



FUSION FESTIVALS & EVENTS LIMITED

Enterprise Investment Scheme ("EIS") Overview July 2017



Important Note: This overview document is not an offer or invitation to apply for Investment into Ober Private Clients Fusion Festivals & Events Limited EIS Investment Opportunity. Any application for investment should be made solely on the basis of the relevant Information Memorandum ("IM"); the Terms and Conditions; and the Application Form relating to the Investment Opportunity.

INTRODUCTION

- Fusion Festivals & Events Limited ("Fusion" or the "Company") offers a unique opportunity to invest in one of the biggest pop-music festivals in the UK and Europe. The UK festival has grown rapidly since its inception in 2013 and is now able to attract the world's most popular music artists.
- The Company is making impressive progress with its strategy to become the world's first multi-event and multi-location music event brand. Having recently secured options to host Fusion branded festivals in several other locations, it is able to capitalise on the success and strong reputation of Fusion Festival UK to penetrate other geographical markets more quickly than would otherwise be the case.
- Following the success of Fusion Festival 2015, with the headline signing one of the world's biggest music artist at the time, Ed Sheeran, the event's status has been elevated to the very top, sitting alongside Glastonbury and V-Festival as one of Europe's most credible and highest profile music festivals.
- Fusion successfully relocated from Birmingham to Liverpool for Fusion Festival UK 2016, allowing it to take advantage of a valuable package of promotion and support from the City's Council. The new location has also enabled Fusion to benefit from the close proximity of numerous cities and other dense areas of population in the North of England, many of which have a proven high propensity to purchase tickets for music events.
- The Company has developed strong partnerships with major media and brand players including Capital FM, the UK's number one commercial radio brand, as well as several national and regional press titles and brand agencies.
- Fusion Festival 2017 promises to deliver further significant growth, with the UK's biggest current pop-music group and one of the UK's most popular music groups of the last 30 years already signed as two of the headline artists on an expanded three-day format.
- Commercial brands have come to place a high value on Fusion Festival as a sponsorship proposition, with brand partners in 2016 including Diageo, Pepsi Co, Amazon, McDonalds, Britvic, Koppaberg Cider and several others.

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- Fusion has a highly experienced and accomplished management team, with strong connections in the music and events industries. They are motivated via their equity stakes in the Company to deliver an ambitious growth strategy and maximise shareholder value.
- The management believe that Fusion has excellent growth potential as the events and festival sector continues to perform strongly, with ticketing revenues in the UK growing by around 40% in the period from 2010 to 2015. According to the latest market research, the UK festival market has grown at a remarkable rate in recent years, with more than 700 events classed as music festivals in 2013, compared to 100 events in 2004.
- Expanding Fusion's merchandise range, with a larger product offering and all-year-round retail platform.
- The addition of camping and accommodation facilities, which would provide valuable income whilst making the event more attractive to festival-goers who prefer to stay on site.
- Exploiting all other areas of revenue to achieve their maximum potential, including in relation to food, beverage and parking concessions.
- Introducing additional Fusion Festival events to the calendar, particularly abroad, in Europe, the Middle East, Asia and North America.

OVERVIEW

Objectives

- In 2017, Fusion aims to maintain its position as one of Europe's leading pop music festivals and achieve audiences of more than 60,000 per day over an expanded three-day format.
 - Broadening the Festival's media partnerships and expanding its commercial partnerships to increase brand profile and accelerate market penetration.
 - Increasing ticket revenues through a combination of higher ticket sales, an increase in the number of event-days per annum and an increase in ticket prices.
 - Increasing sponsorship and brand partnership revenues and activity by attracting larger sponsors and offering sponsorship opportunities across a broad range of product categories and marketing channels.
- Fusion Festivals & Events Limited is seeking equity investment of £3,000,000 from private individuals under the Enterprise Investment Scheme ("EIS") for the purpose of further expanding its business including via the development of its flagship festival in Liverpool, as well as adding new Fusion branded events to the calendar during 2017/2018. The offer is comprised of the issue of up to 1,363 ordinary shares at an issue price of £2,250 per share, representing 20% of the enlarged share capital of the Company.
 - Investors benefit from a priority return mechanism offered by the Company's founders and management, whereby the investors are allocated 100% of the profits of the Company, or of the gains on a sale of the shares, to the point that they have recovered their original gross capital as well as a profit of 30%. Investors are also entitled to receive an uncapped share of all additional profits.

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INVESTMENT CASE

- Through the impressive progress made to date, Fusion has already proven it can deliver its strategy to become the world's first true multi-event, multi-national music festival brand.
- In less than five years, Fusion has become one of the biggest pop-music festivals in Europe, attracting the world's most popular music artists to perform at its events.
- For 2017, Fusion has already announced the signing of the first two of its three headliners with Little Mix heading the line-up on Saturday, 2nd September 2017, and Take That closing the festival on the Sunday. Fusion has secured both headliners on a UK festival exclusive basis. Little Mix are currently the biggest pop-music group in the UK, having had a recent No.1 album, No.1 single and selling-out their October and November tour. Take That are currently the biggest male pop-music group. They have seven No.1 albums and 12 No.1 singles to date, they also hold the record for fastest selling tour in the UK. Their much-anticipated new album, Wonderland, entered the chart at No.2 when it was released on 24th March.
- Fusion is also in discussions with a world renowned artist to headline a 'Fusion Legends' format on Friday, 1 September, so as to attract a broader audience.
- The recent relocation of Fusion to Liverpool has enabled it to take advantage of promotion and support from the City's Council and also to benefit from the close proximity of other cities and populous areas, many of which have a proven high propensity to purchase tickets for music events.
- In recent years, Fusion has attracted several lucrative sponsorship deals from blue-chip commercial partners, including Diageo, Amazon, McDonalds, Pepsi Co, Britvic, Koppaberg and many others. Management expect the sponsorship deals and revenues to reflect further growth in 2017.
- Fusion's media partnership deal with the largest radio station network in the UK, Capital FM, provides it with a marketing reach throughout the UK, with no cash cost to the Company. Capital also assist in bringing sponsors to the event.
- The Festival has reported impressive growth in revenue-per-day and profit-per-day over the past four years. The expansion of the format back to three days, combined with the signing of bigger headline artists, should ensure that there is a significant uplift in revenues and profit for 2017. If the Festival achieved 90% capacity over three days, it would generate Turnover of circa £9.9m, Gross Profit of circa £5.5m and EBITDA of circa £3.3m.
- The Company has an option to stage a Fusion event in an exclusive venue in the South of England, where it could charge premium ticket prices for an audience of up to 5,000 to enjoy an intimate high-end festival experience.
- Fusion also has options to stage a Fusion branded festival in Dubai, as well as in the Malaga/Marbella region of Spain, which it is considering exercising within the next 12 months.
- There is the opportunity to develop the Fusion brand and apply it to other products and activities, including merchandise, content, venues and other events.
- There is a buoyant takeover market for festival and events companies, which is led by US listed companies, Live Nation and AEG, who are competing against each other and paying relatively higher prices to consolidate the market. A number of other blue-chip companies are also entering the music events market, including Universal, Sony and Amazon. The Directors are confident they will achieve a lucrative exit for investors within the next 3 to 4 years.
- The Management of Fusion are accomplished and well connected within the music industry. The Management receive no remuneration from Fusion, with the exception of the full-time CEO, who receives a modest salary. The Management's reward is from their respective shareholdings providing a major incentive for them to maximise shareholder value and deliver an exit.

KEY RISKS

An investment in EIS qualifying shares involves a high degree of risk and may not be suitable for all investors. Please note that the following risk factors should be considered before deciding to invest:

- This type of investment places your capital at risk. Investing in company shares is speculative and involves a high degree of risk and you may not get back the amount you originally invested. The value of investment may go down as well as up. There is no guarantee of any return on this investment.
 - Past performance is not necessarily a guide to future performance and may not be necessarily repeated. You should be aware that share values and the income from them may go down as well as up.
 - This investment will be in unquoted/unlisted company shares which are highly likely to have higher volatility and liquidity risks than other types of shares quoted on the main market of the London Stock Exchange.
 - As this type of investment will be in an unquoted trading company you should be aware that there may be difficulty in selling your shares at a reasonable price, and in some circumstances it may be difficult to sell your shares at any price.
 - Investing in unquoted/unlisted companies is, by its nature, high risk. Information regarding the value or the risks that unquoted companies face may not always be available. In addition, there is no guarantee that the valuation of shares will fully reflect the underlying net asset value, or that the shares can be sold at that valuation.
 - Investment into the Company should not be viewed as a short-term investment. Potential investors should be prepared to invest for at least three years. Any withdrawal within three years of the investment into the Company will result in the loss of EIS Relief.
 - Potential investors should be aware that the various tax reliefs currently available might change in the future. This overview is based on the understanding of current tax legislation and HMRC practice. Future changes to tax legislation may adversely affect the performance of the Investee Company and the return to the investor. It is the responsibility of prospective investors to ensure that the information is up to date.
- The amount of relief potential investors may gain from an investment into the Company depends on their individual circumstances. Potential investors are strongly advised to seek professional advice regarding their personal tax position and the consequences of an EIS investment. Income tax relief available is subject to making the proper filing of returns with HMRC within the required timeframe and reliefs may be lost if the necessary steps are not taken.

IMPORTANT INFORMATION

Prior to making an investment decision, prospective investors should carefully consider all the information set out in the detailed Information Memorandum which will be sent upon request, and should consider whether an investment into the Investee Company constitutes a suitable investment in the light of their personal circumstances, tax position and the financial resources available to them.

The contents of this overview are not to be taken as constituting advice relating to legal, taxation or investment matters.

This overview is only available to persons falling within the following categories of investor:

1. Persons who meet the criteria for being a professional client in accordance with COBS rule 3.5;
2. Persons who qualify as certified high net worth investors in accordance with COBS rule 4.7.7(a);
3. Persons who qualify as certified sophisticated investors in accordance with COBS 4.7.7(b);
4. Persons who qualify as self-certified sophisticated investors in accordance with COBS 4.7.7(c);
5. Persons who confirm they that they will only invest 10% of their net assets in non-readily realisable securities by signing the Restricted Investor Statement set out in COBS 4.7.10; and
6. Existing clients of a financial adviser regulated by the Financial Conduct Authority, which has advised that the potential investment is a suitable investment for them in accordance with COBS 9 Suitability Rules.

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