

12x3's Limited

Single company EIS report

Summary

12x3's is raising new money to fund the growth of its first boxing gym and the establishment of its second.

| | Positives | Issues |
|-----------------------|---|---|
| Why Invest | Strategy: The company has just opened its first boxing gym in Aldgate and is planning the opening of its second in Paddington in 2018. | Competition: There are already many fitness gym operators. 12x3's is a specialist boxing gym making it a niche player with both the positive and negatives which go with that tag. |
| The Management | Team: A high-energy combination of highly experienced boxers and successful entrepreneurs. | Track record: The management team has no previous experience in running a gym business but they have worked in boxing gyms and have substantial business management experience. |

Nuts & Bolts

- ▶ **Share Issue:** Open offer issue for 646 shares (25% of enlarged equity) at £1,548 per share i.e. raising £1m gross.
- ▶ **Offer:** Offer launched on 1st September 2017 and will close on 1st November 2017.
- ▶ **Exit Strategy:** There is no planned exit but the most likely first liquidity event will be the introduction of an institutional investor to fund further expansion.

Specific Issues

- ▶ **Start up:** 12x3's has only just started trading. Its trading record is just a few weeks long. So the concept is yet to be proven and, without a monthly membership scheme, it is as yet unclear how loyal the patrons will be.

| Consultant information | Risks |
|----------------------------------|---|
| Pre-money valuation £3.00m | <ul style="list-style-type: none"> ▶ Generic: 12x3's is a relatively small unquoted company. There will be no formal market in the shares. It is not intended that there will be any capital returns or dividends paid in the first three years. There can be no guarantee that the investment will be successful, that an exit will be achieved or there will be any value to be distributed. ▶ Specific: The business has very low fixed costs as the key personnel – the boxing trainers – are paid on the number of members they train. Nevertheless there are still fixed costs to cover such as rent, rates and some small fixed salaries. The biggest risk we see is getting the business off the ground in both, very different, locations. |
| Target fundraise £1.00m | |
| Post money valuation £4.00m | |

Analyst

Jason Streets 020 7194 7622
js@hardmanandco.com

Table of Contents

| | |
|--|-----------|
| Table of Contents | 2 |
| Factsheet..... | 3 |
| Offering | 4 |
| Summary of Risk Areas..... | 4 |
| Risk Analysis / Commentary..... | 5 |
| Risks..... | 7 |
| Company Analysis | 9 |
| Financial Projections | 12 |
| Management..... | 15 |
| Appendix – Due Diligence Summary..... | 16 |
| Disclaimer | 17 |
| Hardman Team..... | 18 |

Factsheet

| 12x3's Limited | | |
|-------------------------------|---|-------------|
| Product name | 12x3's Limited | |
| Tax eligibility | EIS | |
| Type of product | Single company equity issue | |
| Term | N/A | |
| Sectors | Leisure | |
| Diversification | | |
| Number of companies | 1 | |
| (Expected) Gini coefficient | 1 | |
| Fees | Amount | Paid by |
| Professional related to offer | 3% cash + 3% of total new shares | The company |
| Advisor fee facilitation | Yes | |
| Advisor fee amounts | On an advisor by advisor basis | |
| Investment Memorandum | CH-1 | |
| HMRC Advance Assurance | Received | |
| Reporting | Once a year | |
| Minimum investment | £50,000 | |
| Minimum raise | £750,000 | |
| Fundraising target | £1,000,000 | |
| Expected closing date | 1/11/2017 | |
| Expected exit method | Not determined but trade sale in due course most likely | |

Source: 12x3's Limited, Hardman & Co research

Offering

12x3's Limited is making an offer of shares in a single company that will fund the start up phase of its first boxing gym in Aldgate and the opening of its second in Paddington. The open offer is for 646 shares in the company at £1,548 each, looking to raise £1,000,000 in total. Together the investment and a pre-money valuation of £3m lead to a post-money valuation of £4m.

There is no specific exit plan or timetable: but the management believe that the most likely first liquidity event will be the introduction of an institutional investor to help fund the roll out beyond the first five or so clubs.

Summary of Risk Areas

Note: In addition to the specific ones commented on below there are generic risks from investing in EIS or unquoted companies.

Project

The Aldgate gym opened in June 2017 and the Paddington gym is scheduled to open in January 2018. This is a start up business. As such there is no evidence yet of the success or otherwise of the business model or of the management team's capability to run the business successfully.

Operations

The business has only been operating for a few weeks and seems to be running smoothly: the first month's revenue was £25,000 vs. £14,000 budgeted. At the moment 12x3's is operating from just one premises; in 2018 that doubles, with a new gym operating on the other side of central London. This could pose some minor logistical issues for the small management team, though each gym will have its own site manager, doubling as a part time coach. Having said that this is a relatively straightforward operation that should prove robust in our view.

Competition

There are plenty of other gyms in London. They range widely in size, facilities, focus and price. 12x3's is a focused boxing gym. This is not a "boxercise" facility it is staffed with boxers and the training is focused on boxing technique and fitness. This limits the number of direct competitors but also limits its appeal. 12x3's will have to attract both customers from other facilities and encourage new participants.

Finances

The business has modest fixed costs with the trainers all being paid by the numbers of members they coach. It is forecast to breakeven within six months and with a 12-month rent free period the cash flow is stronger still. The fit out cost is also relatively modest at less than £400,000 per gym. With the capital raised from the EIS offer, it is well financed and could survive a slower uptake in member classes than anticipated.

Management

None of the management team has direct experience of running a gym business before. They do however combine lifelong experience of the boxing gym business

with proven entrepreneurial talent mixed with some highly valuable and relevant marketing experience.

Regulation

Industry

Regulation on minimum or living wages can affect leisure retail businesses, as they tend to be relatively low payers but this is a very small part of 12x3's cost base. There are no specific issues regarding 12x3's or its plans that we are aware of.

Company

HMRC Advance Assurance has been applied for and received.

Risk Analysis / Commentary

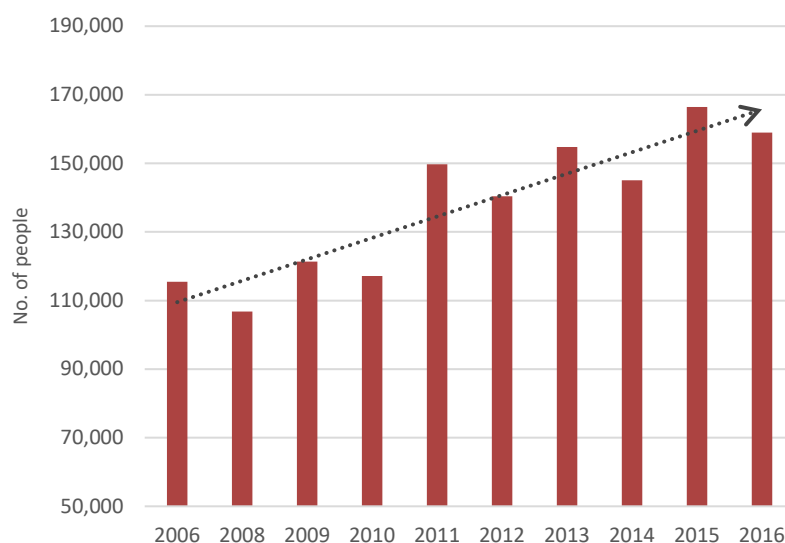
The gym business is growing in the UK. Leisure DB recently reported that there are now 6,728 fitness facilities in the UK up from 6,435 in 2015 and 6,312 in 2014. Gym membership is now running at just under 10 million and the total market value is around £4.7bn annually; most of this growth has been driven by "low cost" gyms such as The Gym Group. 12x3's occupies a niche in this market.

Boxing gyms are not new; indeed the co-founders both trained in the famous Repton Boxing Club in Bethnal Green; but boxing clubs for people who don't want to actually fight but simply want to learn how to while getting and staying fit have a shorter pedigree. Nevertheless there are still plenty of them.

Just on the website Classpass.com¹ alone, there are 72 separate studios or gyms listed offering boxing training in London. Not all of those are dedicated boxing clubs and some would be more accurately called boxercise – exercise classes rooted in boxing training but typically run by aerobic and fitness instructors rather than fully qualified boxers. But they do represent a form of competition at one end of the market.

Boxing is a growing participatory sport. Figures from Sport England show participation in boxing (including boxing gym exercise) has grown 38% in the last ten years, making it one of the fastest growing sports in the country.

¹ Classpass.com is a monthly subscription service providing access to a network of boutique fitness studios and gyms.

Boxing

Source: Sport England's Active People Survey

Around 160,000 people are boxing or doing boxing training at least once in a week in the UK². In another survey, asking how many people had participated at least twice in the past 28 days the number rises to 672,000.

² Once a week participation is defined as participating in at least 30 minutes of sport at moderate intensity on four days or more in the previous 28 days.

Adults who have taken part at least twice in the last 28 days

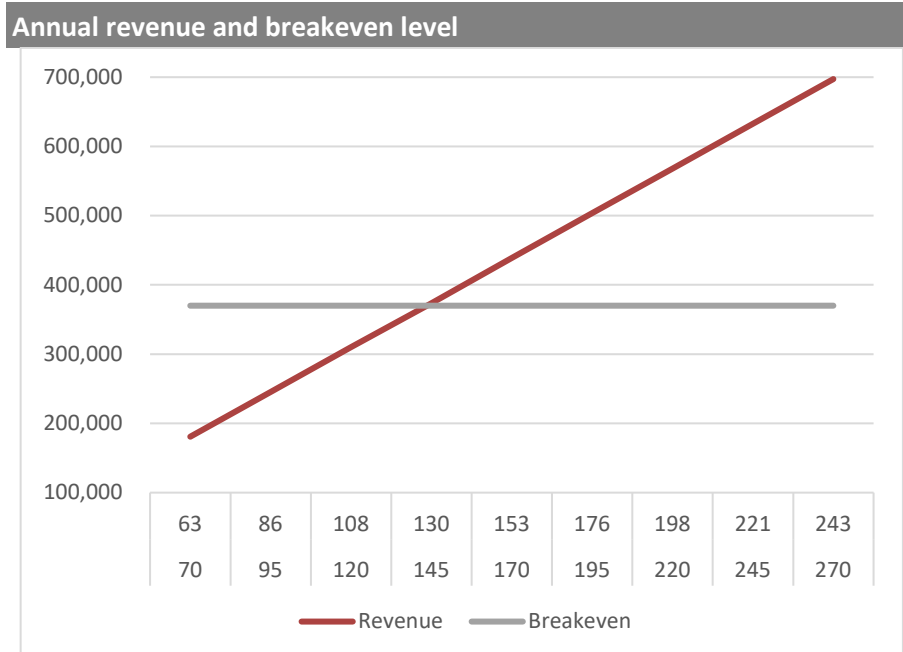
| | |
|---|----------------|
| Running | 6,851,900 |
| Fitness class | 6,336,100 |
| Gym session | 5,151,800 |
| Swimming | 4,861,900 |
| Exercise machines | 3,907,100 |
| Football | 2,299,000 |
| Weights session | 2,240,100 |
| Interval sessions | 1,907,400 |
| Generic fitness training | 1,681,500 |
| Golf | 971,700 |
| Badminton | 944,600 |
| Tennis | 889,300 |
| Rowing (includes indoor rowing) | 828,900 |
| Boxing (includes boxing fitness classes) | 672,100 |
| Table Tennis | 448,700 |
| Squash | 425,600 |
| Cricket | 364,600 |
| Rugby Union | 259,600 |
| Martial Arts | 188,400 |
| Hockey | 156,700 |
| Ice skating | 50,300 |
| Skateboarding | 47,900 |
| Cheerleading | 10,100 |
| Ten-pin bowling | 9,600 |

Source: Sport England Active Lives Survey

This is not a minor activity, it is widespread and growing. Nevertheless 12x3's is a new player in the market and will have to find its customers from scratch. And once found it will have to hang on to them. The model does not involve monthly membership fees like many gyms; members only pay for the classes they attend. The classes are not cheap, though comparable with other personal training rates: £25 per hour in a group of up to four or £75 for a one to one regime.

Risks

There is only one significant risk to 12x3's business model that we see and that is the level of participation they manage to attract and retain. Using the Goodman's Fields' club as an example, the fixed costs are relatively modest at around £370,000 per year including all property and non-trainer staff costs. Assuming a revenue ratio of 10:9 for group classes to individual sessions, it would require approximately 145 members to take group sessions and 130 members to take individual sessions each week to break even.



Source: Hardman & Co Research

Note: the x-axis shows the weekly number of group participants (bottom) and the number of individuals (top)

The level of participation will depend on a multitude of factors some within 12x3's control and some not. The level of local competition can be crucial, as the gym needs to be convenient to members' place of work or where they live.

The success of the marketing programmes is down to 12x3's directly and they have some very experienced marketers on their team. Boxing as a form of exercise seems to have quite a high profile right now and it can rise and fall depending on the visibility of boxing as a sport among the public. For example success in the Olympics can generate a large surge of interest – in both men and women.

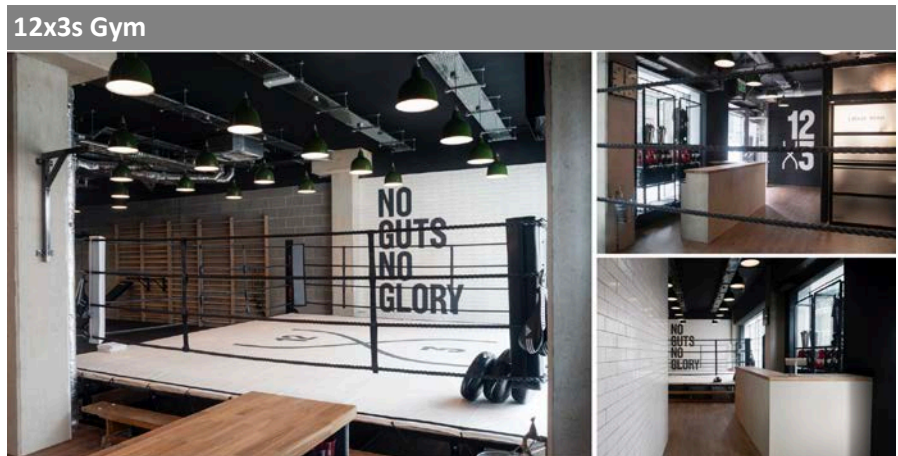
Retaining the loyalty of members will depend on the company's ability to provide a good service, in particular that the trainers themselves are inspiring and engaging. There is a deep pool of potential talent to tap for trainer roles so it should be possible to ensure a minimum standard is achieved and maintained.

The costs of opening the Paddington gym should be relatively easy to control, though timing can sometimes slip and January is typically the most popular month for signing up new members to fitness clubs so missing that date could cause a short-term blip.

Company Analysis

Existing boxing gym business

The Goodman's Fields gym in Aldgate opened in June and is already trading above initial expectations. It is a 2,080 square foot facility with a boxing ring and separate training area, all on the ground floor of a building on the fringes of the City. It also has comprehensive changing and showering facilities.



Source: 12x3's Ltd

The site is part of a Berkeley Homes development of more than 1,000 homes on a site formerly occupied by NatWest for its cheque clearing and IT development centre. Also part of the scheme is a 250-bedroom hotel, 617 student rooms, a Curzon cinema and various eateries, along with the first 12x3's boxing gym.

The boxing gym is a place to get fit but also to learn how to box. It stops short of actual fighting though – this is purely about training and, consequently, fitness. This is not a space full of fitness machines; indeed it is very spartan. There is a boxing ring, some punch bags hanging from the ceiling, some wall bars and otherwise an empty space. This is about one-on-one or four-on-one personalised training.

The name of the club, 12x3's, is a clear reference to a boxing match: 12 rounds of three minutes each with a minute between each round. This is also the format the training takes: twelve bouts of three minute training bursts, each followed by a minute's rest.

Members can choose to have purely personal training: one-on-one with a boxing coach; or they can join a group of up to three others to share the pain. It is a very intense workout.

You have to be a member to participate but there is no monthly fee or minimum joining period. You book sessions on the website and pay per session. An individual session is £75 and a group session is £25. And then there are discounts for buying multiple sessions in one go: either a group of six or twelve classes or you can purchase a "4 week camp" for £250 where you can join as many group sessions as you want in a four week period.

The peak periods are before work (7-9am), lunchtime (12-2pm) and after work (6-9pm). The Aldgate gym is not open on Sundays and on Saturday it is open 8am to 4pm. On Saturdays it holds sparring sessions – a chance to actually fight.

12x3's has a large pool of coaches, all former boxers, to draw from. As with most sports, there are many boxers who fought at a high level but never made it professionally (or earned enough not to need to work) who are keen on this kind of work. It is the nature of boxing that, below superstar level, it is very down to earth. 12x3's has several national and international champions on its roster of coaches.

The coaches get paid per session: £25 for a one to one; or £20 plus £5 per additional member over the first in a group session (i.e. in a group of three they will get £20+£5+£5). Members sign up to have a session with a named coach, so the coaches are fully incentivised to build their own franchise.

The Aldgate gym has capacity for eight one-on-ones and two four-on-ones at a time. In a nine-hour day, that would equate to 144 member hours. The model assumes 44 in four-on-ones and 42 one-on-ones per day or about 60% maximum capacity. In practice of course it should be full at peak times but probably a struggle to get participants in the middle of the afternoon and morning.

The Aldgate gym is likely to have a higher proportion of one-to-one sessions than Paddington. Also at the Paddington gym where there is more space, 12x3's will introduce some 12:1 conditioning sessions at £15 and make the smaller group sessions a maximum of six-on-one

12x3's expects the gyms to get to early maturity within nine months. Its model then assumes a further leap forwards in year three when the number of weekly group session rises from 244 to 294 and the number of individual sessions rises from 234 to 319.

With the cost of trainers as a pure variable cost, at the first level of maturity (shown in the table below as year 2) variable costs equate to 40% of revenue and fixed costs 38%, leaving a 22% profit margin. After the second surge (year 3) that changes to 40% fixed, 30% variable and a 30% profit margin.

| Goodman's Fields | | | |
|------------------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 |
| Revenue | 100% | 100% | 100% |
| Variable Costs | 40% | 40% | 40% |
| Fixed Costs | 55% | 38% | 30% |
| PBT | 4% | 22% | 30% |

Source: 12x3's Ltd

These figures are taken from Goodman's Fields. The Paddington site is bigger and so the margins move slightly more in 12x3's favour.

| Paddington | | | |
|----------------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 |
| Revenue | 100% | 100% | 100% |
| Variable Costs | 39% | 39% | 37% |
| Fixed Costs | 53% | 37% | 30% |
| PBT | 8% | 24% | 32% |

Source: 12x3's Ltd

Development Plans

The immediate development plan is to get a new gym open in Paddington for the critical January market. The Paddington site is twice the size of Goodman's Fields at 4,500 square feet. It will have capacity to do one twelve-on-one, three six-on-one and eight one-on-one sessions equating to a maximum of 456 member hours per 12 hour day.

The Paddington gym will be in British Land's Paddington Central development – a mixed campus of office, residential, hotel, retail, and leisure facilities. It is about 80% complete already with offices and shops already let and operating. 12x3's will have a 450 sq ft café on the ground floor and the gym in the basement below.

The landlord was keen on 12x3's operating a café at the entrance. The café alone is expected to generate £0.5m of revenue in year one, followed by £0.7m and then £1m in year three. EBITDA will rise from approximately £100,000 to £200,000 to £300,000. By comparison the average Costa Coffee store does £600,000 of revenue and makes EBITDA of £140,000.

The budget for fitting out the Paddington site is £258,000, compared with £200,000 for Goodman's Fields and the total capital cost is just under £400,000 (GF was £325,000).

The Paddington site, like the Goodman's Fields site, comes with a 12-month rent-free period. Otherwise the leases are a standard 15 years with reviews after five and ten years.

The financial model assumes nothing for merchandise sales though these could become meaningful over time.

Once both gyms are up and running, 12x3's is expected to look for a third site and has a plan for five gyms in total in London before moving to expand outside the capital.

Marketing

Two of the co-founders, Darren Barker and Ryan Pickard, are very well known in the industry and have a high media profile that generates substantial free coverage for the gym: 12x3's has already had significant exposure in GQ magazine and on Sky Sports. In addition to this "soft" marketing, the company takes out display advertisements in London centric publications such as The Evening Standard and Time Out.

The other two co-founders ran and part-owned one of the original marketing agencies specialising in social media.

There are also opportunities to market to local businesses, especially in the City of London: selling corporate events, or simply having the firms promote 12x3's inside their businesses. There is a corporate discount rate of 20% off for those firms who sign up.

Financial Projections

The projections provided by the company are given in the table below.

| Goodman's Fields financial projections | | | |
|--|---------------|----------------|----------------|
| Revenue | Jun-18 | Jun-19 | Jun-20 |
| Classes | 140,544 | 234,240 | 282,240 |
| Standard PT | 431,309 | 718,848 | 979,968 |
| Total Revenue | 571,853 | 953,088 | 1,262,208 |
| Trainer Payments | -229,968 | -383,280 | -502,080 |
| Gross Profit | 341,885 | 569,808 | 760,128 |
| Expenses | | | |
| Staff Costs | -67,948 | -98,365 | -98,365 |
| Property Costs | -115,095 | -115,095 | -115,095 |
| Other Office Costs | -15,000 | -15,000 | -15,000 |
| Professional Costs | -8,000 | -8,500 | -11,000 |
| Maintenance & Other Costs | -110,319 | -126,274 | -137,002 |
| Total Expenses | -316,362 | -363,234 | -376,462 |
| PBT | 25,523 | 206,574 | 383,666 |
| PBT % | 4% | 22% | 30% |
| EBITDA | 88,323 | 269,374 | 446,466 |
| EBITDA % | 15% | 28% | 35% |
| Tax (@ full rate) | -5,105 | -41,315 | -76,733 |
| PAT | 20,418 | 165,259 | 306,933 |

Source: 12x 3's Ltd

| Paddington financial projections | | | |
|----------------------------------|---------------|----------------|----------------|
| Revenue | Dec-18 | Dec -19 | Dec -20 |
| Classes 12;1 | 169,344 | 282,240 | 391,680 |
| Classes | 396,288 | 660,480 | 952,320 |
| Standard PT | 394,445 | 657,408 | 964,608 |
| Total Revenue | 960,077 | 1,600,128 | 2,308,608 |
| Trainer Payments | -371,664 | -619,440 | -860,164 |
| Gross Profit | 588,413 | 980,688 | 1,448,444 |
| Expenses | | | |
| Staff Costs | -114,500 | -152,900 | -158,590 |
| Property Costs | -216,700 | -236,915 | -317,776 |
| Other Office Costs | -21,000 | -21,000 | -21,000 |
| Professional Costs | -12,500 | -11,000 | -11,000 |
| Maintenance & Other Costs | -148,765 | -176,889 | -194,601 |
| Total Expenses | -513,465 | -598,704 | -702,967 |
| PBT | 74,948 | 381,984 | 745,477 |
| PBT % | 8% | 24% | 32% |
| EBITDA | 147,798 | 454,834 | 818,327 |
| EBITDA % | 15% | 28% | 35% |
| Tax (@ full rate) | -14,990 | -76,397 | -149,095 |
| PAT | 59,958 | 305,587 | 596,382 |

Source: 12x 3's Ltd

| Combined financial projections | | | |
|--------------------------------|----------------|----------------|----------------|
| Revenue | Jun-18 | Jun-19 | Jun-20 |
| Classes 12;1 | 39,984 | 270,480 | 336,960 |
| Classes | 234,112 | 867,200 | 1,088,640 |
| Standard PT | 524,442 | 1,348,864 | 1,790,976 |
| Total Revenue | 798,538 | 2,486,544 | 3,216,576 |
| Trainer Payments | -317,722 | -976,910 | -1,241,882 |
| Gross Profit | 480,816 | 1,509,634 | 1,974,694 |
| Expenses | | | |
| Staff Costs | -109,998 | -247,265 | -254,110 |
| Property Costs | -223,445 | -341,903 | -392,441 |
| Other Office Costs | -25,500 | -36,000 | -36,000 |
| Professional Costs | -15,000 | -19,500 | -22,000 |
| Maintenance & Other Costs | -173,568 | -300,233 | -322,747 |
| Total Expenses | -547,512 | -944,901 | -1,027,297 |
| PBT | -66,696 | 564,733 | 947,397 |
| PBT % | -8% | 23% | 29% |
| EBITDA | 32,529 | 700,383 | 1,083,047 |
| EBITDA % | 4% | 28% | 34% |
| Tax (@ full rate) | 13,339 | -112,947 | -189,479 |
| PAT | -53,357 | 451,787 | 757,918 |
| Including café | | | |
| Café revenue | 240,000 | 600,000 | 840,000 |
| Total revenue | 1,038,538 | 3,086,544 | 4,056,576 |
| Café EBITDA | 50,000 | 147,500 | 241,500 |
| Total EBITDA | 82,529 | 847,883 | 1,324,547 |
| EBITDA % | 8% | 27% | 33% |

Source: 12x 3's Ltd

Investors should note the following points when assessing these.

Generic disclaimer: *Generally, management projections, particularly for revenue, are at the optimistic end of likely outcomes. The planning fallacy can significantly affect timescales, and even those that are successful usually have delays somewhere that adversely affect revenue progress or increase costs.*

Specific Comments

Hardman & Co has been supplied with a detailed financial model covering the period to the end of 2021. We would make the following observations:

The business and the financial model are both pretty straightforward. Nothing has been included for any product sales, which could generate some additional profits though they are unlikely to be substantial. There are also plans to develop travel and events; these too are not included in the projections.

The clubs are assumed to ramp up quite quickly, with breakeven levels assumed after six months of operating. That may prove too optimistic, though Goodman's Fields is off to a strong start.

The marketing budget, especially in the build up phase looks very modest to us. At the Goodman's Fields gym less than £15,000 is budgeted for per year. At Paddington

it is just over £20,000. However, with the publicity that the co-founders appear to be able to generate for free this may prove to be adequate.

After levelling off after the first nine months, the revenue is then forecast to jump in year three by approximately 32% in Goodman's Fields (44% in Paddington) as more sessions are sold (there is no assumption of any price increases). This could be characterised as conservative – having growth cease after nine months before resuming in year three - rather than have steady growth all the way through to the year three level. It makes little difference to the value of the business in year three as long as the numbers are actually achieved.

The cash flow is stronger than the reported profits as there is a rent-free period of a year for both clubs.

Ownership

Approximately £50,000 of shareholder's loans, used to fund the start up, will be paid off with the EIS proceeds. If the EIS proceeds are not available in time, then a further £140,000 will be lent to the company by its shareholders to secure the Paddington site.

Following these adjustments and assuming all the new shares being offered are issued, the shareholder register will be as set out in the table below.

| Shareholders post full EIS issue | | | |
|----------------------------------|------------|--------------|---------------|
| Surname | First name | Shares | % of shares |
| Salmons | Lloyd | 600 | 22.5% |
| Ruck | Clare | 400 | 15.0% |
| Barker | Darren | 500 | 18.8% |
| Pickard | Ryan | 500 | 18.8% |
| New shareholders* | | 666 | 25.0% |
| Total | | 2,666 | 100.0% |

Source: 12x3's Ltd

*Note: CH-1 take 20 shares in part payment for their services

Exits

There is no specific exit timeline or plan, but the company will be looking for an institutional investor in two to three years' time to finance the roll out outside of London. At some stage in the future, the directors believe a trade sale is the most likely exit route but there are no current plans.

Given the lack of liquidity, investors will inevitably need to treat this as a long term investment.

Management

12x3's Limited is managed by a team of four: two boxers in charge of the coaching side and two business people in charge of the operations.

Ryan Pickard, Director

Ryan joined the famous Repton Boxing Club at the age of seven. He went on to captain the England Boxing team, representing the country 45 times. He remains captain of the squad at Repton. Together with Darren (see below), he runs the coaching side of the business.

Darren Barker, Director

Darren too has been a boxer all his life. He represented England and won a Commonwealth Gold Medal. He turned pro and won the IBF Middleweight world title in 2013. Both Darren and Ryan are well known in boxing circles and are able to generate substantial publicity for the 12x3's business.

Lloyd Salmons, Director

Lloyd was an early pioneer of digital marketing. He launched a business called Outside Line in 2000. It became a leading social media agency for high profile brands such as British Gas, Toyota and Budweiser. Outside Line was sold to Publicis in 2012 and Lloyd remained with the business to integrate it into the larger entity. Lloyd has also been involved in creating and investing in a number of other businesses in music, technology and fitness.

Clare Ruck, Director

Clare was CFO of Outside Line and has more than twenty years' experience in marketing, working as a CFO or commercial director. She also has very relevant experience negotiating investments, sales and earn-outs with founders, corporate acquirers and private equity.

Potential Conflicts of Interest

Although in the normal course of events many business relationships of its Directors are positives for a company, under some circumstances they may cause conflicts of interest. We note those that have been disclosed to us.

We have not identified any specific potential conflicts of interest.

Appendix – Due Diligence Summary

| Summary of core due diligence questions | | |
|---|--------------------|--------------|
| Company | | Validated by |
| Company | Twelve 3's Limited | |
| Founded | 2015 | Hardman & Co |
| Type | Limited Company | Hardman & Co |
| Ownership | See page 14 | Hardman & Co |
| CRN | 09901989 | Hardman & Co |
| EISA member | No | Hardman & Co |

Source: Hardman & Co research

Regulation

This will be a single company EIS where investors get shares in Twelve 3's Limited. The company was incorporated on 4 December 2015 and has its accounts made to 31 December 2016. Ownership is described in full on page 14 of this report. HMRC Advance Assurance has been applied for and received.

Disclaimer

Hardman & Co provides professional independent research services. Whilst every reasonable effort has been made to ensure that the information in the research is correct, this cannot be guaranteed.

The research reflects the objective views of the analysts named on the front page. However, the companies or funds covered in this research may pay us a fee, commission or other remuneration in order for this research to be made available. A full list of companies or funds that have paid us for coverage within the past 12 months can be viewed at <http://www.hardmanandco.com/>

Hardman & Co has a personal dealing policy which debars staff and consultants from dealing in shares, bonds or other related instruments of companies which pay Hardman for any services, including research. They may be allowed to hold such securities if they were owned prior to joining Hardman or if they were held before the company appointed Hardman. In such cases sales will only be allowed in limited circumstances, generally in the two weeks following publication of figures.

Hardman & Co does not buy or sell shares, either for its own account or for other parties and neither does it undertake investment business. We may provide investment banking services to corporate clients.

Hardman & Co does not make recommendations. Accordingly, we do not publish records of our past recommendations. Where a Fair Value price is given in a research note this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. Hardman & Co may publish further notes on these securities/companies but has no scheduled commitment and may cease to follow these securities/companies without notice.

Nothing in this report should be construed as an offer, or the solicitation of an offer, to buy or sell securities by us.

This information is not tailored to your individual situation and the investment(s) covered may not be suitable for you. You should not make any investment decision without consulting a fully qualified financial adviser.

This report may not be reproduced in whole or in part without prior permission from Hardman & Co.

Hardman Research Ltd, trading as Hardman & Co, is an appointed representative of Capital Markets Strategy Ltd and is authorised and regulated by the Financial Conduct Authority (FCA) under registration number 600843. Hardman Research Ltd is registered at Companies House with number 8256259. However, the information in this research report is not FCA regulated because it does not constitute investment advice (as defined in the Financial Services and Markets Act 2000) and is provided for general information only.

*Hardman & Co Research Limited (trading as Hardman & Co)
35 New Broad Street
London
EC2M 1NH
T +44 (0) 207 194 7622*

Follow us on Twitter @HardmanandCo

(Disclaimer Version 2 – Effective from May 2017)

Hardman Team

Management Team

+44 (0)20 7194 7622

| | | | |
|---------------|---------------------|---------------------|----------|
| John Holmes | jh@hardmanandco.com | +44 (0)207 194 7629 | Chairman |
| Keith Hiscock | kh@hardmanandco.com | +44 (0)207 194 7630 | CEO |

Marketing / Investor Engagement

+44 (0)20 7194 7622

| | | |
|-------------------|---------------------|---------------------|
| Richard Angus | ra@hardmanandco.com | +44 (0)207 194 7635 |
| Max Davey | md@hardmanandco.com | +44 (0)207 194 7622 |
| Antony Gifford | ag@hardmanandco.com | +44 (0)207 194 7622 |
| Vilma Pabilionyte | vp@hardmanandco.com | +44 (0)207 194 7637 |
| Gavin Laidlaw | gl@hardmanandco.com | +44 (0)207 194 7627 |
| Ann Hall | ah@hardmanandco.com | +44 (0)207 194 7622 |

Analysts

+44 (0)20 7194 7622

Agriculture

| | |
|---------------------|----------------------|
| Doug Hawkins | dh@hardmanandco.com |
| Yingheng Chen | yc@hardmanandco.com |
| Thomas Wigglesworth | tcw@hardmanandco.com |

Bonds

| | |
|---------------|---------------------|
| Brian Moretta | bm@hardmanandco.com |
| Mark Thomas | mt@hardmanandco.com |

Building & Construction

| | |
|---------------|---------------------|
| Tony Williams | tw@hardmanandco.com |
| Mike Foster | mf@hardmanandco.com |

Consumer & Leisure

| | |
|---------------|---------------------|
| Mike Foster | mf@hardmanandco.com |
| Steve Clapham | sc@hardmanandco.com |
| Jason Streets | js@hardmanandco.com |

Financials

| | |
|---------------|---------------------|
| Brian Moretta | bm@hardmanandco.com |
| Mark Thomas | mt@hardmanandco.com |

Life Sciences

| | |
|---------------|----------------------|
| Martin Hall | mh@hardmanandco.com |
| Gregoire Pave | gp@hardmanandco.com |
| Dorothea Hill | dmh@hardmanandco.com |

Media

| | |
|------------------|---------------------|
| Derek Terrington | dt@hardmanandco.com |
|------------------|---------------------|

Mining

| | |
|-------------|---------------------|
| Paul Singer | if@hardmanandco.com |
|-------------|---------------------|

Oil & Gas

| | |
|---------------|---------------------|
| Angus McPhail | am@hardmanandco.com |
|---------------|---------------------|

Property

| | |
|-------------|---------------------|
| Mike Foster | mf@hardmanandco.com |
|-------------|---------------------|

Services

| | |
|-------------|---------------------|
| Mike Foster | mf@hardmanandco.com |
|-------------|---------------------|

Special Situations

| | |
|---------------|---------------------|
| Steve Clapham | sc@hardmanandco.com |
| Paul Singer | ps@hardmanandco.com |

Tax Enhanced Services

| | |
|----------------|---------------------|
| Brian Moretta | bm@hardmanandco.com |
| Chris Magennis | cm@hardmanandco.com |

Utilities

| | |
|---------------|---------------------|
| Nigel Hawkins | nh@hardmanandco.com |
|---------------|---------------------|

Hardman & Co

35 New Broad Street
London
EC2M 1NH

Tel: +44(0)20 7194 7622

www.hardmanandco.com

