44,000**

The above returns are set out for illustrative purposes only and are not a reliable indicator of future performance. The illustration assumes an investor with: (1) an income tax liability of over £30,000 in relation to 2015/16 or 2016/17; (2) a capital gains tax liability of over £28,000 in relation to tax years 2013/14 to 2017/18; (3) the investor is able to claim share loss relief against income tax at the top rate of 45% ; and (4) the investor's estate is able to benefit from relief against IHT normally payable at 40% above the nil rate band (currently £325,000). No warranty as to future outcome is implied or should be inferred. Changes to the bases of taxation, tax relief, rates of tax or an investor's tax position may affect the availability or value of tax reliefs available. The value of investments can go down as well as up and you could lose part or all of your capital invested. No guarantee as to the availability of EIS relief is intended.

How does the Select Television Production EIS work?

The Select Television Production EIS 4 (‘Fund’) is an alternative investment fund providing access to new UK television production companies that have the potential to deliver capital growth and which qualify for tax relief under the EIS.

Television Production Companies

The Fund will invest into UK television production companies creating new dramatic content for the UK and international market. The maximum capital that will be invested into each EIS company is £5m.

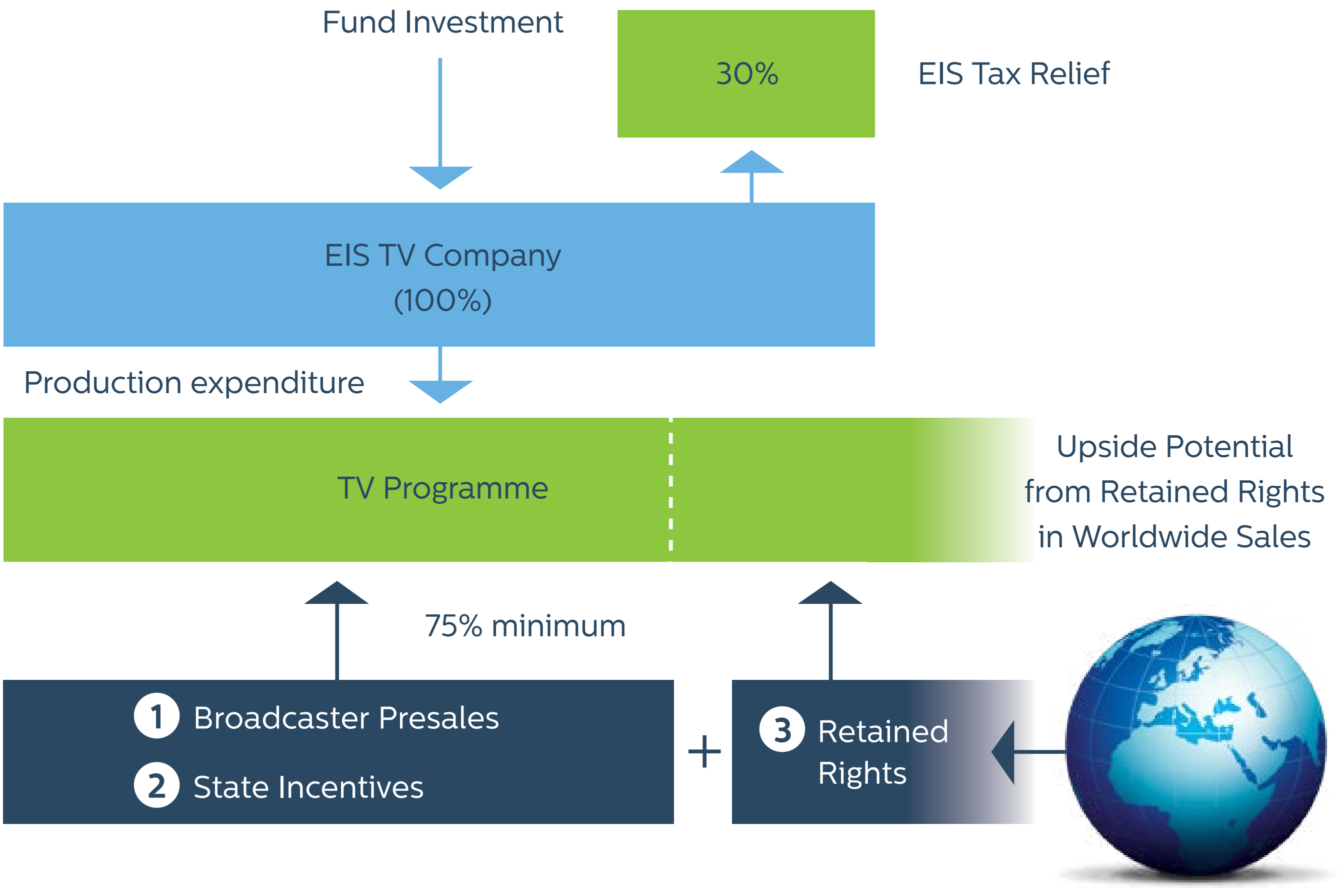
Expenditure

The production companies will expend capital to produce new television shows in accordance with production budgets agreed with the lead broadcasters. Typical production budgets for the target genre of television dramas are £1m - £5m.

Recoupment

Minimum criteria:
Each company will secure contracts before commencing production from Broadcaster Presales and/or State Incentives with a value equal to at least 75% of the cost of production.

Profit potential:
Companies will retain the rights to exploit the programme in additional international territories and across different media (digital, video-on-demand, DVD etc). For shows that have international appeal these rights should prove valuable in a growth market for content.



Revenues

1 Broadcaster Presales

Programmes will be commissioned by and sold to major broadcasters and/or distributors prior to production, validating the commercial appeal and providing a minimum level of income.

2 State Incentives

TV productions can benefit from Government incentives and tax credits, which subsidise the cost of production without loss of rights value.

3 Retained Rights

International rights that are not ‘pre-sold’ before production will be exploited on completion of the show, providing long term incremental value.

Why invest?

In EIS?

- To access attractive returns from small UK enterprises
- To access generous tax reliefs providing capital gains exempt disposal and downside protection up to 68.5% of amounts invested

In a Television EIS?

- To access a thriving sector of the creative economy and a growing international market for TV drama
- Television production companies benefit from a commissioning model which provides both a certainty of income as well as the ability to own and exploit valuable rights to shows which they produce

Now?

- To take advantage of a buoyant sector where the explosion of new channels and platforms for consuming media (tablets, phones, online) has stimulated huge demand for new televisual content to be created
- The introduction by the UK Government of a new tax incentive for television content has further enhanced the commercial opportunity for UK television producers

Investment Details and Timetable

Minimum investment:	£10,000
Maximum investment:	£2 million
Minimum hold period:	3 years
Illustrative return[1]:	**54% (108p on net cost of 70p)**
Performance hurdle:	110p per £1 invested

[1] **Percentage calculated on net cost of investment of 70p over a simple 42 month investment period.**

Great Point Media

The Fund is expected to benefit from the significant experience of the Media Adviser, Great Point Media.

The team offers a unique blend of experience in entertainment media and alternative investments:

Entertainment Media

- Over 60 years experience in entertainment media, including running production businesses, content distribution businesses and television networks
- Produced, financed and distributed over $2bn of entertainment content
- Over 300 production credits in film and television

EIS and SEIS Experience

- Managed in excess of £300m of EIS qualifying media investment
- Managed over 200 companies qualifying under the EIS and SEIS
- Proven ‘cradle to grave’ track record in managing EIS businesses delivering EIS certificates and value returned to investors over six years

Daedalus Partners

- The FCA regulated Manager of the Fund providing a further wealth of experience in the structuring, management and administration of EIS businesses

Being transparent

Investment funds can be layered and opaque, making it difficult to get under the bonnet of what is really happening.

The following information is, therefore, designed to provide investors with a more detailed understanding of the operation and risks of the Fund. All potential investors should read the Information Memorandum prior to investing and are strongly recommended to seek independent financial advice.

We welcome any further questions and can always be contacted at **info@greatpointmedia.com** or **020 7750 5512**.

Risks

An investment in the Fund may not be suitable for all types of investor. The value of an investment can go down as well as up and you may not get back the full amount subscribed. The investment will likely be highly illiquid and so investors should consider this to be a medium to long-term opportunity.

The projected levels of returns and availability and timing of any tax reliefs will be contingent on a wide range of assumptions including:

- Timing of receipt by each company of exploitation revenues in respect of each production, both those secured through presale agreements and incremental revenues from retained rights
- Amendments to the tax legislation, applicable rates, the interpretation thereof by HM Revenue and Customs, the ability of the companies to secure and maintain EIS qualifying status and each individual's personal circumstances
- Failure of counterparties to honour some or all of their contractual obligations

Full details of risk factors are set out in the Risks section of the Information Memorandum.

EIS tax benefits

1: 30% income tax relief

2: Unlimited deferral of capital gains

3: Inheritance tax relief after 2 years while shares held

4: Tax free gains on disposal of profitable investments

5: Loss relief on non-performing investments

To benefit from the upfront tax reliefs of the EIS:

- You must have a corresponding income tax liability in either 2015/16 or 2016/17 (or both)
- You can also claim additional relief by way of deferral of CGT chargeable on gains arising in the 3 years before EIS shares are issued, and those which arise up to 1 year after that date

IHT and CGT relief

- You can claim 100% relief from inheritance tax for EIS qualifying investments held for more than 2 years at the date of the IHT charge, or immediately if investment qualifies as replacement property
- If EIS qualifying shares are held on death, any capital gains tax deferred may extinguish

Note: Following a lifetime disposal of EIS qualifying shares, any capital gains tax deferred will come back into charge and cash proceeds of investment will no longer qualify for IHT relief until reinvested.

Why television production?

Commissioned

TV programmes are typically pre-commissioned by an end user (e.g. broadcasters such as ITV or NBCUniversal) providing production companies with a known market, pre-contracted buyers and commitments for a minimum level of income.

Quality counterparties

Quality counterparties in the market (large broadcasters, distributors & government backed tax credits) should mean a reduced counterparty risk and low historical level of default.

Retained rights

Production companies in the UK (unlike many other countries) are free to retain the rights to exploit their programme assets in all remaining international territories and across different media (digital, DVD etc).

Demand

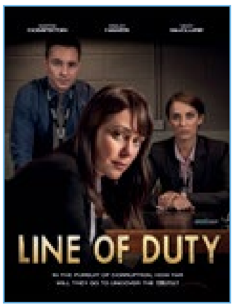
The explosion of new channels (e.g. Netflix, Hulu, Amazon) and platforms for consuming media (tablets, phones, online) has stimulated huge demand for new televisual content to be created.

Incentives

In 2013 the UK Government introduced a tax incentive for television content which further enhanced the commercial opportunity for UK television producers.

Previous projects

Line of Duty (Series 3) (6 x 60min)



The Confirmation (1 x 90min)

The Ark (1 x 90min)

Arthur & George (3 x 60min)

Doc Martin (Series 7) (8 x 60min)

Illustrative returns

	Zero Value from Retained Rights	Illustrative Return
Cost of Investment	£100,000	£100,000
Less Income Tax Relief at 30%	(£30,000)	(£30,000)
Net Investment	£70,000	£70,000
Investment Proceeds	£70,000	**£108,000**
Total Return on Net Investment (70p)	-	**£38,000**
Total return on Net Investment (70p)	-	54%
Average Annual Return[1]	-	16%
Average Gross Equivalent Annual Return*	-	**28%**

Target Return: £1.10

Performance fees payable at 35% on returns over £1.10 hurdle

"Zero Value from Retained Rights" assumes that all share proceeds are expended and each EIS company successfully produces and delivers three productions which achieve aggregate returns of only 75% of production cost.

"Illustrative Return" assumes that all share proceeds are expended and each EIS Company successfully produces and exploits three productions of equal production value each utilising all available funds raised in line with the Media Adviser's expectations based on the minimum criteria set out in the Information Memorandum with a share of incremental revenues above the 75% pre-sales secured on each production.

"Target Return" is the level of return required before the Manager is entitled to a performance fee.

The above returns are set out for illustrative purposes only and are not a reliable indicator of future performance. No warranty as to future outcome is implied or should be inferred. Changes to the bases of taxation, tax relief, rates of tax or an investor's tax position may affect the availability of tax reliefs available. The value of investments can go down as well as up and you could lose part or all of your capital invested. Your attention is drawn to the information set out in the Information Memorandum and the specific risk factors referenced in "Risks" page 17 therein.

[1] Amounts are shown net of all anticipated fees and costs and calculated over a simple 42 month investment period.
*Average annual return that a 45% income tax rate investor would need to achieve from an equivalent investment in order to obtain the same net of tax return.

The Media Adviser

Great Point Media is a boutique media business specialising in the development and exploitation of intellectual property in entertainment media.

Robert Halmi Jr

Robert is an Emmy Award and Golden Globe Award winning film and television producer, with in excess of 250 production credits to his name, including *Lonesome Dove*, which earned seven Emmy Awards and a Golden Globe for best mini-series.

Robert has been the Chief Executive Officer of four publicly listed entertainment conglomerates, alongside serving as Chairman of Crown Media, Inc. where he founded the US television network, Hallmark Channel, now broadcast to over 80 million homes.

Jim Reeve

Jim is an Emmy award winning producer with over 25 years' experience in the development, production, financing and distribution of television programmes and films, with credits including *Foyle's War* and Jack Higgins' *On Dangerous Ground.*

Jim has worked extensively in media EIS and SEIS businesses and over the past decade has managed over £300m worth of EIS investment in television content.

Kok-yee Yau

Kok-yee specialises in sourcing and evaluating suitable EIS opportunities within the television sector, and has overseen the production of over 100 television programmes.

Kok-yee qualified as a chartered accountant at Grant Thornton, focussing in the audit of companies in the media and financial services sectors. She has also worked at the global alternative hedge fund manager, Man Investments, within the structured products valuation team

Fergus Haycock

A qualified solicitor, Fergus now specialises in managing television and media project financing opportunities, having managed a £300m EIS television production fund and over 100 television productions.

In addition, Fergus has a wealth of experience in the development, management, and capital raising for new alternative investment opportunities, including Corporate Venturing, EIS, SEIS and BPR investments.

Dan Perkins

Dan is a qualified chartered accountant with significant experience in the management and capital raising for alternative investment opportunities, including Corporate Venturing, EIS and BPR investments.

Prior to joining GPM Dan was an Investment Director with a leading media investment boutique responsible for investment and distribution strategy. Previously, Dan spent four years at a Big Four accountancy firm providing corporation tax advisory and compliance services to companies across a broad range of sectors.

Laura Macara

Laura has three years' experience in sourcing and evaluating suitable EIS opportunities within the television sector and managing over £350m of EIS funds for a leading media investment house.

Laura qualified as a chartered secretary and has managed the corporate governance and company secretarial matters for over 200 EIS companies.

Matt Stevens

Matt is a qualified chartered accountant and chartered business valuator and has a MBA from the London Business School.

Matt qualified as a chartered accountant at a Big Four accountancy firm and subsequently spent three years working in Corporate Finance and Business Valuations on a wide range of projects in M&A, financing, tax planning, and litigation.

Ellen Fraser

Ellen qualified as a barrister in July 2000 and later as a solicitor and was previously a senior lawyer at a leading media investment boutique.

Ellen has over 10 years' experience in media legal and business affairs, specialising in advising content producers and financiers on all matters relating to the development, production and exploitation of films and television programmes.

Performance fees and charges

Fund charges (Advised Retail Clients)[1]

Initial fee:	**1.95%**
Annual management fee:	**1% (plus £7,500 per company)**

A Custodian fee of 0.225% will be charged annually by the Manager.

Performance fee

35% above £1.10 on aggregate Fund performance

The Manager, Media Adviser and company directors are all incentivised in the performance of the Fund and collectively will participate in 35% of profits generated over £1.10 per £1 invested in the Fund.

Full details of the charges can be found in the Information Memorandum.

[1] **Initial fee for Professional Investors is 4.95%. Please see the Information Memorandum for further details.**

How to apply

All potential investors should read the Information Memorandum for the Select Television Production EIS 4 prior to investing and are recommended to seek independent financial advice.

For a copy of the Information Memorandum please contact your financial adviser or for more information visit **www.greatpointmedia.com**

The Information Memorandum contains the Application Form and full details on how to apply.

Application Deadline:	**31 October 2016**
Minimum Investment:	**£10,000**

Early Allotments may take place prior to the Application Deadline.

Contact details

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