

# PROSPECTUS FOR OFFER OF SHARES



**EDGE**  
PERFORMANCE VCT



This document comprises a prospectus of Edge Performance VCT plc dated 13 November 2009 prepared in accordance with the Prospectus Rules made under Part IV of the Financial Services and Markets Act 2000. A copy of this prospectus has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules.

Copies of this prospectus may be obtained free of charge either by downloading it from [www.edge.uk.com/vct](http://www.edge.uk.com/vct) or in hard copy from the offices of Edge Investment Management Limited at 1 Marylebone High Street, London W1U 4LZ, or the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW.

The Directors of the Company, whose names appear on page 57 of this prospectus, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company, both of whom have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

All third party information in this prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Howard Kennedy, RAM Capital Partners LLP and Edge Investment Management Limited, all of which are authorised and regulated by the Financial Services Authority, has each given and has not withdrawn its written consent to the issue of this document with the inclusion herein of their names in the form and context in which these are included. Persons receiving this document should note that Howard Kennedy, RAM Capital Partners LLP and Edge Investment Management Limited are acting for the Company and for no one else and will not be responsible to any other person for providing the protections afforded to customers of Howard Kennedy, RAM Capital Partners LLP or Edge Investment Management Limited.



## EDGE PERFORMANCE VCT PLC

*Incorporated in England and Wales under the Companies Act 1985 with registered number 05558025*

### Offer for Subscription

of up to 10,000,000 F Shares of 10p each in the capital of the Company  
at an issue price of 100p each payable in full on subscription

**Sponsored by**  
**Howard Kennedy**

**Promoted by**  
**RAM Capital Partners LLP**

**Manager**  
**EDGE INVESTMENT MANAGEMENT LIMITED**



The Offer will open at 8.00am on 16 November 2009 and will remain open for acceptance until 5.00pm on 5 April 2010 in respect of the 2009/10 tax year and 3.00pm on 4 June 2010 (unless previously brought forward or extended by the Directors) in respect of the 2010/11 tax year. There is no minimum subscription for the Offer to proceed.

If the Offer is over-subscribed, it may be increased at the discretion of the Directors to no more than 20,000,000 F Shares.

Application will be made for all of the F Shares (ISIN: GB00B560SW69) (issued and to be issued pursuant to the Offer for Subscription described herein) to be admitted to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange. It is anticipated that such admission will become effective, and that dealings in the F Shares will commence within 20 business days of the date of first allotment of the relevant F Shares.

## CONTENTS

	Page
Summary	3
Risk factors	8
Letter from the Chairman	10
Part 1 Information relating to the Company	12
Part 2 Information relating to the F Shares and the Offer	27
Part 3 Tax position of Investors and of the Company	29
Part 4 Financial information relating to the Company	32
Part 5 Additional information	34
Part 6 Definitions	47
Part 7 Terms and conditions of application	50
Application form	54
Directors and advisers	57

## SUMMARY

### The VCT with an Edge

Edge Performance seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns;
- downside risk protection; and
- liquidity.

### An entertaining way to make money

Edge Performance allows investors access to the entertainment industry through a manager with specialist expertise, whilst minimising the risks often perceived as being associated with the sector. Edge Performance was the first specialist VCT to recognise the growth in this sector, and has raised in excess of £48 million, from four earlier offers for subscription, much of which has been invested in the live events business. Edge Performance is managed by Edge Investment Management, a leading specialist entertainment fund manager.

## “Let Me Entertain You”

Despite the current economic climate, many sectors of the entertainment market are still seeing continued growth. Recent forecasts by Mintel indicate only a slight slowdown in the growth of the UK live music market in the short term, and indeed higher growth in the medium term than previously forecast. The Society of London Theatres has reported record attendances and box office revenues for the third year running. PWC forecast year on year growth in 2009/10 in such sectors as internet and mobile services, subscription TV, films and video games, and renewed growth in almost all sectors of the entertainment industry by 2011. At the same time, technological advances and an increasing drive to offer a more benign regulatory and legislative regime look to provide further impetus to the sector.

The Manager believes that the present environment will offer increased opportunities to invest in entrepreneurial businesses in the sector, on attractive terms which have not been achievable before. Moreover, past evidence indicates that appropriate investments made during times of recession generate more significant returns to investors over the life of the investments than those made during healthier economic times. Edge Performance is therefore looking to capitalise on these factors, and on the expertise and reach of its Board and the Manager, by now seeking to raise additional funds.

### Edge Performance VCT

- **Attractive targeted returns**

The Manager has set a target return of 130p in cash for every 70p invested (assuming income tax relief at 30%, equivalent to a return of 160p per 100p invested).<sup>1</sup>

- **Risk reduction and capital protection**

Edge Performance's structure balances investments with a high level of guaranteed capital protection, ideally with contractual revenues or capital guarantees from financially sound counterparties, with other investments where significantly higher potential returns justify lower guaranteed capital protection. The intention is that the Investor's risk is thereby minimised, underpinning the return of the investor's net cost of investment of 70p per Share (assuming income tax relief at 30%).

- **Portfolio diversification**

Edge Performance seeks to offer a means of investment portfolio diversification, as the Company's venture capital investment portfolio is not stock market correlated.

- **Tax free income**

Subject to liquidity constraints and legislative requirements, Edge Performance will seek to pay out tax-free dividends after each of the first four years to F Shareholders. There is no guarantee that this objective will be met and the preceding statement does not represent a dividend forecast.

Since 2007, the Company has declared or paid annual dividends of up to 7p per share to its Ordinary, C and D Shareholders.

<sup>1</sup> This target is not guaranteed and should not be construed as a dividend or profit forecast. Please see the responsibility statement at paragraph 8(n) on page 46.

- **Early return of capital and liquidity**

It is the Company's objective to return funds to Shareholders as soon as possible after the end of the minimum holding period required by legislation, if Shareholders wish.

The Company returned the Ordinary Share Fund to Ordinary Shareholders in June 2009, shortly after the end of the minimum holding period which applied to that Fund. That distribution together with the further dividend of 0.2p per Ordinary Share declared on 27 October 2009, brought the total return to Ordinary Shareholders to 85p per Ordinary Share (equivalent to a return of 125p per 100p invested for those who obtained the full 40% income relief on their subscription), significantly higher than the targeted total return of 75p per Ordinary Share.

- **Leading commercial partners**

Edge Performance intends to invest part of the proceeds of the Offer in Events Companies which have event licensing arrangements with established event promoters. Edge Performance has existing arrangements providing for promotion opportunities with a leading UK concert promoter, SJM and AEG Live (UK), part of Anschutz Entertainment Group, one of the world's leading sports and entertainment promoters.

- **First mover advantage leading to enhanced deal flow**

Edge Performance was the first VCT to target investment into the live events industry.

- **An expert team**

The Edge Investment Management team and Board combine almost 250 years' relevant experience. The principal members of the team include:

#### **The Board**

**Sir Robin Miller (Chairman)** – has many years' experience across different aspects of the media industry at EMAP plc, HMV Group plc and Channel 4 Television.

**Julian Paul FCA** – a director of various quoted media and entertainment companies. Co-founder and previously Deputy Chairman of Eagle Rock Entertainment.

**Michael Eaton** – a qualified (non-practising) solicitor. CEO of Bushbranch Limited, which manages Eric Clapton.

**Frank Presland** – a qualified (non-practising) solicitor. CEO of Twenty-First Artists, which manages Elton John, Lily Allen and James Blunt. Previously CEO of The Sanctuary Group plc.

**David Glick** – a qualified (non-practising) solicitor who has been involved in many aspects of the entertainment industry, advising well known artists and entertainment companies as well as brokering and advising on the sale and purchase of multi-million pound entertainment assets.

#### **The Manager**

**Gordon Power** – with 25 years' experience in private equity fund management, Gordon has particular expertise in the media sector.

**Harvey Goldsmith CBE** – one of the UK's pioneering promoters since the 1960s. He has promoted many major events including Live Aid and Live 8 and worked with numerous international artists.

**David Glick**

**Alasdair George** – a qualified (non-practising) solicitor who has 24 years' experience of legal, strategic, commercial and operational management in the entertainment industry.

**Sanjay Wadhvani** – has spent most of his career investing in and/or advising businesses in the media and entertainment sector.

**Kate Glick** – a member of the Securities & Investment Institute, a chartered accountant and chartered tax adviser.

- **A committed team**

The Directors and the Manager's team and persons associated with them have together already invested over £1,250,000 in the Company.

### Investment approach

- **Events Companies**

Each investment will typically be in a mix of equity and the maximum amount of secured loan stock permitted under VCT rules. No more than 50% of the ordinary share capital of any one Events Company will be held by Edge Performance or any third party.

- **Other Qualifying Investments**

Edge Performance will also pursue other investment opportunities in the broader entertainment industry which the Manager believes are complementary to the investment strategy of the Company. Again, investments will normally be in a mix of equity and the maximum amount of secured loan stock

- **Non-qualifying Investments**

Initially, the net proceeds of the Offer will be invested in various fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Whilst a suitable level of return will be sought, the Company will continue, for as long as appropriate, to regard capital preservation as an important consideration. Subsequently, up to 30% of the investment funds will be maintained in such investments whilst the balance is reinvested in Qualifying Investments.

- **Dividends and share buy-backs**

The Board intends to distribute most of the available net income through dividends, and to make share buy-backs at a discount of no more than 10% to net asset value, subject to liquidity constraints and regulatory requirements.

### Summary of Investment Policy

- Edge Performance offers the opportunity to invest in the entertainment industry, and seeks to allow investors to take advantage of VCT tax reliefs whilst combining:
  - high targeted returns;
  - downside risk protection; and
  - liquidity.
- The Ordinary Share Fund invests only in Events Companies which have an event licensing agreement with an established events promoter under which the revenues received by the Events Company will be at least 75% of the aggregate of the amount invested by the Company in the Events Company.
- For each of the C, D, E and F Share Funds, up to 30% of each fund will remain in a range of fixed income securities and cash and cash equivalent assets. Of the remainder, the Company will balance investments with a high level of capital protection with other investments where the potential for significantly higher returns justifies a lower level of capital protection.
- The intention is that the Investor's risk is thereby minimised, underpinning the return of the Investor's effective cost of investment of 70p per Share (assuming income tax relief at 30%).

### VCT tax benefits

VCT status currently confers the following benefits on Shareholders:

**Income tax relief at 30%** – Qualifying Investors will receive tax relief of up to 30% of the amount subscribed for F Shares up to a maximum of £200,000 in any one tax year, provided the F Shares are held for at least five years.

For every £10,000 invested, up to £3,000 can be reclaimed from HM Revenue & Customs so an investment of £10,000 effectively costs only £7,000, after the initial costs of the Offer, worth 35% more, before the Company even makes its first investment.

Example	£
Investment in F Shares	10,000
Less income tax relief at 30%	(3,000)
Net cost of investment	7,000

Tax-free dividends, capital distributions and capital gains – in respect of investments not exceeding £200,000 in any one tax year, dividends and gains on disposal of F Shares under current tax legislation are exempt from tax.

### Remuneration of Edge Investment Management

- Annual management fees of 1.75% of the net asset value attributable to the F Shares.
- Annual administrative services fee of £125,000 (plus VAT) in total, attributable to the Ordinary, C, D, E and F Shares.
- Total annual operating expenses of the Company (excluding performance-related incentive, trail commission to intermediaries and irrecoverable VAT) capped by the Manager at 3% of the net asset value of the Company, although (assuming full subscription under the Offer) it is anticipated that such annual operating expenses will be approximately 2.5%.
- Performance-related incentive fee of 19% of cumulative Dividends (prior to calculation of the performance fee) in excess of £1.00 per F Share, rising to 29% of cumulative Dividends (prior to calculation of the performance fee) in excess of £1.20 per F Share. The Chairman of the Company will be entitled to receive a performance fee of 1% calculated on the same basis.

### The Offer

- Up to 10,000,000 F Shares are being offered for subscription at 100p per share.
- Minimum investment per application is £5,000.
- Authorised financial intermediaries will receive introductory commission on successful applications of 3%, or 2.25% initial commission and annual trail commission of 0.375% for up to four years.
- Successful applicants whose applications for F Shares are received:
  - before 1 January 2010 will receive 30 additional F Shares for every 1,000 F Shares subscribed for;
  - on or after 1 January 2010 but before 1 February 2010 will receive 20 additional F Shares for every 1,000 F Shares subscribed for;
  - on or after 1 February 2010, but before 1 March 2010 will receive 10 additional F Shares for every 1,000 F Shares subscribed for.
- Additionally, successful applicants who are Ordinary, C, D or E Shareholders (in each case as at the date of this Prospectus) and whose applications for F Shares are received before 1 March 2010, will receive 20 additional F Shares for every 1,000 F Shares subscribed for.
- Total expenses of the Offer fixed by the Manager at 5.5% of funds raised.
- Initial unaudited net asset value of the F Share Fund will be 94.5p per F Share (excluding the impact of any dilution attributable to the issue of additional F Shares under early subscription arrangements).

The Directors may, in their discretion, increase the Offer to no more than £20 million.

Prospective Investors should complete and return the Application Form at the end of this document. The terms and conditions of application for the Offer should be read carefully by prospective investors.

### The F Shares

The proceeds of the Offer will be administered as a separate investment pool from the Ordinary, C, D and E Share Funds. Ordinary, C, D and E Shareholders will suffer no dilution of the Net Asset Value attributable to their Shares. The offer price of the F Shares will not be varied if the Net Asset Value of the Ordinary, C, D or E Shares were to fluctuate during the course of the Offer.

### Expected timetable

Offer opens	8.00am on 16 November 2009
2009/10 Offer closes	5.00pm on 5 April 2010
2010/11 Offer closes	3.00pm on 4 June 2010 (unless previously brought forward or extended by the Directors)
First allotment	by no later than 5 April 2010
Dealings commence	within 20 business days of first allotment

### Key risk factors

Prospective investors should consider the following key risks before making an investment in the Company:

- An investment in a VCT carries a higher level of risk than many other forms of investment as investments are made in small, unquoted companies that may prove difficult to realise at a future date.
- The investment portfolio will carry a higher level of financial risk and will not be suitable for investors with a short-term investment horizon. Investors who sell their F Shares within five years of subscription will lose some or all of their tax reliefs.
- The levels and bases of tax relief available to investors may change or be withdrawn at a future date. The Directors and Manager intend to maintain the VCT qualifying status of the Company but there can be no guarantee that this can be achieved. Loss of VCT qualifying status could result in investors having to repay the tax reliefs obtained.
- Prospective Investors should be aware that the value of the F Shares in the Company and the income from them can fluctuate. There is no guarantee that the secondary market price of the F Shares will fully reflect their underlying net asset value or the ability to buy and sell the F Shares at that market price.
- Many VCTs trade at a discount to their net asset values.
- An investment in the Company may not be suitable for all recipients of this document. An investment in the Company is unlikely to be suitable unless you are a UK taxpayer. Prospective Investors are strongly advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 before making any decision to invest.

## RISK FACTORS

Prospective Investors should be aware that the value of the F Shares in the Company and the income from them can fluctuate. In addition, there is no guarantee that the market price of the F Shares will fully reflect their underlying net asset value or the ability to buy and sell the F Shares at that market price.

An investment in a venture capital trust carries a higher risk than many other forms of investment. Prospective Investors should regard an investment in the Company as a higher risk, long-term investment, particularly as regards the Company's investment objectives and policies and the five-year period for which Shareholders must hold their F Shares to retain their initial income tax relief.

VCT's invest in small companies usually with limited trading records, which may not produce anticipated returns, and investors could get back less than they invested.

As well as the general risk factors outlined above, the Directors believe investing in a venture capital trust and in smaller unquoted companies carries some particular risks that are set out below and which are material to potential investors. There are no other material risks known to the Directors.

- A sale of F Shares within five years of subscription will result in the withdrawal of some or all of the income tax relief granted to Qualifying Shareholders.
- The levels and bases of reliefs from taxation may change and such changes could be retrospective. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Shareholders.
- An investment in a VCT is free from tax on capital gains. Consequently, any realised losses on disposal of F Shares cannot be used to create an allowable loss for capital gains tax purposes.
- All of the investments made by the Company will be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. These risks should be mitigated by the nature of the investments to be made which are intended to provide liquidity.
- Although the F Shares will be listed on the Official List and traded on the London Stock Exchange, there is unlikely to be a liquid market in the F Shares in the near future as income tax reliefs are available only to Qualifying Shareholders and not to purchasers in the market. It may, therefore, prove difficult for Shareholders to sell their F Shares.
- In common with other investment entities, many VCTs trade at a discount to their net asset values.

Furthermore, in the opinion of the Directors, investing in the Company carries the following material risks:

- The Company is seeking up to £10 million under the Offer. To the extent that a relatively smaller level of funds is raised, the Company may not be able to diversify its portfolio sufficiently to minimise investment risk.
- An investment in the Company may not be suitable for all recipients of this document. A prospective Investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. An investment in the Company is unlikely to be suitable unless you are a UK tax-payer and are capable of evaluating the risks and merits of such an investment. Investors are accordingly strongly advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 before making any decision to invest.
- The price at which Investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested and may lose some or all of their investment.
- The Company may raise additional capital in the future. Any equity offerings to new investors could result in dilution of the holdings of investors in the Company. No further capital raising is currently envisaged within the next 12 months.
- The business of the Company is dependent on the ability to identify appropriate Events Companies and the ability of the Events Companies to identify and promote suitable events. The income from Qualifying Investments made by the Company in Events Companies will depend on the revenues generated by the events promoted by such companies, which may be less than the costs incurred by such companies, although this risk should be mitigated by the minimum revenue returns to be sought by the Events Companies. In addition, where appropriate, the Events Companies will be required to put in place insurance policies to protect against risks from cancellation owing to the unavailability of artists or venues and the occurrence of inclement weather conditions.
- The Company is dependent on their Directors and the investment team of the Manager. The departure from the Company of any of the Directors or any of the investment team of the Manager could have a material adverse effect on the business of the Company. Whilst the Company has entered into letters of appointment with each of the

Directors and the Manager has entered into service agreements with the investment team, the retention of their services cannot be guaranteed.

- Although it is intended that the status of the Company as a VCT will be retained, there is no guarantee that this will be achieved (further details of the taxation implications of an investment in the Company are set out in Part 3 of this document). If the Company fails to meet the qualifying requirements for a VCT, this could result in:
  - (i) the withdrawal of income tax relief granted to Qualifying Investors;
  - (ii) the loss of income tax relief on dividends paid (or subsequently payable) to Shareholders;
  - (iii) the loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Company;
  - (iv) a liability to tax on capital gains on any disposal of the F Shares; and
  - (v) the loss of the listing of the Company on the Official List and admission to trading on the London Stock Exchange.
- To comply with VCT legislation, in respect of each of the Qualifying Companies in which the Company invests at least 70% of its capital, those Qualifying Companies must have gross assets of not more than £7 million prior to investment and fewer than 50 employees. Such companies generally have a higher risk profile than larger companies although this risk should be mitigated by the minimum revenue returns to be sought by the Events Companies.
- Changes in legislation concerning VCTs in general, and Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.

## LETTER FROM THE CHAIRMAN

### Edge Performance VCT plc

#### Dear Investor

Edge Performance has pioneered an approach which was designed to address the key issues which we believe have in the past deterred some individuals from investing in VCTs, namely the ability to exit from the VCT once the investment has been held for five years, and the perceived level of risk of the underlying investments.

Edge Performance seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns;
- downside risk protection; and
- liquidity.

#### Substantial tax benefits

Subscriptions to VCTs in the 2009/10 and the 2010/11 tax years can attract income tax relief at the rate of 30%. Distributions of capital and dividends are tax-free for Qualifying Investors. This means that, for every £1 invested, the net cost to VCT investors should be 70p. Set out below is a table illustrating the returns at four different levels of shareholders proceeds.

#### Illustrative returns for each £1.00 invested

Shareholder Proceeds	100p	110p	<b>130p*</b>	150p
Less: net cost of investment (assuming 30% income tax relief)	(70p)	(70p)	<b>(70p)</b>	(70p)
Tax-free cash profit	30p	40p	<b>60p</b>	80p
Tax-free profit (as a % of net cost of investment)	+43%	+57%	<b>+86%</b>	+114%
Net Return <sup>1</sup> (assuming 7p dividend per annum, and the balance after 5 ½ years)	7.69%	9.73%	<b>13.33%</b>	16.44%
Gross equivalent return (to a 50% taxpayer)	15.38%	19.46%	<b>26.66%</b>	32.88%

\* targeted return

**The above returns are set out for illustrative purposes only and no forecast or projection is implied or should be inferred.**

<sup>1</sup> The Net Return is the internal rate of return based on an investment of 100p deemed to be made on 5 April 2010 (the assumed date of the last allotment of Shares under the Offer for the 2009/10 tax year), 30p income tax relief deemed to be received two months later on 5 June 2010 and either 100p, 110p, 130p or 150p of cash returned to Shareholders, comprising dividends of 7p per annum on each of 5 October 2011, 5 October 2012, 5 October 2013 and 5 October 2014, and the balance on 5 October 2015.

Edge Performance will continue to invest in the entertainment sector, and will continue to look at the areas of live music, theatre, sports, festivals trade shows, exhibitions and other events where people attend in person. The majority of the portfolio investments will be made through loan finance which should provide additional capital protection. The key points of the investment strategy are:

- **Attractive targeted returns**

The Manager has set a target return of 130p in cash for every 70p invested (assuming income tax relief at 30%, equivalent to a return of 160p for every 100p invested).<sup>2</sup>

- **Risk reduction and capital protection**

Edge Performance's structure provides for investments to be blended with the intention that the investor's risk is minimised, underpinning the return of the investor's effective cost of investment of 70p per Share (assuming income tax relief at 30%).

<sup>2</sup> This target is not guaranteed and should not be construed as a dividend or profit forecast. Please see the responsibility statement at paragraph 8(n) on page 46.

- **Early return of capital**

It is intended that investments will be organised so as to allow the possibility for their realisation, and, if F Shareholders so desire, the return of capital to F Shareholders shortly after five years, the minimum holding period for the F Shares in order to retain the full amount of income tax relief. This provides Investors with an ability to receive back the full value of their F Shares, rather than having to sell the Shares in the market at a discount to the net asset value.

Consistent with this objective, the Company returned the Ordinary Share Fund to Ordinary Shareholders in June 2009, a matter of weeks after the end of the minimum holding period which applied to that Fund. That distribution, together with the further dividend of 0.2p per Ordinary Share declared by the Company on 27 October 2009, brought the total return to Ordinary Shareholders to 85p per Ordinary Share (equivalent to a return of 125p per 100p invested for those who obtained the full 40% income tax relief on their subscription), significantly higher than the targeted total return of 75p per Ordinary Share.

- **Tax free income**

Subject to liquidity constraints, distributable reserves and legislative requirements, Edge Performance will seek to pay out tax-free dividends to F Shareholders after each of the first four years.

The Company has already:

- paid annual dividends of 6p, 7p and 7p per Ordinary Share in 2007, 2008 and 2009 respectively (prior to the return of the Ordinary Share Fund in June 2009);
- paid a dividend of 7p per C Share in 2008, and declared a second dividend of 7p per C Share, to be paid in November 2009; and
- declared a maiden dividend of 7p per D Share, to be paid in November 2009.

- **Leading commercial partners**

Edge Performance intends to invest a portion of the proceeds of the Offer in Events Companies which have successfully negotiated event licensing arrangements with established event promoters, with access to talent, skill, infrastructure and know-how. The Manager's relationships with established event promoters provide the Company with access to many potentially lucrative promotion opportunities.

- **Low Charges**

The management fee for the F Share Fund is only 1.75% of net assets per annum and, assuming full subscription, it is anticipated that the total operating expenses of the Company (excluding performance-related incentive, trail commission to intermediaries and irrecoverable VAT) will be approximately 2.5% of the net asset value of the Company.

Particularly in the current economically turbulent times, Edge Performance seeks to offer investors a valuable means of investment portfolio diversification. Continuing their cautious approach to the stewardship of the Funds, the Board and the Manager have favoured an ever more rigorous and selective approach in their review of investment opportunities. At the same time, the Manager's selection of appropriate non-qualifying investments for those funds which are not to be invested in VCT qualifying investments, together with those funds not yet invested in VCT qualifying investments, has taken into account the need to preserve capital. The Company intends to continue with this overall strategy for so long as it is felt appropriate.

If investors have any questions regarding this investment they should contact their financial adviser. For questions relating to an application, please telephone RAM Capital Partners LLP on 020 3006 7530 or via email to [taxsolutions@ramcapital.co.uk](mailto:taxsolutions@ramcapital.co.uk). Investors should note that no investment advice can be given by Edge and your attention is drawn to the Risk Factors set out on pages 8 and 9 of this document.

Yours sincerely

**Sir Robin Miller**  
Chairman

## PART 1: INFORMATION RELATING TO THE COMPANY

### Introduction

Using the skills of the Directors and the investment team of the Manager who collectively have a depth of experience in the entertainment industry, Edge Performance was established for the purpose of investing in the entertainment industry, initially concentrating on companies which promote live music, theatre, sports, festivals trade shows, exhibitions and other events where people attend in person, and subsequently seeking to invest in the broader entertainment sector.

Though four previous offers for subscription, Edge Performance has raised in excess of £48.1 million since 2006, of which up to 30% will be held over the life of the relevant fund in fixed income securities providing a high degree of capital protection. Of the remainder:

- five Qualifying Investments, totalling £4.3 million, were made from the Ordinary Share Fund, and realised in May and June 2009;
- six Qualifying Investments, totalling £4.75 million, have been made from the C Share Fund;
- five Qualifying Investments, totalling £4.75 million, have been made from the D Share Fund; and
- suitable investment opportunities have already been identified for some 50% of the proportion of the E Share Fund available for Qualifying Investments

In September 2007, the Company met the target of full investment of the Ordinary Share Fund, some 17 months earlier than required by VCT legislation. In October 2009, the Company committed to making three further Qualifying Investments, totalling £2.25 million, from the C Share Fund, which the Company anticipates completing in November 2009; at that point, the Company will have met the target of full investment of the C Share Fund. The quality and number of current ongoing discussions over further investment opportunities have led the Directors to set themselves and the Manager the target of the full investment of the balance of the D Share and E Share Funds in 2010 and 2011 respectively; the achievement of these targets will result in VCT Qualifying Investments criteria being satisfied well before the three years required by legislation.

Edge Performance continues regularly to identify or receive approaches for attractive investment opportunities in the wider entertainment sector. Moreover, the Manager believes that the reduced levels of funding generally available to businesses through borrowing means that terms of investment which Edge Performance is able to obtain will become increasingly attractive. For these reasons, the Directors are confident that the required minimum of 70% of the additional funds raised as a consequence of the Offer can be invested in Qualifying Investments within a reasonable period.

Edge Performance's structure aims to minimise the risk to the investor, whilst still permitting the investor to benefit from the attractive returns available in the entertainment business.

The Company intends to invest a portion of the proceeds of the Offer in companies alongside established businesses with expertise in the sector. The Company intends that some of these companies will enter into agreements which will provide for a minimum guaranteed return. Investments will be spread amongst those offering higher minimum guaranteed returns, with little of Investors' capital at risk, and those with more modest minimum guaranteed returns but with significantly higher potential returns. The majority of the portfolio investments will be made through loan finance which should provide additional capital protection. Edge Performance's structure provides for investments to be blended so that the Investor's risk should be minimised, underpinning the return of the Investor's effective cost of investment of 70p per Share (assuming income tax relief at 30%), with potential for a significant return on the Investor's gross investment.

Edge Performance already has in place agreements with established promoters who wish to enter into event licensing arrangements with Events Companies into which the Company will invest a portion of the net proceeds of the Offer. Additional established promoters have been lined up to enter into such arrangements.

Edge Performance intends to continue to use the extensive network of contacts of the Manager's investment team and the Board to identify suitable investment opportunities.

### The Entertainment Market

#### Live Music

The past few years have seen a marked shift in the status of recorded music and live performance. The traditional relationship was one in which the CD was the focus, with concerts primarily there to sell more records. But in today's downloadable world, where the price of recorded music has tumbled, and is even in some cases given away free, or at a price determined by the buyer, CDs and downloads are often demoted to the status of promotional tools for selling concert tickets and merchandise. In 2007, consumer spending on live music overtook recorded music for the first time since the birth of rock 'n' roll.

There is no substitute for the live music experience. It is as much about 'the occasion' and being part of a community sharing the same passion as it is about musical performance. Live music has unique properties that determine where it fits in a competitive context. Scarcity drives the demand for concerts, where the rare chance to see a world famous artist once every few years, the 'happening' band of the minute or a virtuoso classical performer drives its own demand. In this respect, for most genres of music, the concert experience cannot be reproduced through a pre-recorded format such as CD or DVD, or through TV.

In the UK, the live music scene has been growing its audience numbers, driven primarily by wider availability of live events through an ever-broadening array of venues, attracting more people than ever before. Over the past five years there has been a sustained increase in audiences for all the main genres of pop/rock, classical and jazz music. Research by BRMB/TGI indicates that some 60 million visits are now made annually to paid live music events across the pop, rock, classical, opera and jazz spectrum, generating an estimated £1.9 billion in UK ticket revenues alone in 2007; an increase of 20% over 2006. Over £1 billion of this is accounted for by pop and rock events, with classical events (including opera) accounting for around £650 million.<sup>3</sup>

Given the current economic situation, many predict that non-essential expenditure will be significantly reduced. However, live music is usually a relatively small commitment in the household budget, in most cases probably falling in the £100-200 range per annum, and it competes with leisure pastimes such as cinema, theatre, eating out, and spectator sports. However, whereas these tend to be impulse-driven, concert attendance is much more of a planned expenditure, and for most concert-goers, their default is booking in advance, if for no other reason than to guarantee a ticket. This relative resilience to the economic climate is borne out by new research published by Mintel. This shows that although the forecast number of concertgoers in the pop and rock genre has been reduced from Mintel's previous forecast for 2009 of 17.7 million, this forecast reduction is by only 500,000, to 17.2 million. However, that same research indicates that the number of concertgoers will exceed previous forecasts by 2012, providing evidence of the continued strength of the sector.

### Theatre

For the third year in a row, London's theatres enjoyed a record year in 2008, with annual attendance reaching 13.8 million, and total ticket revenues reaching an all-time high of almost £484 million. Figures published for the year to August 2009 indicate continued growth, with attendance up by 4% compared to the previous year and box office receipts up 5% on the same period.

Although musicals still represent the most popular category of shows, accounting for 61% of attendances, the year also saw a 19% growth in attendance at plays, now representing a quarter of all West End theatre visits.<sup>4</sup>

### Television

The UK independent television sector has undergone significant change in the last six years as a result of the Communications Act 2003 and the review of public service broadcasting undertaken by the government and industry regulator, Ofcom. As a result, the independent sector now benefits from new terms of trade with the major UK terrestrial broadcasters who are required to commission at least 25 per cent of their content from independent producers. These changes have improved the independent producers' ability to retain ownership and control of the intellectual property they create, leading to improved margins and enabling them to build value in their businesses, through exploiting the valuable secondary and ancillary rights. These include: repeats on networks and thematic channels; sales of DVDs; international sales of completed programmes and format rights; programme sponsorship and licensing; and telephony and voting revenues.

In addition, as broadcasters' advertising revenues have declined as a result of the decline of the traditional 30 second spot commercial, television production companies have adopted a multi-platform approach to content creation and have needed to look to the wider market to obtain financing rather than simply relying on broadcaster commissions. The regulatory framework in European member states is changing as a result of the European Audiovisual Media Services Directive and markets will give more flexibility for advertiser-funded programming and the financing of audiovisual content by new forms of advertising, such as virtual and interactive advertising and product placement, which would be permitted in the majority of television programmes in Europe. The UK is currently undergoing a consultation process ahead of new rules expected in 2010.

---

Source: 3. Mintel Report – "Music Concerts and Festivals – UK Leisure Intelligence, August 2008

4. SOLT press release 6 August 2009

These changes are leading to a convergence of content and brands in ways that hitherto have never been possible. There are opportunities for investment in creative companies that have a multi-platform approach to content creation, working with broadcasters, publishers and brands to create and own valuable, scaleable IP assets.

### Gaming

Video games have become the fastest growing form of entertainment. Recent developments in the sector have opened up gaming from a largely young male pursuit to a widely consumed form of family entertainment. The success of Nintendo's Wii and DS consoles, Microsoft's Xbox 360 and Sony's Playstation 3 console have brought about a growth in social, casual and online gaming. Apple's iPhone and iPod Touch have set a new standard in mobile games devices, lowering the cost of games development and reducing the costs of distribution and the price point at which games become profitable for the developer. Apple have pioneered their App Store, with other handset manufacturers such as Blackberry and Nokia following suit. This creates opportunities for investment in creators and owners of games IP which can exist profitably within online ecosystems such as social networks (Facebook, Bebo etc) and which can also be now exploited through new channels such as mobile applications.

### Internet and Mobile

The growth of the internet has led to much faster growth in online advertising than in traditional advertising. Advances in technology and improved data access have also made certain forms of online advertising more affordable, more effective, and easier to implement. This has led to access to more finely tuned targeting methods that segment out audiences based on the most important variables. The newly available statistics help advertisers and publishers to identify and influence audiences more efficiently and effectively. Furthermore, the growth of the paid-for search sector, led by Google, is directly fuelling other advertising formats. The result of these changes has been the development of new advertising models and new ways of reaching consumers.

The number one driver of consumer usage, and therefore of advertising, is entertainment.

### Why Now?

The current market environment provides opportunities for investment to be made at more attractive valuations than at other times in the economic cycle. As an example, at the height of the last boom in 2000, one of the leading independent television production companies in the UK, Talkback, was acquired by Pearson Television (now Fremantle Media) for £66m. In 2006, the previously similarly valued and comparable independent television production company, Tiger Aspect was acquired by IMG at a valuation estimated at between £25m and £30m.

Technological developments, coupled with increasing support for the need to create a benign and attractive legislative and regulatory framework (seen, for example, in the Digital Britain Report published jointly by the Department for Business Innovation & Skills and the Department for Culture, Media and Sport, in June 2009) are driving restructuring throughout the media, providing opportunities for progressive entertainment media companies.

Furthermore, the substantial amounts already invested in digital distribution networks, particularly by mobile telephone companies and ISPs, have increased the networks' demand for distinctive content, pushed out to drive increasing average revenue per user. Faster broadband speeds and reliable 3G and faster mobile networks are capable of delivering enhanced entertainment experiences to consumers. As a result, consumers are now adopting the new platforms and networks and new ways of consuming media. Digital distribution now has economic relevance, which makes it possible for small and medium sized entertainment companies to generate both new and scaleable revenues.

The Manager therefore believes that the macro conditions for entertainment revenues in the UK for the medium to long term are positive and provide an attractive context for investment.

### Why Private Equity?

The Manager's view is that private companies in particular are interesting as investment opportunities because:

#### Entrepreneurship and creativity thrive best in the independent sector

Entrepreneurship, creativity and innovation, which thrive best in the independent sector, remain at the heart of entertainment businesses. The reality of the European market is that the content industries are powered by a host of small, independent companies (for example, in 2004 £2.6bn was spent by the major UK channels on 27,000 hours of new programming made by a television production sector of over 800 companies in the UK). In many entertainment subsectors, small and medium sized companies suffer from a lack of access to private equity and are forced to look for other ways of acquiring funding, or to limit their ambitions for growth.

### Challenge to established media companies

Privately owned companies are well positioned to take advantage of opportunities afforded by changes in the entertainment landscape. The traditional recorded music industry has been so slow to respond to the opportunities presented by the internet which presented a challenge to their physical sales model. This has allowed companies like Apple, through its iTunes business, which have not been hampered by legacy business models and which have been able to harness the changes, to challenge the established record companies' control of distribution.

Despite the historical lack of private equity funding several companies have proved the potential opportunity through their hard-won successes, e.g. Edel in music and Gullane in TV programme production.

### Speed to market advantage

Small and medium sized companies that are close to their markets will continue to be the wellspring of creative content in many entertainment sectors, identifying opportunities that fall beneath the major companies' radar, and moving quickly enough to capture market opportunities that may be transitory, but highly valuable.

### Scaleable revenues

Entertainment majors have large organisations, huge overheads and infrastructure costs and thus rely on massive "hits" to pay for losses on failed products and provide returns to shareholders. Small and medium sized companies can produce entertainment content relatively cheaply at a local level which retains the potential for global distribution and the opportunity to be sold many times over. With lower overheads, even modest successes can generate many times money multiple returns for investors.

### Natural exit route

Entertainment majors dominate large parts of the industry. However, because of its dynamic nature, the entertainment business is an entrepreneurial industry and is populated by large numbers of small, high growth companies which work both independently and alongside the majors. It has long been a feature of the industry that smaller independent companies in the market tend to take the lead over established major companies in creativity and innovation as their size and focus enables them to act more swiftly and without the constraints of legacy business methods. This often leads to the larger established companies acquiring smaller independent companies as they seek to access new and faster growing revenue streams.

### "Smart Money"

In order for these opportunities to be capitalised upon, a mixture of capital and expertise is required. Without access to sufficient funding, these opportunities are likely to remain unexploited. Expertise alone is not enough, capital alone is not enough, but a combination is a powerful advantage for any small or medium sized entertainment company in increasing its market, retaining more of the value when collaborating with media partners, and greatly enhancing the prospects of rapidly building earnings and value.

As such, the Manager believes the UK entertainment sector will provide a rich and varied range of investment opportunities for a fund with the expertise to identify those segments and organisations which offer significant growth potential. The depth and breadth of the experience and knowledge of the Manager and Board provides just that expertise.

### Investment structure

Typically, the maximum amount of Edge Performance's investment in each company as is permitted under VCT rules will be in the form of loan stock secured by a debenture and the balance will be in equity. Edge Performance will hold up to 50% of the ordinary share capital of companies.

In the case of investments in Events Companies, up to 50% of the ordinary share capital of Events Companies will normally be held by an established promoter which has also entered into event licensing arrangements with the Events Company. The management of Events Companies may also hold shares in Events Companies.

## Blended investment approach

### Qualifying Investments

Edge Performance's structure balances investments with a high level of guaranteed capital protection, ideally with contractual revenues or capital guarantees from financially sound counterparties, with other investments where significantly higher potential returns justify lower guaranteed capital protection. The intention is that the Investor's risk is thereby minimised, underpinning the return of the investor's effective cost of investment of 70p per Share (assuming income tax relief at 30%).

Through the adoption of this "blended" investment approach, the Directors and the Manager intend to manage the F Shares so as to achieve:

- a targeted tax-free return for Investors of 130p per 70p invested (assuming income tax relief at 30%, equivalent to a return of 160p for every 100p invested)<sup>5</sup>; and
- a minimum return for Investors of 70p per 70p invested (assuming income tax relief at 30%, equivalent to a return of 100p for every 100p invested).

### Events Companies

Edge Performance will continue to seek to invest a portion of the proceeds of the Offer in Events Companies which have entered into event licensing arrangements with an established event promoter under which the revenues received by the Events Companies from the events promoted with that promoter over a specified period will be a guaranteed percentage of the amounts invested in such events. In accordance with the Board's previous experience of arrangements of this type, the Events Companies will sub-contract a number of the services required to promote events.

Such event licensing arrangements are attractive to the Events Companies as they accelerate their access to events, artists and other "talent", venues and expertise and provide an underpinned minimum return with potential upside. These event licensing arrangements are also attractive to established promoters as they allow access to cash and a risk-sharing promotion partner. The profits from the events will be divided between the Events Companies and the promoter on an agreed basis.

A number of established promoters have expressed interest in entering into such event licensing arrangements with the Events Companies. Edge Performance has entered into arrangements providing for event licensing arrangements with SJM, a leading UK concert promoter, and with AEG Live (UK), a UK subsidiary of leading international music promotion business, AEG Live, for the promotion of events with the Events Companies.

## The Directors and the Manager

The collective experience of the Board and the Manager's investment team, which covers VCT fund management, venture capital, investment banking, live event promotion, corporate finance, private equity, artist management, legal and business affairs, accountancy, tax and deal structuring skills will be employed in the selection and management of the Company's investments.

### Directors

The Directors listed below, all of whom are non-executive, are responsible for overseeing the investment policy and will have overall responsibility for the Company's activities. The Directors are, with the exception of David Glick, independent of the Manager.

### The Manager

The investment manager of the Company is Edge Investment Management which was established in July 2005. The members of the Edge Investment Management investment team are all directors of Edge Investment Management; their details are shown below.

<sup>5</sup> Prospective Investors should note that this targeted return, which assumes that Edge Performance continues for at least 5 years, is subject, *inter alia*, to the risk factors set out on pages 8 and 9 of this Prospectus and that it should not be regarded or construed as a forecast.

## The Directors

### Sir Robin Miller (Chairman of Edge Performance)

Robin Miller was chief executive (1985-98 and 2001-03) and chairman (1998-2001) of Emap plc, one of the UK's leading media groups with businesses including consumer and trade publishing, commercial radio and music TV channels and events. At Emap he participated in their entry into commercial radio with the acquisition of a stake in Kiss FM followed by the acquisition of Radio City, Transworld and Metro Radio. Since 2003, Robin has been senior media adviser to HgCapital, a leading investor in the European private equity market with funds under management of some £900 million, where he has participated in the evaluation of media and music investments. He has also served as a non-executive director on the boards of HMV Group plc, Moss Bros Group plc, Channel 4 Television, Mecom Group plc and Entertainment Rights plc, and was recently appointed to the boards of Racing Post. Robin is also a Trustee of the Golf Foundation and Riders For Health.

### Julian Paul FCA

Julian Paul is a chartered accountant and ex-merchant banker who has held a number of senior positions with companies in the media and entertainment sector. He was Deputy Chairman and a founder shareholder of Eagle Rock Entertainment: Eagle Rock, which is now majority-owned by its management following a secondary buy-out in 2007 and which operates in the music and entertainment business. It acquires and creates audio and visual programming rights, both music and factual, and exploits these rights through the release of own-label CDs and DVDs and through the licensing of these rights for TV and other media. Eagle Rock has a production arm which produces live concert programming for distribution for TV, DVD and other media including concerts by Yes, Atomic Kitten and Fat Boy Slim.

He was, between 1994 and 1999, a shareholder and director and subsequently a consultant to Sanctuary Group which acted as manager to Iron Maiden amongst other artists. Other current directorships include Cellcast, an AIM quoted digital interactive broadcaster; Pilat Media Global, an AIM quoted broadcasting application software business; and Stagecoach Theatre Arts, an AIM quoted franchisor of performing arts schools. He is also Senior Non-Executive Director of Inspired Gaming Group plc, an AIM quoted provider of gaming machines for the leisure and gaming markets.

### Michael Eaton

Michael Eaton is a qualified (non-practising) solicitor and was a partner at City law firm Stephenson Harwood. In 1977 he joined the Dick James Music Organisation where he was responsible for the legal and administrative aspects of its publishing, recording and management activities. In 1979, he formed Eaton & Co. (subsequently re-named Eaton & Burley), a firm of solicitors specialising in the music industry, and in 1990 he was a co-founder of Eatons, a leading music and entertainment law firm, with David Glick.

## The Manager

### Gordon Power (Chairman of Edge Investment Management)

Gordon Power has 25 years of private equity experience and is currently chairman of Edge Investment Management and a private equity investor in his own right.

Prior to this he founded the private equity business ProVen Private Equity (now re-named Beringea) and led its buy-out from Guinness Mahon in 1997. As CEO of ProVen from 1984 until 2004, he spearheaded the creation and marketing of funds and the investment and exit of deals as head of the investment committee. By 2002 ProVen, which specialised in media and intellectual property rights investments, had funds under management of £185 million including Guinness Flight VCT, ProVen VCT and ProVen Media VCT (now re-named ProVen Growth and Income VCT). From 1984 until March 2009, an overall annual return of 29% was achieved on 176 realised (i.e. sale, flotation or administration/liquidation) investments and unrealised investments.

### Harvey Goldsmith CBE

Harvey Goldsmith is one of the UK's best known music industry impresarios, having since the 1960s produced and promoted shows with leading artists such as The Rolling Stones, The Who, Bruce Springsteen, The Eagles, Led Zeppelin and Sting. He formed Artiste Management Productions in 1973 to produce and manage music artists, and Harvey Goldsmith Entertainments Limited in 1976, which became the UK's leading promoter of concerts and events. He became involved in the Prince's Trust in 1982, producing the first Prince's Trust Rock Gala, and joining the Trust's board. In 1985, he produced the Live Aid concert with Sir Bob Geldof, raising £140 million for famine relief in Africa and the more recent Live 8 concert in 2005. He has also produced major operatic productions and was the worldwide tour producer for Pavarotti. He is responsible for the annual Cirque du Soleil shows in the UK, is the co-producer of Merchants of Bollywood and was the instigator and producer of the Led Zeppelin reunion concert at the O2 Arena in London in December 2007.

### David Glick

### Alasdair George

Alasdair George is a qualified (non-practising) solicitor who has extensive experience of legal, strategic, commercial and operational management in the entertainment industry, having been Senior Vice President of Legal & Business Affairs at Sony BMG Music UK, sitting on its management board, and on the Council of the UK record trade association, the BPI. He handled the merger of Sony Music and Warner Music's distribution businesses, the UK aspects of the Sony BMG merger and the Sony-Michael Jackson joint venture (which created Sony/ATV Music Publishing). He joined Edge Investment Management in early 2007.

### The Directors (continued)

In 2000, he founded MusicLore which has provided business, management and legal advice to some of the world's leading recording and performing artists.

He has throughout his career acted for numerous highly successful popular music artists, including Eric Clapton, the Bee Gees, the Police, Enya and Frankie Goes to Hollywood, in negotiations with record companies, concert promoters and other entertainment entities in North America as well as Europe. He has also represented a number of successful businesses in the entertainment sector, such as Northern Songs, the Beatles' music publishing company. More recently he has represented Eric Clapton in relation to his world-wide touring activities and was one of the main organisers of the Crossroads Guitar Festivals in Dallas in 2004 and in Chicago in 2007. He is currently Chief Executive Officer of Bushbranch Limited, a music management company providing management services to Eric Clapton.

#### Frank Presland

Frank Presland practised as a solicitor for 25 years, specialising in music and copyright. He advised numerous musicians including The Beatles, Dusty Springfield, The Troggs, Terence Trent D'Arby and Elton John as well as music publishing companies including BMG Music Publishing Limited and record companies including RCA Records. He became senior partner of law firm Frere Cholmeley Bischoff and later became joint chairman of the national law firm, Eversheds.

In 1999 he established and became chief executive officer of Twenty-First Artists, a music management company providing management services to artists including Elton John, Lily Allen and James Blunt. From May 2006 to April 2008, he was Chief Executive Officer of The Sanctuary Group plc, in which role he brokered the sale of the Group to Universal Music in 2007.

#### David Glick

David Glick, who is a qualified (non-practising) solicitor, specialises in commercial media and entertainment advice and investment with a particular emphasis on music, television, film, sport, theatre and fashion.

David Glick co-founded Eatons, a leading music and entertainment law firm, in 1990; in 2000 Eatons merged with law firm Mishcon de Reya where he became head of the entertainment and media group. In 2004 he formed the Edge Group of companies as a specialist investment and advisory business for the media and entertainment sector. Edge's clients have ranged from highly successful popular music artists to leading fashion designers and include major and independent entertainment businesses. At Edge he has brokered and advised clients on the sale and purchase of a range of entertainment related assets and businesses. He has also been both an executive and a non-executive director of Entertainment Rights, the UK media business which was quoted on the Official List. He is the founder of Edge Performance and is married to Kate Glick.

### The Manager (continued)

#### Sanjay Wadhvani

Sanjay Wadhvani has spent most of his career working in the media and entertainment sector. Before joining Edge Investment Management in 2009, he was a member of the management team of Ingenious Media, where he invested in and/or advised media companies, individuals and projects across a wide range of media including: film, television, music, digital media, live events, and creative agencies in marketing and communications. His past work includes: advising the artist Robbie Williams on a multi-platform deal with EMI; advising numerous companies in the independent television industry including Hat Trick, Shed, RDF, Ricochet, and 19 Entertainment; and other clients including literary and talent agency PFD, music publisher Stage Three Music Publishing and Andrew Lloyd Webber's Really Useful Group. His recent investments have included television production company Whizz Kid Entertainment, live events company Brand Events and online user-generated review service Review Centre.com. Prior to his time at Ingenious, he was a corporate tax specialist and corporate financier with Arthur Andersen from 1990 to 2000.

#### Kate Glick ACA, CTA, ASI

Kate Glick qualified as a chartered accountant and chartered tax adviser with Arthur Andersen where she worked from 1991 until 2002 and is also a member of the Securities & Investment Institute. Her experience at Arthur Andersen included insolvency and turnaround advice and latterly tax advice on areas including capital gains tax, trust and other personal tax matters. She is company secretary of the Edge Group of companies and has been responsible for the accounting function at the group; she has also advised Edge clients on accountancy and tax-related issues. She is the Company Secretary of Edge Investment Management. She holds a BA in Economics from Cambridge University and is married to David Glick.

## Other information

### *Non-Qualifying Investments*

Under current VCT legislation, the Company is able to have up to 30% of its investments in non-Qualifying Investments. The Company intends initially to invest the net proceeds raised under the Offer (until they are needed for Qualifying Investments), and up to 30% of the net proceeds over the life of the F Share Fund, in appropriate AA financial instruments through one or more prominent fund managers. Whilst a suitable level of return will be sought from such investments, the Company will continue, for as long as it feels it appropriate, to regard capital preservation as the paramount consideration.

### *Financial resources*

The capital resources required to implement the Company's investment strategy are to be provided by the proceeds of the Offer and it is not intended that the Company will incur borrowings to fund its operations. It is expected that the sources of the Company's cash following the Offer will be interest from investments, cash deposits and dividends and that their principal outflows will arise in relation to investments and operating expenses.

### *Management fees and expenses*

Edge Investment Management was first appointed as the investment manager of Edge Performance on 3 February 2006. On 12 November 2009, the Company and Edge Investment Management entered into a new discretionary management agreement, covering the issue of the F Shares so that Edge Investment Management will manage the F Share Fund (as well as the Ordinary Share, C Share, D Share and E Share Funds) for an initial period ending 5 years from Admission, and continuing after that until terminated on 12 months' notice, subject to earlier return of these funds. The Manager is paid an annual management fee of 2% of Edge Performance's net asset value attributable to the Ordinary Shares, and 1.75% of the net asset value attributable to each of the C Shares, D Shares, E Shares and F Shares.

The Manager also receives an annual administrative fee of £125,000, plus VAT (if applicable), in respect of all of the Ordinary Share, C Share, D Share, E Share and F Share Funds.

Assuming that the Offer is fully subscribed, it is anticipated that the annual operating expenses of the Company (excluding performance-related incentive, trail commission to intermediaries and irrecoverable VAT) will amount to approximately 2.5% of the net asset value of the Company. The total annual operating expenses of the Company (excluding performance-related incentive, trail commission to intermediaries and irrecoverable VAT) will be capped by the Manager at 3% of the net asset value of the Company.

### *Performance-related incentive fees*

The Manager will receive a performance incentive fee of 19% of cumulative Dividends (prior to calculation of the performance incentive fee) in excess of £1.00 per F Share, rising to 29% of cumulative Dividends (prior to calculation of the performance incentive fee) in excess of £1.20 per F Share. In addition, there is a performance fee of 1% (calculated on the same basis as the Manager's performance fee) which will be payable to the Chairman of the Company.

### *Life of the Fund*

It is the Company's objective to return funds to F Shareholders as soon as possible after the end of the minimum five year holding period following the date of allotment of the F Shares, by way of final dividend and/or buy back of the F Shares. However, subject to Shareholders' Approval, the Articles of Association of the Company will contain a provision requiring the Directors to propose an ordinary resolution at the Company's annual general meeting in 2016 to discontinue the Company, in order to deal with F Shares which have not by then been repurchased. If any such resolution is passed, the Directors are required to draw up proposals for the re-organisation, reconstruction or voluntary winding-up of the Company for consideration by the members at an extraordinary general meeting on a date not more than four months after such annual general meeting. Implementation of such proposals will require the approval of members by special resolution. At this point, the intention would be to return remaining available funds to investors.

## VCT status monitoring

PricewaterhouseCoopers is retained by the Company to advise on compliance with the tax requirements relating to VCTs. It is intended that PricewaterhouseCoopers will, if requested by the Board, review the qualifying status of new investment opportunities and carry out regular reviews of the Company's investment portfolio. PricewaterhouseCoopers will work closely with the Manager and the Company's auditors but will report direct to the Board.

## Shareholder communication

The Company makes up its annual report and accounts to 28 February in each year and these are normally sent to Shareholders in June. Shareholders are also sent unaudited half-year reports made up to 31 August in each year. These accounts are also made available on the Company's website [www.edge.uk.com/vct](http://www.edge.uk.com/vct) as is information on events promoted by the Events Companies; details of priority booking arrangements for Shareholders in relation to certain events are also published on the website.

## Current trading and financial position

### Capital Structure

Through previous offers for subscription, the following amounts have been raised

Offer	Date Opened	Amount Raised
Ordinary Shares	January 2006	£6,288,150
C Shares	December 2006	£13,224,820
D Shares	November 2007	£19,009,000
E Shares	November 2008	£9,646,300

The issued share capital of the Company is 6,400,640 Ordinary Shares, 13,328,599 C Shares, 19,228,838 D Shares and 9,813,732 E Shares. As explained below, it is intended that the Ordinary Shares currently in issue will be converted to Deferred Shares towards the end of 2009, and repurchased by the Company for a nominal sum.

### Financial Highlights

Audited financial information for Edge Performance for the period from incorporation to 28 February 2009 and the unaudited half-year accounts for the six months ended 31 August 2009 are incorporated by reference in Part 4 of this document. Key financial highlights as extracted from these accounts are as follows:

	As at 28 February 2009 (audited)			As at 31 August 2009 (unaudited)			
	Ordinary Shares	C Shares	D Shares	Ordinary Shares	C Shares	D Shares	E Shares
Capital Values							
Net asset value per share	69.09p	78.81p	94.47p	0.25	79.49	93.19	93.01
NAV total return per share	89.09p	92.81p	94.47p	85.05	93.49	93.19	93.01
Share price	80p	90p	100p	12.00	90.00	100.00	100.00
Net assets, £'000	4,422	10,504	18,165	16	10,595	17,919	9,128
Qualifying Holdings, £'000	4,186	2,230	-	0	3,450	2,750	0

	Year ended 28 February 2009 (audited)			6 months ended 31 August 2009 (unaudited)			
	Ordinary Shares	C Shares	D Shares	Ordinary Shares	C Shares	D Shares	E Shares
Revenue Returns							
Revenue return per share	(0.37)p	1.55p	0.55p	(0.85)p	(0.23)p	(0.72)p	(0.61)p
Capital return per share	(2.14)p	(4.34)p	(0.16)p	(3.10)p	0.91p	(0.56)p	(0.56)p
Total return per share	(2.51)p	(2.79)p	(0.39)p	(3.95)p	0.68p	(1.28)p	(1.17)p

## Overview of activities

### *Ordinary Share Fund*

By September 2007, five Qualifying Investments had been made at a total cost of approximately £4.3 million, at which point the Ordinary Share Fund had invested more than the required minimum of its net assets in Qualifying Investments some 17 months before the three year deadline specified by VCT legislation. In May and June 2009, those Qualifying Investments were disposed of, realising a total amount of £4.12 million; those proceeds were distributed to the Ordinary Shareholders on 30 June 2009.

As at 31 August 2009, the remaining net asset value of the Ordinary Share Fund stood at £16,000. The Board has declared a dividend of 0.2p per Ordinary Share to be paid on 12 November 2009, representing the final distribution of the Ordinary Share Fund. Consequently, the total return to Ordinary Shareholders will be 85p per Ordinary Share (equivalent to a return of 125p per 100p invested for those who obtained the full 40% income relief on their subscription), significantly higher than the targeted total return of 75 pence per Ordinary Share.

Under the Company's Articles of Association, the Company has the ability to convert Ordinary Shares into C Shares and Deferred Shares, and to repurchase those Deferred Shares for a nominal amount. It is anticipated that the net asset value of the Ordinary Share Fund will be zero, after accounting for the above dividend, the Manager's remaining performance fee entitlement, and the cost of the conversion and repurchase. On that basis, it is envisaged that all of the Ordinary Shares will be converted to Deferred Shares and immediately repurchased by the Company; it is the Company's current intention that this will take place in December 2009.

This process of conversion and repurchase will mean that the Company will then have only four Share classes (including the F Share), and will be able to avoid any cost associated with continuing to maintain the Ordinary Share class.

### *C Share Fund*

Six Qualifying Investments, totalling £4.75 million, have been made from the C Share Fund in four companies. In October 2009, the Company committed to making three further Qualifying Investments, which it is anticipated will be completed in November 2009; at that point, the required minimum of Qualifying Investments as it applies to the C Share Fund will be exceeded.

Of the Qualifying Investments made to date from the C Share Fund, three are in Events Companies whose objective is the promotion, marketing, advertising and management of shows, concerts, tours, festivals and other events and who have concluded events licensing arrangements with SJM and AEG Live respectively. A summary of their promotion activities is given below.

The remaining Qualifying Investments already made from the C Share Fund are in two further companies, whose activities are described below.

Non-qualifying investments from the C Share Fund have been made in a series of liquidity funds arranged through Rothschild. At 31 August 2009, the value of these investments stood at £7,599,908, although the value of the non-qualifying investments will reduce as funds are released in order to make further Qualifying Investments.

### *D Share Fund*

Five Qualifying Investments, totalling £4.75 million, have been made from the D Share Fund in three companies, two of which are Events Companies whose objective is the promotion, marketing, advertising and management of shows, concerts, tours, festivals and other events, and which have concluded events licensing arrangements with AEG Live UK. The third company is described below.

Non-qualifying investments from the D Share Fund have been made in a series of liquidity funds arranged through UBS. At 31 August 2009, the value of these investments stood at £15,163,846, although the value of the non-qualifying investments will reduce as funds are released in order to make further Qualifying Investments.

### *E Share Fund*

The offer for subscription in respect of the E Shares was launched in November 2008 and closed in June 2009 having raised over £9.6 million before expenses. The net proceeds of this offer have been invested in a series of liquidity funds arranged through UBS prior to investment in VCT qualifying holdings in accordance with the investment strategy. As with the C Share and D Share Funds, the strategy for the E Share Fund is to spread investments between those offering high minimum guaranteed returns with lower capital risk and those with more modest minimum returns but higher potential returns.

Suitable specific opportunities have been identified for Qualifying Investments representing 50% of the proportion of the E Share Fund available for Qualifying Investments.

Non-qualifying investments from the E Share Fund have been made in a series of liquidity funds arranged through UBS. At 31 August 2009, the value of these investments stood at £8,605,978, although the value of the non-qualifying investments will reduce as funds are released in order to make further Qualifying Investments.

## Investment Policy

### *Risk Diversification*

Edge Performance offers the opportunity to invest in the entertainment industry in a broad range of companies (thereby diversifying risk) and seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns;
- downside risk protection; and
- liquidity.

### *Asset Allocation*

The Ordinary Share Fund achieves a broad allocation of investments by investing in a range of Events Companies which have successfully negotiated an event licensing agreement with an established events promoter under which the revenues received by the Events Company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the Events Company. With this emphasis on capital protection, the targeted minimum tax-free return for investors is 75p per 60p invested (assuming income tax relief at 40%, equivalent to a return of 115p for every 100p invested). Ordinary Shares were first issued by the Company in April 2006.

- For each of the C, D, E and F Share Funds, up to 30% of each fund will remain in a range of fixed income securities and cash and cash equivalent assets. Of the balance of each fund the Company will balance investments with a high level of guaranteed capital protection, ideally with contractual revenues or capital guarantees from financially sound counterparties, with other investments where significantly higher potential returns justify lower guaranteed capital protection.
- The intention is that the Investor's risk is thereby minimised, underpinning the return of the investor's effective cost of investment of 70p per Share (assuming income tax relief at 30%)

In respect of each of each of the C Share, D Share, E Share and F Share Funds, up to 30% of each fund is to remain in a range of fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Of the balance of each fund the Company will balance investments with a high level of guaranteed capital protection, ideally with contractual revenues or capital guarantees from financially sound counter-parties with other investments where lower guaranteed capital protection offers significantly higher potential returns. For each of the C Share, D Share, E Share and F Share Funds, the targeted tax free return is 130p per 70p invested (assuming tax relief at 30%, equivalent to a return of 160p per 100p invested).

### *Risk Mitigation*

Edge's structure aims to minimise the risk to the investor, whilst still permitting the investor to benefit from attractive returns. The majority of the portfolio investments will be made through loan finance which should provide additional capital protection.

### *Borrowings*

It is not intended that the Company will incur borrowings to fund its operations.

### *VCT Status and Maximum Exposures*

The Company must be approved by HM Revenue and Customs in order to retain its venture capital trust status. The conditions which must be satisfied to retain such status include the following restrictions on the maximum exposure of the Company:

- (i) not more than 15% by value of the Company's investments can be held in a single company or group (other than a VCT); and
- (ii) the Company is limited to investing up to £1 million per year per VCT qualifying holding.

The F Shares have been granted provisional approval by HMRC.

## Prospects

The Directors are confident that the Company will continue to attract high quality investment opportunities from existing co-promotion arrangements and from external sources. Accordingly, the Board is confident not only that the D Share and E Share Funds will be fully invested in VCT qualifying opportunities well in advance of the three year period specified by VCT legislation but also that there will continue to be attractive opportunities for the investment of the additional funds raised as a result of the Offer.

Unaudited details of the Qualifying Investments made or committed by the C Share Fund and D Share Fund to date are set out below.

## Qualifying Investments – C Share Fund



### *MK Ultrasound Limited*

In April 2008, the Company agreed to invest £1,000,000 in MK Ultrasound Limited for a 50% equity interest. The Company has committed to make a further investment of £1,000,000 in November 2009.

David Dorrell, a director and shareholder of the company, is a veteran of the music industry with successes stretching over three decades. He started his career as a journalist at the New Musical Express in the early 80s where he championed acts as diverse as The Smiths and Sade. In 1987, as a member of chart-toppers MARRS, he was responsible for the multi-million selling dance music anthem 'Pump Up The Volume'. The 90s brought success in the studio, when he produced and remixed recordings for acts ranging from U2 to De La Soul, Janet Jackson to Tina Turner. He discovered and managed Bush, who became one of the most successful bands of the 90s with over 10 million global sales. With Dirty Vegas debuting in the Billboard Top Ten in 2002, Dorrell completed a hat-trick with platinum acts across three decades in the US, and global record sales of over twenty million. In 2004, he took on the management of Pet Shop Boys until late 2008.

The company's particular focus will be to identify and back rising stars and to consolidate the positions of proven touring acts.

In the last year, MK Ultrasound has promoted more than 20 live dates by acts as diverse as New Kids On The Block, Pussycat Dolls, Chris Cornell and Franz Ferdinand.



### *Saravid Promotions Limited*

In October 2008, the Company invested £1,000,000 in Saravid Promotions Limited for a 45% shareholding. At the time, the Company committed to make a further investment of £1,000,000, which was completed in May 2009.

Daniel Lycett, is the founding director and shareholder of Saravid Promotions. Joining the music industry in 1989 at the tender age of 18, Lycett has worked in a range of roles for some of the most notable companies in the industry's independent sector. Following a stint at BBC Radio 1, Lycett's moved to a marketing and promotion position at PWL Records, home to the 'Hit Factory' production trio Stock Aitken & Waterman, and at the time the most successful independent record label and production company in the UK business, where he worked with artists such as Kylie Minogue, Jason Donovan and 2 Unlimited. In 1995, he joined the newly opened London office of German independent label Edel Records, where he became the youngest managing director of a UK record label, achieving a string of successes with Disney/Hollywood Records soundtracks, the Baha Men ("Who Let The Dogs Out") and German dance act Scooter.

Since 2004, Lycett has operated on a freelance basis, working with, amongst others, 60's superstar Donovan and US hip hop legends Wu Tang Clan.

With Lycett's experience and knowledge of dance music and hip hop, Saravid's promotion of artists in these genres will be a natural focus, although the company will also look for opportunities in diverse areas, including stage shows.

Saravid Promotions' first promotion was that of the most recent London run of "Monkey – Journey To The West", the Chinese opera and spectacular co-written by Blur and Gorillaz frontman Damon Albarn. Previous sold-out runs of the

show, in Manchester, Paris, Charleston and the Royal Opera House, had met with critical acclaim. This run, staged at the O2 for eight weeks in November and December 2008, however, suffered from poor ticket sales for midweek performances which were insufficient to cover the significant production costs. As a consequence, Saravid Promotions suffered a gross loss, after guarantees, on the run of £302,559, on turnover of £896,441. The net assets of the company were further reduced by operating and fundraising costs.

Saravid Promotions has the benefit of an events licensing arrangement with AEG Live, under which live event promotion opportunities will be offered to Saravid Promotions until June 2012. The company shall have the opportunity to recover its position following such loss. If the company is unable to recover its position, it also has the benefit of a contractual guarantee from AEG as to the minimum return to be earned by the company over that period.



#### *Enrich Social Productions Limited*

In December 2008, the Company invested £500,000 in Enrich Social Productions Limited, for a 5% shareholding. In September 2009, the Company increased its shareholding to 24% by making a follow-on investment of £1,000,000, which was part of a broader fund-raising exercise by Enrich Social Productions.

Enrich Social Productions, founded in September 2007, creates and provides online and mobile competition formats and develops supporting technical platforms for those formats. Enrich's first offering, 1click2fame ([www.1click2fame.com](http://www.1click2fame.com)), is an online talent contest which was launched in January 2009. Notably, the company has successfully concluded a strategically important alliance with Tesco as a result of which Tesco provides the company not only with sponsorship revenues, but also significantly increased presence and reach. The company is currently in active discussions with third parties regarding the licensing of its format and technology for overseas markets, as well as for further sponsorship of the UK 1click2fame format.

The Company's investment in Enrich Social Productions has been made in equal proportions from the C Share Fund and the D Share Fund.



#### *B & W Events Limited*

In September 2009, Edge Performance invested £1,000,000 in B & W Events Limited, through a mixture of equity and secured loan, thereby acquiring a 49% equity interest in the company.

The founder of B & W Events is Andrew Wilkinson. After Andrew trained and qualified as a chartered accountant with KPMG, he joined merchant bankers Leopold Joseph & Sons, where he became involved in the business affairs of the Rolling Stones; he subsequently moved to become part of the Rolling Stones management team. In 1987, Andrew set up Kingstreet Tours, initially to produce concert tours by existing management clients such as the Rolling Stones and Pink Floyd. Subsequently, Andrew became manager of Bill Wyman, whilst at the same time continuing to develop the speciality of concert tour management and production. Since its formation, Kingstreet has produced tours for acts such as Billy Joel, Elton John, Genesis, Phil Collins, Robbie Williams, the Spice Girls, Sting and Whitney Houston. With his extensive knowledge of concert production, Andrew's natural primary focus with B & W Events will be to promote live dates by legacy artists.

B & W Events has secured the right to promote the joint concerts to be given in February 2010 by legendary performers Eric Clapton and Jeff Beck, marking the first occasion in many years that these two giants of the music world will have performed together in the UK.

## Qualifying Investments – D Share Fund



### *Challi Productions Limited*

In April 2009, £1,000,000 was invested, through a combination of equity and loan stock, in Challi Productions Limited for a 49.5% shareholding, with a commitment at the time to invest a further £1,000,000, which was completed in October 2009.

Challi Productions' founding director, Jeff Golemba, a qualified solicitor, has spent over 25 years in the music and entertainment business and was formerly Managing Director of MCA Records in the UK, having held senior business and commercial roles at CBS/ Sony Records in Paris, New York and London and Phonogram Records in the UK. He is currently on the Board of Entertainment Media Research, Europe's number 1 online music research company and consults for a number of media clients in the UK and Africa, where he is a partner in one of the largest independent music and entertainment groups in South Africa.

With the benefit of an events licensing arrangement with AEG Live, Challi Productions is promoting the UK national tour of American superstar "boyband", Backstreet Boys, in November and December 2009.



### *HTM Promotions Limited*

In April 2009, £1,000,000 was invested, through a combination of equity and loan stock, in HTM Promotions Limited for a 49.5% shareholding, with a commitment at the time to invest a further £1,000,000, which was completed in October 2009.

HTM's founding director, Paul Crockford, is an established artist management figure in the UK music business, having also been a promoter. Within just three weeks of arriving at Southampton University in 1976, he became the youngest ever university social secretary in the history of the NUS, bringing acts as diverse as The Damned and Elton John to the university. On leaving university, he worked briefly as a tour manager, before joining Outlaw in 1980, promoting artists such as Genesis, The Police, Eric Clapton, Tears For Fears and Dire Straits. At the same time, he took his first steps in artist management, looking after a roster which included Level 42, Judie Tzuke and Teardrop Explodes. In 1987, he established Paul Crockford Management, under whose guidance Level 42 became one of the most popular British acts of the 1980s, selling in excess of 20 million albums. Paul has also been heavily involved in the Princes Trust, having promoted shows starring some of the world's leading performers, including Paul McCartney, Mick Jagger, David Bowie, Phil Collins and Tina Turner, raising significant sums for the Trust. Paul is currently managing former Dire Straits frontman, Mark Knopfler.

## Non – Qualifying Investments

As with the Ordinary Share, C Share, D Share and E Share Funds, initially, the net proceeds of the Offer will be invested in a range of fixed income securities and cash and cash equivalent assets, offering a high degree of capital preservation. Whilst a suitable level of return will be sought from such investments, the Company will continue, for as long as it feels it appropriate, to regard capital preservation as the paramount consideration. Subsequently, up to 30% of the investment funds will be maintained in such investments whilst the balance is reinvested in Qualifying Investments.

## How to Invest

An Application Form is included at the end of this document. The minimum investment is £5,000. Although there is no maximum size of investment, tax reliefs are available on a maximum VCT investment of £200,000 per individual in any one tax year.

### Category of Potential Investors

A typical investor for whom the Offer is designed is a UK income taxpayer over 18 years of age with an investment range of between £5,000 and £200,000 in any one tax year who, having regard to the risk factors set out on pages 8 and 9, considers the investment policy of the Company to be attractive. This may include retail, institutional and sophisticated investors and high net worth individuals who already have a portfolio of non-VCT investments.

### Forward-Looking Statements

Prospective Investors should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) “forward-looking statements”, which can be identified by the use of forward-looking terminology including the terms “believes”, “continues”, “expects”, “intends”, “may”, “will”, “would”, “should” “targets” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Prospectus, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. These statements will be updated as and when required by the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

## PART 2: INFORMATION RELATING TO THE F SHARES AND THE OFFER

### Reasons for Offer and use of proceeds

10,000,000 F Shares are being offered to the UK public at an offer price of 100p per F Share. The Offer is being made to raise funds for the Company to invest in the entertainment industry, concentrating on businesses which promote or co-promote live music, theatre, sports, festivals trade shows, exhibitions and other events where people attend in person. The estimated total net proceeds of the Offer (after expenses and assuming Maximum Subscription) are £9,450,000. It is intended that these funds will be used: in investing in businesses as described above and in investing in non-Qualifying Investments in accordance with the Company's investment policy as set out on page 22. The Offer is not being underwritten. If the Offer is over-subscribed, it may be increased at the discretion of the Directors to no more than 20,000,000 F Shares.

Depending on the total amount raised by the Offer, the net assets of Edge Performance will be increased by up to £9,450,000, before taking into account the impact of the waiver of commission by the subscribers' advisers.

### Costs of the Offer

The initial costs of the Offer are 5.5%; this includes an initial commission to authorised financial intermediaries of 3% on the value of successful applications, or (where an intermediary elects to receive trail commission) an initial commission of 2.25%. The commission will normally be paid to authorised financial intermediaries on successful applications submitted through them. The trail commission will be paid to authorised financial intermediaries at the rate of 0.375% per annum for up to four years on the value of successful applications which are submitted through them and in respect of which the applicant continues to hold F Shares as at 30 April in each year, from 30 April 2011 until (and including) 30 April 2014.

Interest earned on early subscriptions, pending allotment, will be set against the costs of the Offer.

### Timetables

The Offer in respect of the 2009/10 tax year will remain open for subscription until 5.00pm on 5 April 2010 for applications in respect of the 2009/10 tax year and the Offer for the 2010/11 tax year will remain open until 3.00pm on 4 June 2010 (or such other dates as may be determined by the Directors) for applications in respect of the 2010/11 tax year (the "Closing Date"). The Directors reserve the right to accept applications and issue F Shares at any time prior to 4 June 2010 or such other date which they may, at their discretion, determine. The Directors also reserve the right to extend or increase the Offer.

The Offer may close before the dates stated above if the Maximum Subscription is achieved before those dates. It is expected that dealings will commence within 20 business days of the relevant allotment.

### Application procedure

The Directors in their absolute discretion will determine the basis of allocation of the F Shares but expect to allocate on a first come/first served basis. Successful applicants whose applications for F Shares are received:

- before 1 January 2010 will receive 30 additional F Shares for every 1,000 F Shares subscribed for;
- on or after 1 January 2010 but before 1 February 2010 will receive 20 additional F Shares for every 1,000 F Shares subscribed for;
- on or after 1 February 2010, but before 1 March 2010 will receive 10 additional F Shares for every 1,000 F Shares subscribed for.

Additionally, successful applicants who are Ordinary Shareholders as at the date of this Prospectus, C Shareholders, D Shareholders or E Shareholders (in each case as at the date of this Prospectus) and whose applications for F Shares are received before 1 March 2010, will receive 20 additional F Shares for every 1,000 F Shares subscribed for.

To the extent that any application is not accepted, any excess payment will be returned without interest by returning the applicant's payment through the post at the risk of the person entitled thereto. The Receiving Agent will acknowledge receipt of applications. An Application Form together with notes on its completion is set out at the end of this document.

Provided that applications are for a minimum of £5,000, they can be for any amount provided they are made in multiples of £1,000. Multiple applications are permitted. Application Forms should be sent or delivered, together with the full amount payable in respect of the application, by post or by hand (during normal business hours only) to the Receiving Agent. All payments must be made in pounds sterling by cheque or banker's draft drawn on a bank in the UK, the Channel Islands or the Isle of Man bearing a UK bank code in the top right hand corner. Cheques and banker's drafts should be made payable to "Edge VCT Offer Account" and crossed "A/C payee only". Your attention is drawn to the statements concerning the Money Laundering Regulations in the Terms and Conditions of Application.

Monies which are not sufficient to subscribe for one whole F Share will not be refunded and fractions of F Shares will not be issued.

In respect of an individual application for F Shares for an aggregate subscription price of at least £100,000 (or such lesser amount as the Directors may determine, in their absolute discretion), the application may be accepted by the Directors without the receipt of a cheque or banker's draft for the subscription monies provided that the applicant has acknowledged on his application form that he shall advance the subscription monies at such times and in such tranches as are determined by the Directors from time to time upon giving the applicant at least 7 days' written notice from time to time, and the applicant submits with his application an unconditional and irrevocable legally binding guarantee from a UK clearing bank pursuant to which that bank agrees, forthwith on demand by the Company, to pay to the Company an amount equal to any of the subscription monies that such applicant fails to pay pursuant to any such notice.

### Admission to trading and dealing arrangements

Application will be made for Admission in respect of the F Shares. It is expected that Admission will become effective and dealings in the F Shares will commence within 20 business days of the relevant allotment. No application is being made for the F Shares to be admitted to listing or to be dealt in on any other exchange. Definitive share certificates are expected to be despatched to each successful applicant by post within 10 working days of each allotment. Temporary documents of title will not be used in connection with the Offer. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

The F Shares will be in registered form capable of being transferred by means of the CREST system. Those successful applicants who wish to take advantage of the ability to trade in F Shares in uncertificated form, and who have access to a CREST account, may arrange with their CREST operator to convert their holdings into dematerialised form. Investors should be aware that F Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of F Shares held in CREST. The Company's share register will be kept by Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN.

### Dividend policy

VCTs can distribute realised capital profits from the sale of underlying investments and from income; such distributions are not subject to any further tax to Qualifying Investors. It is the intention of the Directors that the Company will distribute most of its available net income or net profits to Shareholders, subject to liquidity constraints and regulatory requirements. In order to qualify as a VCT, the Company, in any accounting period, may not retain more than 15% of the income it receives from shares and securities, and must derive at least 70% of its income from shares and securities.

It is intended that any proceeds received from the sale of investments after five years will not be reinvested by the Company, but used to fund payments to Shareholders by way of dividends and share buy-backs. The investment approach of the Company is designed to facilitate the payment of dividends after each of the first four years, with the long term objective of paying dividends of up to 7p per F Share per annum. There is no guarantee that this objective will be met and the preceding statement does not represent a dividend forecast.

### Share buy-back policy

Subject to liquidity, the rules of the UK Listing Authority, the Companies Act and VCT regulations, it is intended that each year after the first five years from Admission the Company will make market purchases of its own shares.

The Companies Act provides that a public company may only purchase its own shares out of distributable profits or out of the proceeds of a fresh issue of shares made for the purpose of the purchase. Edge Performance has obtained Court approval to reduce its share premium account arising on the issue of the Ordinary Shares, C Shares and D Shares enabling it to establish a new distributable reserve, out of which purchases of Ordinary, C and D Shares can be made in the future, and is now in the process of seeking such Court approval in respect of the share premium account arising on the issue of the E Shares. Shareholder Approval is being sought to allow this in respect of the share premium account arising on the issue of the F Shares from time to time.

It is the Company's intention to buy back shares at a discount of no more than 10% of the most recently reported net asset value per Share, subject to the provisions of the Listing Rules and the Companies Act.

## PART 3: TAX POSITION OF INVESTORS AND OF THE COMPANY

### (A) INVESTORS

The following is a general guide to the tax position of investors in a VCT based on current UK legislation. This summary is not intended to be comprehensive and prospective investors are advised to seek their own independent professional advice.

#### 1. Tax reliefs for investors

The tax reliefs set out below are available to investors aged 18 or over who invest in shares in a VCT. There is no specific limit on the amount an individual can invest in a VCT, but tax reliefs will only be given to the extent that the total of an individual's subscription or other acquisitions of shares in VCTs in any tax year does not exceed £200,000.

#### 2. Income Tax

##### (a) Relief on subscription

An investor subscribing for shares in a VCT will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year. Regardless of the investor's marginal rate of tax, the relief is given at the rate of up to 30% on the amount subscribed in the 2009/10 tax year, subject to an amount which reduces the investor's income tax liability to nil.

##### (b) Dividend relief

An investor who acquires, in any tax year, VCT shares up to a maximum of £200,000 will not be liable to income tax on dividends paid by the VCT on those shares.

##### (c) Withdrawal of relief

Relief from all or some of the income tax on subscription for shares in a VCT is withdrawn if the shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period.

#### 3. Capital Gains Tax

##### (a) Relief from capital gains tax on the disposal of shares

Gains made on shares held in a VCT are not subject to capital gains tax (subject to a maximum investment of £200,000 in any one tax year). Similarly, any losses on shares held in a VCT will not be treated as an allowable loss. Both of the above apply to the extent that the shares have been acquired within the limit of £200,000 for any tax year.

##### (b) Purchasers in the market

An individual purchaser of existing shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 3(a) above).

##### (c) Withdrawal of relief

If a VCT which has been granted approval subsequently fails to comply with the conditions for approval, any gains on the shares after the date on which loss of VCT status takes effect will be taxable. Where VCT status is treated as never having been given all gains are taxable.

#### 4. Obtaining tax reliefs

##### (a) Income tax relief

- (i) A VCT issues each investor with a certificate which should be used to claim the income tax relief, either by obtaining from HMRC an adjustment to his/her tax coding under the PAYE system, or by waiting until the end of the tax year and using his/her Self Assessment Tax Return to claim relief.
- (ii) Dividends received on shares acquired in VCTs up to the qualifying maximum of £200,000 per tax year need not be shown in the investor's Self Assessment Tax Return.

##### (b) Investors not resident in the UK

Investors not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

##### (c) Loans

VCT reliefs may not be available if the investor takes out a loan specifically to subscribe in the VCT.

## 5. Consequences of loss of VCT status

### (a) For the VCT

The exemption from corporation tax on capital gains will not apply to any gain realised after the time from which VCT status is lost. Where provisional approval is lost, all gains realised over the period during which provisional approval was in force will be subject to corporation tax. Should tax status be lost under Section 274 of ITA the FSA will be notified as soon as possible and an announcement would be made using an approved regulatory information service provider.

### (b) For Qualifying Subscribers

If VCT approval is treated as never having been given, or if it is withdrawn before the shares have been held for five years, the relief will be withdrawn by the making of an assessment for the year of assessment for which the relief was originally given on an amount equal to that relief. Interest on overdue tax may arise.

### (c) For Qualifying Subscribers and Qualifying Purchasers

#### (i) Dividend income

Dividend income will not be exempt from tax in respect of profits or gains arising or accruing in any accounting period at a time when VCT status has been lost. A notional tax credit equal to 1/9th of the net dividend paid will be available to offset against income tax due on the dividend.

#### (ii) Capital gains

If provisional VCT approval is withdrawn, approval is treated as never having been given. Gains and losses on shares in the VCT will be taxable and allowable in the ordinary way. If full VCT approval is withdrawn, the individual is treated as having disposed of his shares immediately before the status is lost, for market value at that time, and is treated as reacquiring them at that value immediately after the status is lost. Thus, any capital gains realised up to that date will be exempt from tax, but gains after that date will be taxable in the ordinary way.

## (B) THE COMPANY

The following is a general guide to the tax position of a VCT. This summary is not intended to be comprehensive and prospective investors are advised to seek their own independent professional advice.

### 1. Qualifying as a VCT

A VCT must not be a close company and must be approved as a VCT by HMRC. The main conditions for approval are that throughout its most recent complete accounting period:

- (a) the company's income has been derived wholly or mainly from shares or securities (including loans to companies with a five year or greater maturity period);
- (b) at least 70% by value of its investments are represented by shares or securities in "Qualifying Holdings" (see 2 below), of which at least 30% by value are represented by holdings of ordinary shares carrying no preferential rights. Additionally at least 10% by value of investments in single companies or groups must be in ordinary shares which carry no preferential rights;
- (c) not more than 15% by value of its investments has been held in a single company or group (other than a VCT) and the VCT must not control the companies in which it invests in such a way as to render them subsidiary undertakings;
- (d) it has not retained more than 15% of the income derived in that period from shares and securities;
- (e) each class of its ordinary share capital has been quoted on the London Stock Exchange;
- (f) in respect of funds raised after 5 April 2010, have at least 70% by value of Qualifying Investments in "equity". Legislation defining "equity" is due to be introduced in the Finance Bill 2010.

Normally, HMRC cannot give approval of a VCT unless (a) to (e) above have all been met throughout the company's most recent accounting period and HMRC is satisfied that they will be met throughout its current accounting period at the time of application for approval. However, to facilitate the launch of VCTs, HMRC may give provisional approval if it is satisfied that conditions (a), (c), (d) and (e) will be met throughout the current or subsequent accounting period and condition (b) will be met in relation to an accounting period commencing no later than three years after the date of the provisional approval.

HMRC has given full approval to Edge Performance on this basis as at 29 February 2008.

## 2. Qualifying Holdings

Qualifying Holdings comprise new shares or securities (including loans with a five-year or greater maturity period) issued by unquoted trading companies which exist wholly for the purpose of carrying on one or more qualifying trades and are limited to investments of up to £1 million per income tax year per investee company, or £2 million in consecutive tax years provided that there is a period of six months between each investment of £1 million. At least 10% of the investment in a qualifying holding must be for eligible ordinary shares and this minimum percentage must be maintained for qualifying status to be continued. Most trades are qualifying trades other than certain activities which are regarded as inappropriate. Companies in which an investment is made must not be controlled by the VCT or any other company and their gross assets must not exceed £7 million immediately prior to the investment or £8 million immediately thereafter. Additionally, for funds raised by VCTs after 5 April 2007, they must have fewer than 50 full time equivalent employees at that time and the total amount that they raise through tax incentivised schemes must not exceed £2 million.

Companies whose securities are traded on AIM or PLUS count as unquoted companies for the purposes of determining Qualifying Holdings. Shares in an unquoted company which subsequently becomes quoted may still be regarded as part of a Qualifying Holding for a further five years following quotation. The company must apply the money invested (either directly or via a Qualifying Subsidiary (see 3 below) for the purpose of a Qualifying Trade within certain time periods. It must also have no subsidiary companies other than Qualifying Subsidiaries, and must not itself be controlled by another company.

## 3. Qualifying Trades and Qualifying Subsidiaries

Companies in which investments are made must exist wholly for the purpose of carrying on one or more Qualifying Trades and/or be a holding company only of Qualifying Subsidiaries. The trade must either be carried on by, or be intended to be carried on by, the company in which an investment is made or by a Qualifying Subsidiary. In the case of a company intending to carry on a qualifying trade, the qualifying trade must begin within two years of the issue of shares or securities to a VCT and continue thereafter. The trade must be carried on wholly or mainly in the UK but the company need not be UK resident. Certain trades (for example, dealing in land or shares or providing financial services) are excluded.

A subsidiary will be a Qualifying Subsidiary if the majority of its issued share capital is owned by the company invested in and certain other tests are also satisfied.

Companies in which an investment is made, or a Relevant Qualifying Subsidiary, must spend 80% of the money invested within 12 months and the remainder in the following 12 months. A Relevant Qualifying Subsidiary is either (a) a subsidiary which is at least 90% held by the company or by a directly held 100% subsidiary, or (b) a wholly owned subsidiary of a 90% directly held subsidiary of the company.

## 4. Withdrawal of approval

Approval of a VCT may be withdrawn if the conditions set out in paragraph 1 above are not met. Withdrawal of approval generally has effect from the time when notice of withdrawal is given to a VCT. If a VCT does not obtain full approval, and the tests have not been met, approval is deemed never to have been given. The taxation consequences of approval being deemed never to have been given are set out in paragraph 5 of section (A) of this Part 3.

## 5. UK withholding tax on dividends

There is no requirement to withhold tax at source on the payment of dividends by a UK resident company.

## PART 4: FINANCIAL INFORMATION RELATING TO EDGE PERFORMANCE

### (A) Audited historical financial information for the twelve months ended 28 February 2009

The announcement of the trading results of Edge Performance for the twelve months ended 28 February 2009 was made on 17 June 2009. The annual report, incorporating the audited financial statements for that period, the notes thereto and the Auditors' report thereon, was sent to shareholders on 5 June 2009.

Copies of the annual report of Edge Performance are available free of charge at its registered office or from its website, the address of which is [www.edge.uk.com/vct](http://www.edge.uk.com/vct). The announcement of the results of Edge Performance is available on the website of the London Stock Exchange at [www.londonstockexchange.com/engb/pricesnews/marketnews](http://www.londonstockexchange.com/engb/pricesnews/marketnews)

The information set out below is incorporated by reference in this prospectus and is available as indicated:

Information incorporated by reference	Page reference of report for the year ended 28 February 2009
Financial Statements:	
Income statement	33
Reconciliation of movements in shareholders' funds	37
Balance sheet	35
Cash flow statement	38
Notes to the financial statements	39 to 50
Audit of the financial statements:	
Auditors' Report	31 to 32

### (B) Audited historical financial information for the twelve months ended 29 February 2008

The announcement of the trading results of Edge Performance for the twelve months ended 29 February 2008 was made on 30 June 2008. The annual report, incorporating the audited financial statements for that period, the notes thereto and the Auditors' report thereon, was sent to shareholders on 1 July 2008.

Copies of the annual report of Edge Performance are available free of charge at its registered office or from its website, the address of which is [www.edge.uk.com/vct](http://www.edge.uk.com/vct). The announcement of the results of Edge Performance is available on the website of the London Stock Exchange at [www.londonstockexchange.com/engb/pricesnews/marketnews](http://www.londonstockexchange.com/engb/pricesnews/marketnews)

The information set out below is incorporated by reference in this prospectus and is available as indicated:

Information incorporated by reference	Page reference of report for the year ended 29 February 2008
Financial Statements:	
Income statement	27
Reconciliation of movements in shareholders' funds	31
Balance sheet	29
Cash flow statement	32
Notes to the financial statements	33 to 43
Audit of the financial statements:	
Auditors' Report	25-26

### (C) Audited historical financial information for the period ended 28 February 2007

The announcement of the trading results of Edge Performance for the period ended 28 February 2007 was made on 29 May 2007. The annual report, incorporating the audited financial statements for that period, the notes thereto and the Auditors' report thereon was sent to shareholders on 2 June 2007.

Copies of the annual report of Edge Performance are available free of charge at its registered office or from its

website, the address of which is [www.edge.uk.com/vct](http://www.edge.uk.com/vct). The announcement of the results of Edge Performance is available on the website of the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews)

The information set out below is incorporated by reference in this prospectus and is available as indicated:

Information incorporated by reference	Page reference of report for the period ended 28 February 2007
Financial Statements:	
Income statement	24
Reconciliation of movements in shareholders' funds	24
Balance sheet	25
Cash flow statement	26
Notes to the Accounts	27 to 34
Audit of the financial statements:	
Auditors' Report	22 & 23

#### (D) Unaudited half yearly statements to 31 August 2009

The half yearly financial statements of Edge Performance for the six months ended 31 August 2009 have not been reviewed or audited.

The unaudited half-year results of Edge Performance for the period ended 31 August 2009 were announced on 27 October 2009 and are incorporated in the half yearly report for that six month period which it is anticipated will be sent to Shareholders in November 2009. Copies of the half-year accounts will be available free of charge at the registered office of the Company or from its website, the address of which is [www.edge.uk.com/vct](http://www.edge.uk.com/vct). The interim announcement is also available on the website of the London Stock Exchange at [www.londonstockexchange.com/en-gb/pricesnews/marketnews](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews).

The information set out below is incorporated by reference in this Prospectus and will be available as indicated:

Information incorporated by reference	Page reference of the unaudited half yearly report for the six months ended 31 August 2009
Financial Statements:	
Income statement	11-15
Reconciliation of movements in shareholders' funds	20-21
Balance sheet	16-19
Cash flow statement	22
Notes to the half-year financial statements	23

## PART 5: ADDITIONAL INFORMATION

### 1. Incorporation and general

- (a) The Company, whose legal and financial name is Edge Performance VCT plc, was incorporated and registered in England and Wales on 8 September 2005 with registered number 05558025 as a public company with limited liability under the Companies Act 1985 and the F Shares are created under the Companies Act. The Company was founded by David Glick. Its registered office and its principal place of business is at 1 Marylebone High Street, London W1U 4LZ; its telephone number is 020 7317 1310. It is domiciled in the United Kingdom.
- (b) The Company's principal object is to carry on the business of a venture capital trust company.
- (c) The Company does not have any subsidiaries.
- (d) The Manager was, until 16 November 2006, a subsidiary of Edge Performance when Edge Music Limited, a company now wholly owned by David Glick, Kate Glick and Richard Baskind, exercised an option to acquire the Company's interest in the Manager. Until this time the Company held a 51% interest in the Manager with David Glick holding the remaining 49%. This option was granted by the Company to Edge Music Limited on 3 February 2006 and was exercisable in the event that the Manager became authorised to carry out investment business by the FSA. David Glick's total direct and indirect holding in the Manager is 60.11% and Kate Glick's is 30%. The Manager received such authorisation on 31 October 2006. In accordance with the terms of the option instrument, Edge Music Limited paid £1 to exercise the option. The Manager was established to provide investment management services. Edge Investment Management Limited was incorporated and registered in England on 13 July 2005 and operates as a limited company with registered number 05507396. Its principal place of business and registered office is at 1 Marylebone High Street, London W1U 4LZ; its telephone number is 020 7317 1310.

### 2. Share capital

- (a) The Company was incorporated with an authorised share capital of £30,050,000 divided into 60,000,000 ordinary shares of 50p each and 50,000 redeemable non-voting preference shares of £1 each (the "Redeemable Shares"). Two ordinary shares of 50p each were issued, fully paid-up, to David Glick and Kate Glick.
- (b) The Company allotted 49,999 Redeemable Shares on incorporation of which one-quarter was paid-up. The Redeemable Shares of the Company were redeemed on 19 October 2006.
- (c) The authorised and issued fully paid up share capital of the Company at the date of this document and as it is expected to be on Admission assuming Maximum Subscription (but before taking into account the impact of the waiver of commission by subscribers' financial advisers and the early subscription terms described on page 6), is set out below:

As at the date of this document	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
Ordinary Shares	300,000,000	£30,000,000	6,400,640	£640,064
C Shares	25,000,000	£2,500,000	13,328,599	£1,332,860
D Shares	60,000,000	£6,000,000	19,228,838	£1,922,884
E Shares	50,000,000	£5,000,000	9,813,732	£981,373
Deferred Shares	45,000,000	£4,500,000	-	-

As at the date of Admission (assuming Maximum Subscription)	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
Ordinary Shares	300,000,000	£30,000,000	-	-
C Shares	25,000,000	£2,500,000	13,328,599	£1,332,859
D Shares	60,000,000	£6,000,000	19,228,838	£1,922,884
E Shares	50,000,000	£5,000,000	9,813,732	£981,373
F Shares	50,000,000	£5,000,000	10,000,000	£1,000,000
Deferred Shares	70,000,000	£7,000,000	-	-

Note: The table above assumes that the proposed conversion of the Ordinary shares, as explained on page 21, will have taken place before Admission.

- (d) So far as the Company is aware, as at the date of this document, no person is directly or indirectly interested in 3% or more of the issued share capital of the Company, or will be so interested immediately following Admission.
- (e) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (f) At an extraordinary general meeting of the Company on 6 December 2005, pursuant to ordinary resolutions, each issued and unissued ordinary share of 50p each was sub-divided into 5 Ordinary Shares of 10p each.
- (g) At an extraordinary general meeting of the Company held on 15 November 2006, pursuant to a special resolution:
  - (i) the authorised share capital of the Company was increased from £30,050,000 to £32,030,100 by the creation of 19,800,000 C Shares and 1,000 Deferred Shares; and
  - (ii) the new Articles of Association were approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association;
- (h) At an extraordinary general meeting of the Company held on 5 November 2007, the Company resolved (inter alia) to:
  - (i) increase the authorised share capital of the Company to £40,500,000 by the creation of 5,200,000 C Shares, 60,000,000 D Shares and 19,999,000 Deferred Shares; and
  - (ii) adopt new Articles of Association in substitution for and to the exclusion of all existing Articles of Association.
- (i) At a general meeting of the Company held on 14 January 2009, the Company resolved to:
  - (i) increase the authorised share capital of the Company to £48,000,000 by the creation of 50,000,000 E Shares and 25,000,000 Deferred Shares; and
  - (ii) adopt new Articles of Association in substitution for and to the exclusion of all existing Articles of Association.
- (j) At a general meeting of the Company to be held on 16 December 2009, the following resolutions will be proposed:
  - (i) to increase the authorised share capital from £48,000,000 to £55,500,000 by the creation of 50 million F Shares and the creation of a further 25 million Deferred Shares, representing an increase of 15.63% in the current authorised share capital;
  - (ii) to authorise the Directors to allot up to 20 million F Shares, up to 10% of the listed F Share capital following the final closing date of the Offer, and up to 25 million Deferred Shares;
  - (iii) to authorise the Directors to allot shares as it Section 561 of the Companies Act (statutory pre-emption rights) did not apply, with such authorisation expiring on the later of 15 months from the date of the passing of the Resolution, or the conclusion of the Company's 2010 annual general meeting;
  - (iv) cancel the share premium account arising on the issue of F Shares from time to time;
  - (v) adopt new Articles of Association in substitution for and to the exclusion of all existing Articles of Association; and
  - (vi) to authorise the Company for the purpose of Section 701 of the Companies Act to make one or more market purchases (as defined in Section 693 of the Companies Act) of F Shares.
- (k) The F Shares, on Admission, will rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the F Share capital of the Company.
- (l) At an extraordinary general meeting of the Company held on 26 June 2007, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the Ordinary Shares and the C Shares be cancelled. Such High Court approval was granted on 12 September 2007. At an extraordinary general meeting of the Company held on 5 November 2007, it was resolved that subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the D Shares be cancelled. Such High Court approval was granted on 15 October 2008. At a general meeting of the Company held on 14 January 2009, it was resolved that subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the E Shares be cancelled. The Company is in the process of seeking such High Court approval.

- (m) The Ordinary Shares, the C Shares, the D Shares, the E Shares and the F Shares are in registered form and capable of being held in certificated and uncertificated form. None of the F Shares is being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Offer. The E Shares to be issued pursuant to the Offer are being issued at a price of 100p per share, representing a premium of 90p over the nominal value of 10p each.
- (n) None of the Ordinary Shares, C Shares, D Shares, E Shares or F Shares confers special rights on any major shareholder.

### 3. Memorandum and articles of association

The principal objects of the Company, which are set out in clause 4 of its Memorandum of Association, are to act as a venture capital trust company and to carry on business as a general commercial company.

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

(a) *Voting rights*

Subject to paragraph (f) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(b) *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in each of the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one third in nominal value of the issued shares of that class.

(c) *Alteration of capital*

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person. The Company may, subject to the Companies Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account. Subject to and in accordance with the provisions of the Companies Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company which are of the same class as those proposed to be purchased.

(d) *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through the relevant system in accordance with and subject to the regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph (f) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share, the transfer is in favour of no more than four persons jointly and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(e) *Dividends*

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits of the Company available for distribution in accordance with the Companies Act and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

The Deferred Shares entitle holders of Deferred Shares to a non-cumulative dividend at the fixed rate of 1 per cent of the nominal amount thereof, but shall confer no other right, save as provided in the Articles of Association, on the holders thereof to share in the profits of the Company. This dividend does not accrue or become payable in any way until the date six months after their date of issue of the Deferred Shares and shall only then be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date.

The holders of Ordinary Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the Ordinary Shares and from income received and accrued which is attributable to the Ordinary Shares.

The holders of C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

The holders of D Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the D Shares and from income received and accrued which is attributable to the D Shares.

The holders of E Shares shall be entitled to receive in that capacity such dividend as the Directors may resolve to pay out of net assets attributable to the E Shares and from income received and accrued which is attributable to the E Shares.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

(f) *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such member (and the holding represents more than 0.25% of the issued shares of that class) has been duly served with notice under section 212 of the Companies Act 1985 and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then the Directors may, in their absolute discretion refuse to register a transfer in respect of the shares which are the subject of such notice. Also, where the holding represents more than 0.25% of the issued shares of that class, the payment of dividends may be withheld. In addition, if a member or any other person appearing to be interested in shares held by such member has been duly served with notice under section 212 of the Companies Act 1985 and is in default in supplying the Company within 14 days (or such longer period as may be specified in such notice) or if a member has any cash or other sum payable by him to the Company payable but unpaid, such member shall not, unless the Directors determine otherwise, be entitled to be present or vote at general meetings of the Company.

(g) *Conversion of Ordinary Shares*

The Ordinary Shares are convertible on a specified date, into such number of C Shares ("Conversion C Shares") and Deferred Shares as is determined by reference to the ratio of the net asset value ("NAV") per Ordinary Share to the NAV per C Share (the "conversion ratio") on the relevant date ("conversion"). Upon completion of the conversion, the aggregate number of Conversion C Shares shall equal the number of Ordinary Shares in issue on the relevant date multiplied by the conversion ratio, and each Ordinary Share which does not convert into a Conversion C Share converts into one Deferred Share. The Conversion C Shares rank *pari passu* with the C Shares.

(h) *Conversion of C Shares*

The C Shares are convertible on a specified date, into such number of D Shares ("Conversion D Shares") and Deferred Shares as is determined by reference to the ratio of the net asset value ("NAV") per C Share to the NAV per D Share (the "conversion ratio") on the relevant date ("conversion"). Upon completion of the conversion, the aggregate number of Conversion D Shares shall equal the number of D Shares in issue on the relevant date multiplied by the conversion ratio, and each C Share which does not convert into a Conversion D Share converts into one Deferred Share. The Conversion D Shares rank *pari passu* with the D Shares.

*(i) Conversion of D Shares*

The D Shares are convertible on a specified date, into such number of E Shares ("Conversion E Shares") and Deferred Shares as is determined by reference to the ratio of the net asset value ("NAV") per D Share to the NAV per E Share (the "conversion ratio") on the relevant date ("conversion"). Upon completion of the conversion, the aggregate number of Conversion E Shares shall equal the number of E Shares in issue on the relevant date multiplied by the conversion ratio, and each D Share which does not convert into a Conversion E Share converts into one Deferred Share. The Conversion E Shares rank *pari passu* with the E Shares.

*(j) Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, (1) the holders of Ordinary Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their Ordinary Shares, (2) the holder of C Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their C Shares, (3) the holders of D Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their D Shares, and (4) the holders of E Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their E Shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator, with the authority of an extraordinary resolution, may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

*(k) Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Shares. In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

*(l) Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 80 of the Companies Act 1985, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed a sum equivalent to 50% of the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

*(m) Duration of the Company*

The Directors shall put an ordinary resolution to the annual general meeting of the Company in 2015 and, if passed to every fifth subsequent annual general meeting, proposing that the Company should continue as a VCT for a further five year period. If any such resolution is not passed, the Directors shall draw up proposals for the re-organisation, reconstruction or voluntary winding up of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors on a date not more than four months after such annual general meeting. Implementation of the proposals will require the approval of members by special resolution.

*(n) Interests of Directors*

A Director who is in any way, directly or indirectly, interested in any transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Companies Act, the nature of his interest. Provided that he has declared his interest in accordance with the Companies Act, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit which he derives from such office, interest, any such transaction or arrangement.

A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A Director shall (in the absence of some other material interest than is as indicated below) be entitled to vote (and be counted in the quorum) in respect of, for example, any resolution concerning any of the following matters:

- (i) the giving to him of any security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party of any security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities for subscription or purchase;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
- (v) any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; or
- (vi) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

(o) *Remuneration of Directors*

The remuneration of the Directors (other than an executive director or managing director appointed under the Articles of Association) shall be fixed by the Directors or by any committee appointed by the Directors.

(p) *Retirement of Directors*

At each annual general meeting of the Company, one third of the Directors shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or re-appointed a Director despite having attained the age of 70 or any other age and shall not be required to retire by reason of his having attained any particular age.

(q) *General meetings*

Annual general meetings and general meetings at which it is proposed to pass a special resolution shall be called by not less than 21 clear days' notice in writing. Any other general meeting shall be called by not less than 14 clear days' notice in writing. Shareholders, proxies of shareholders and corporate representatives of shareholders shall be entitled to attend such meetings.

#### 4. Directors' and other interests

- (a) The Directors named below are interested in Ordinary Shares, C Shares, D Shares and E Shares at the date of this document, all of which are beneficially owned:

	Ordinary Shares	% of issued Ordinary Share capital	C Shares	% of issued C Share capital	D Shares	% of issued D Share capital	E Shares	% of issued E Share capital
Michael Eaton	50,750	0.79	-	-	-	-	-	-
David Glick	100,010	1.56	101,500	0.76	21,200	0.11	-	-
Robin Miller	50,750	0.79	-	-	53,000	0.28	10,500	0.11
Julian Paul	12,680	0.20	10,000	0.08	10,300	0.05	-	-
Frank Presland	10,000	0.16	10,300	0.08	10,600	0.06	-	-

Note: The interests of David Glick shown above include 10,005 Ordinary Shares which are registered in the name of his wife, Kate Glick.

- (b) Save as disclosed in paragraph 4(a) above, no Director has, or will have following the Offer, any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of section 252 of the Companies Act) have any such interests, whether beneficial or non-beneficial.
- (c) Each of the Directors has a letter of appointment dated 18 January 2006 from the Company: the current fees, term and notice periods of the Directors are as follows:

Director	Fees per annum	Term	Notice period	Other
Robin Miller	£15,000	3 years	6 months	Robin Miller's services are provided by Robin Miller Consultants Limited and he is entitled to a performance-related bonus (see note below)
Michael Eaton	£12,500	Rolling	6 months	Michael Eaton's services are provided by MusicLore Limited
Julian Paul	£12,500	Rolling	6 months	Julian Paul's services are provided by Julian Paul & Co
Frank Presland	£12,500	Rolling	6 months	-
David Glick	£12,500	3 years	6 months	David Glick's services are provided by Edge Media Services Limited

Note: Under his letter of appointment, Robin Miller is entitled to receive a performance fee equal to 1% of cumulative cash (prior to calculation of the performance fee) returned to investors by the Ordinary Shares in excess of 75p per share per 60p invested (net of income tax relief); to receive 1% of cumulative cash (prior to calculation of the performance fee) returned to investors by the C Shares in Edge Performance in excess of 100p per C Share per 70p invested (net of income tax relief); and to receive 1% of cumulative cash (prior to calculation of the performance fee) returned to investors by the D Shares in the Company in excess of 100p per D Share per 70p invested (net of income tax relief); and to receive 1% of cumulative cash (prior to calculation of the performance fee) returned to investors by the E Shares in the Company in excess of 100p per E Shares per 70p invested (net of income tax relief); and to receive 1% of cumulative cash (prior to calculation of the performance fee) returned to investors by the F Shares in the Company in excess of 100p per F Shares per 70p invested (net of income tax relief)

The Company has entered into a consultancy agreement with Julian Paul & Co. dated 29 June 2009. Under this agreement, Julian Paul & Co. (which is wholly owned by Julian Paul) has agreed to provide consultancy services to the Company in respect of the appraisal of investment proposals and other advice with effect from 1 May 2009. The consideration payable to Julian Paul & Co. is £5,000 per annum plus VAT, and the agreement may be terminated by either party on six months' notice, and by the Company upon the occurrence of certain default events.

No pension, retirement or similar benefits are, to date, payable to the Directors. None of the Directors has any service agreement with the Company.

- (d) Other than the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document

	Current	Past
<b>Michael Eaton</b>	Edge Music Limited Bushbranch Incorporated Bushbranch Limited Chelsea Arts Club Limited	James & Hodder (Holdings) Limited Pegasus Wireless Corporation Prebendal Holdings Limited Prebendal Properties Long Crendon Limited

	Cordings Holdings plc	Prebendal Properties Surbiton Limited
	Crossroads Inc.	STDB Travel Limited
	Crossroads Concert LLC	The Writing Room Limited
	Drumlin Incorporated	E.C. Productions Limited
	Duck Records Limited	
	E.C. Music Limited	
	Edge Legal Limited	
	Funtastic UK Limited	
	Marshbrook Limited	
	MusicLore Limited	
<b>David Glick</b>	David Glick Limited	1967 Limited
	Edge Group Limited	Hallco 1194 Limited
	Edge Investment Management Limited	Mischon de Reya, solicitors
	Edge Legal Limited	In Tandem Promotions Limited
	Edge Media Activities Limited	LC Presents Limited
	Edge Media Limited	Martha & George Productions Limited
	Edge Media Management Limited	My Brother Promotions Limited
	Edge Media Services Limited	
	Edge Media Solutions Limited	
	Edge Music Limited	
	Edge Performance VCT 2 plc	
	Edge Solicitors Limited	
	Hungry Management Limited	
	Songs on Fire Limited	
<b>Sir Robin Miller</b>	IBIS Media VCT 1 plc	Entertainment Rights plc
	IBIS Media VCT 2 plc	4 Ventures Limited
	Racing Post Extra Limited	Arts Alliance Media Limited
	Riders for Health	Channel Four Television Company Limited
	Robin Miller Consultants Limited	Clarion Events Limited
	The Golf Foundation Limited	Mining Communications Limited
	BikesportNews.com Limited	Classic Copyright (Holdings) Limited
	BSN Web Limited	Complete Leisure Group Limited
	Stradbrook Acquisitions Limited	HMV Group plc
	Premier Sports Holdings Plc	Premier Sports Holdings plc
	Getmemedia.com	The World Professional Billiards and Snooker Association
		Mecom Group Plc
		The Press Standards Board of Finance Limited
		Aspermont UK Limited
		Maple Tree Consultancy Limited
<b>Julian Paul</b>	Brasted Services Limited	Argonaut Games plc
	Cellcast plc	Cromwell Publishing Limited
	Inspired Gaming Group plc	Eagle Rock Group Limited
	Julian Paul & Co. Chartered Accountants	Eagle Rock Entertainment Limited
	Pilat Media Global plc	Eagle Media Productions Limited
	Stagecoach Theatre Arts plc	Eagle Rock Holdings Limited
	The Regent Organisation Limited	Eagle Vision Limited
		Edge Performance VCT 2 plc
		Entertainment Rights plc
		WFCA Plc

<b>Frank Presland</b>	J Bond: LLP	HST Lion King (Overseas) Limited
	J Bond: Inc.	HST Billy Elliot (Overseas) Limited
	HST Management Limited	HST Theatrical (Overseas) Limited
	WAB Lion King Limited	HST Publishing (Overseas) Limited
	WAB Theatrical Limited	HST Recording (Overseas) Limited
	WAB Recording Limited	HST Global (Overseas) Limited
	WAB Publishing Limited	Bondi Touring Limited
	WAB Global Limited	Deskline Limited
	Big Pig Music Limited	Vicarage Road Music Limited
	Bona Productions Limited	Twenty-First Artists Management Limited
	Captain Fantastic Enterprises Limited	WAB Billy Elliot Limited
	Elton John.com Limited	WAB Publishing Limited
	Elton John's UK Charitable Foundation	WAB Recording Limited
	Happenstance Limited	WAB Theatrical Limited
	Rocket Music Limited	WAB Global Limited
	Rocket Television Limited	WAB Lion King Limited
	HST Lion King Limited	HST Recording Limited
	HST Billy Elliot Limited	HST Publishing Limited
	HST Theatrical Limited	The Sanctuary Group Limited
	HST Recording Limited	HST Theatrical Limited
	HST Publishing Limited	
	HST Global Limited	
	HST Touring Limited	
	Twenty First Artists Inc.	
	Elton John.com Inc.	
	The Elton John Aids Foundation	
	The Rocket Record Company Limited	
	Twenty-First Artists Limited	
	WAB Topco Limited	
	WAB Blythe Limited	
	WAB Sovereign Limited	
	WAB Management Limited	
	William A Bong Limited	
	Hammersmith Ventures Limited	

---

There are no potential conflicts of interest between any duties to the Company of the Directors and their private interests and or other duties.

- (e) Julian Paul was appointed as a non-executive director of Argonaut Games plc on 29 February 2000 and the company went into creditors' voluntary liquidation on 23 February 2005 on which date he resigned as a non-executive director.

Michael Eaton was appointed as a non-executive director of James & Hodder (Holdings) Limited on 15 March 2004 and resigned as a non-executive director on 19 October 2005; the company went into creditors' voluntary liquidation on 25 November 2005.

Michael Eaton is also a director of Funtastic UK Limited, which is in the process of being struck off the register of companies as it is no longer required. The company has no unpaid creditors.

Michael Eaton was also appointed as a non-executive director of STDB Travel Limited on 7 March 2002 and resigned as a non-executive director on 19 October 2005; the company was wound up by the Court under the provisions of the Insolvency Act 1986 on 21 July 2006. The amount outstanding to creditors in connection with the winding-up of STDB Travel Limited was £18,657.

Julian Paul was appointed as a non-executive director of Entertainment Rights Plc (then Sleepy Kids plc) on

26 March 1996 and resigned on 31 October 2008. Sir Robin Miller was appointed as a director on 21 July 2008, and resigned on 1 April 2009. The company went into administration on 1 April 2009.

Frank Presland was appointed as a director of Hammersmith Ventures Limited on 21 August 2008. The company went into members' voluntary liquidation on 31 March 2009.

- (f) Save as disclosed in (e) above, no Director or founder of the Company within the previous five years:
- (i) has any convictions in relation to fraudulent offences; or
  - (ii) has been associated with any bankruptcies, receiverships or liquidations whilst acting in the capacity of a member of the administrative, management or supervisory body of a company or as a partner or as a senior manager of such a company; or
  - (iii) has had any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
  - (iv) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (g) So far as the Directors are aware, following the Offer, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- (h) There are no loans made or guarantees granted or provided by the Company to or for the benefit of any Director.
- (i) Other than David Glick's interest in the transaction described in paragraph 1 (d) above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.
- (j) None of the Directors nor any members of their respective families has any private interest which is or has the potential of being a conflict in relation to their duties to the Company.

## 5. Material contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of its group is a party, for the two years immediately preceding the date of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by the Company or any member of its group which contains any provision under which Edge Performance or any member of its group has any obligation or entitlement which is material to the group as at the date of this document:

- (a) The Company entered into an agreement dated 3 February 2006 with the Manager, which has responsibility for the management of the Company's portfolio of investments. On 12 December 2006 the agreement was amended and replaced with a new agreement for an initial period of 5 years from admission of the C Shares and which may be terminated thereafter by either party on 12 months' notice expiring at the end of the fixed term or at any time thereafter. On 5 November 2007 the agreement was amended and replaced with a new agreement for an initial period of 5 years from admission of the D Shares which may be terminated thereafter by either party on 12 months' notice expiring at the end of the fixed term or at any time thereafter. On 14 January 2009, the agreement was amended and replaced with a new agreement for an initial period of 5 years from admission of the E Shares which may be terminated thereafter by either party on 12 months' notice expiring at the end of the fixed term or at any time thereafter. On 12 November 2009, the agreement was again replaced with a new agreement continuing for an initial period ending 5 years from Admission of the F Shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

The Manager will receive: (a) an annual management fee of 2.0% of the net asset value attributable to the Ordinary Shares and 1.75% of the net asset value attributable to the C Shares, D Shares, E Shares and F Shares, in each case plus VAT (if applicable); and (b) a performance fee which is outlined in more detail below. Annual running costs of the Company will include, *inter alia*, the management fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the Shareholders.

The Manager will be responsible for external costs, such as legal and accounting fees, incurred on all transactions that do not proceed to completion. The Manager retains the right to charge arrangement,

monitoring, syndication, exit and directors' fees to the Events Companies and other businesses in which the Company invests. Such charges are in line with industry practice and typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Manager will normally nominate one of its directors to act as a director of each Events Company.

In respect of the Ordinary Shares the Manager will receive a fee equal to 19% of the cumulative Dividends (prior to calculation of the performance fee) returned to Shareholders by the Company in excess of 75p per Ordinary Share per 60p invested (net of income tax relief) although no such fee will be payable unless the cumulative Dividends returned to Shareholders by the Company exceeds the initial investment of 60p per Share (net of income tax relief) increased by 8% per annum (simple). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the C Shares, D Shares, E Shares and F Shares, the Manager will receive a fee equal to 19% of the cumulative Dividends (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders and F Shareholders by the Company of between 100p and 120p per C Share, D Share, E Share and F Share respectively, and a fee equal to 29% of the cumulative Dividends (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders and F Shareholders by the Company in excess of 120p per C Share, D Share, E Share and F Share respectively. This fee is to be paid in cash and can be assigned by the Manager to some or all of the investment team.

- (b) Pursuant to a letter of engagement dated 10 September 2008 and entered into between the Company and RAM Capital Partners, the Company has appointed RAM Capital Partners as promoter to the Company in connection with the 2008 Offer. RAM Capital Partners is entitled to a fee equal to 1% of all gross funds raised pursuant to the 2008 Offer.
- (c) Pursuant to an offer agreement dated 27 November 2008 and entered into between the Company, the Directors, the Manager and Howard Kennedy (the "2008 Offer Agreement"), Howard Kennedy agreed to act as sponsor to the 2008 Offer. Under the 2008 Offer Agreement, as consideration for its services to the Company, the Manager received a fee of 5.5% of the aggregate value of the gross proceeds of the Offer, out of which all of the costs of the 2008 Offer, were discharged.
- (d) Pursuant to a letter of engagement dated 17 September 2009 and entered into between the Company and RAM Capital Partners, the Company has appointed RAM Capital Partners as promoter to the Company in connection with the Offer. RAM Capital Partners is entitled to a fee equal to 1% of the first £10 million of gross funds raised pursuant to the Offer and 1.5%, 1.75% or 2% of gross funds raised pursuant to the Offer in excess of £10 million where the total gross funds raised pursuant to the Offer exceed, respectively, £10 million, £12.5 million and £15 million.
- (e) Pursuant to an offer agreement dated 12 November 2009 and entered into between the Company, the Directors, the Manager and Howard Kennedy (the "Offer Agreement"), Howard Kennedy has agreed to act as Sponsor to the Offer. Under the Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Company and the Directors have given certain warranties to the Sponsor. Claims for breach of warranty will be subject to various caps. The Company has also agreed to indemnify Howard Kennedy in respect of its role as Sponsor under the Offer Agreement. The Offer Agreement may be terminated if any statement in the prospectus issued by the Company in respect of the Offer is untrue, any material omission from the prospectus arises or any breach of warranty occurs. As consideration for its services to the Company, the Manager shall receive a fee of 5.5% of the aggregate value of the gross proceeds of the Offer, out of which all of the costs of the Offer are to be discharged. Trail commission payable to authorised financial intermediaries are not treated as costs of the Offer.
- (f) On 12 November 2009, the Company entered into an agreement with the Manager, under which the Manager has agreed to provide administrative services to the Company. Under this agreement, the Manager will receive a fixed fee of £125,000 per annum (plus VAT, if applicable), such fee to be adjusted annually by reference to the movement in the Retail Prices Index. This agreement is for an initial period ending 5 years from Admission and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

## 6. Litigation

The Company has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this document, which may have, or have had in the recent past significant effects on the financial position or profitability of the Company.

## 7. Venture Capital Trust Compliance

- (a) A detailed description of the investment policy which will be pursued by the Company is set out in Part 1. The Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with this published investment policy. The Company will not conduct any trading activity which is significant in the context of its group (if any) as a whole. No more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds have themselves published investment policies which permit them to invest more than 15% of their total assets in other listed closed-ended investment funds.
- (b) The Board must be able to demonstrate that it will act independently of the Manager. A majority of the Board (including the Chairman) must not be directors, employees, partners, officers, or professional advisers of or to, the Manager or any other company in the Manager's group or any other investment entity which they manage. In order to obtain venture capital trust status, a company must be approved by HM Revenue & Customs. The conditions which must be satisfied to obtain such status are set out in Section (B) of Part 3. Should the Company's venture capital trust status be lost under section 274 ITA, then the FSA will be notified as soon as possible.
- (c) The Company has retained PricewaterhouseCoopers LLP to advise on VCT taxation matters on an ongoing basis.

## 8. General

- (a) There has been no significant change in the financial or trading position of the Company since 31 August 2009, the date to which the most recently published unaudited financial information of the Company was made up. The Directors believe that the Offer has the potential to constitute a significant gross change in the VCT. This could include an increase in the net assets of the Company of an amount that is equal to the net proceeds it receives under the Offer. If the Offer is fully subscribed, an increase in net assets would have certain consequences, including increasing the Company's earnings, increasing the size and range of investments the Company could undertake, and increasing the number of investments the Company would be required to make in order to meet the VCT eligibility rules.
- (b) The Company has formed an audit committee, a nomination committee and a remuneration committee. The members of these committees are Robin Miller, Michael Eaton and Julian Paul. The duties of the audit committee include reviewing the half yearly and annual accounts, the system of internal controls, the terms of appointment of the auditors and their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice a year. The nomination committee reviews potential appointments to the Board. The remuneration committee meets at least annually and reviews the appropriateness of the terms of appointment of the directors and senior employees and consultants of the Manager.
- (c) As at the date of this document, the Company complies with the Financial Reporting Council's Combined Code on Corporate Governance and was compliant during the last financial year.
- (d) The Company is of the opinion that the working capital currently available to it is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.
- (e) The capitalisation and indebtedness of the Company as at 31 August 2009 was:

	£000
Total current debt	(1,114)
Total non-current debt	Nil
Shareholders' equity	
- Share capital	4,877
- Reserves	32,781
Total	37,658
Cash at bank	489
Liquidity funds	31,370

Source: Unaudited half yearly statements to 31 August 2009 as incorporated by reference in Part 4 of this document

There has been no significant change in the capitalisation or indebtedness of the Company which has occurred since 31 August 2009, the date to which the financial information incorporated by reference in part 4 of this document has been prepared.

- (f) The total expenses of and incidental to the Offer (including irrecoverable VAT) will be met by the Manager from the fees payable to the Manager by the Company under the terms of the Offer Agreement described in paragraph 5(f). Any expenses of and incidental to the Offer in excess of the amount of such fees will be borne by the Manager.
- (g) The Company's registrar and paying agent for the payment of dividends is The City Partnership (UK) Limited.
- (h) The Company is not regulated by a particular regulatory authority but by virtue of the fact that it is a VCT it will be subject to the regulations of HM Revenue and Customs, the Companies Act, the UK Listing Authority and other relevant regulations and legislation.
- (i) A typical investor for whom the Offer is designed is a member of the public (a retail investor) who is a UK income taxpayer, aged 18 years or over, with an investment range of between £5,000 and £200,000 in any one tax year, who is interested in gaining exposure to the live events market in a tax-efficient manner. Such an investor will typically be attracted to a fund specialising in a single sector as opposed to a more widely diversified fund.
- (j) The UK Listing Authority requires that no more than 20% of a VCT's gross assets be invested in the securities of property companies and none of its investments other than in a VCT or a company which would qualify as a VCT if it were listed, must represent more than 15% by value of its investments. The principal investment policies of the Company, as set out in this document, will be adhered to for at least five years following Admission and any material changes in these policies within that five year period will only be made with Shareholder Approval. Moreover, a VCT must satisfy the UK Listing Authority that (usually over at least the three preceding years) its directors and any investment managers have sufficient and satisfactory experience in the management of a portfolio of investments of the size and type in which the VCT proposes to invest. The VCT's board of directors must be able to demonstrate that it will act independently of any investment managers of the VCT. The UK Listing Authority also requires that, until such time as the Company has obtained approval as a VCT from HM Revenue and Customs, it will not control the companies in which it invests in such a way as to render them subsidiary undertakings. The Company will meet these conditions.
- (k) The Board will be responsible for the determination and calculation of the net asset value of the Company which will be undertaken bi-annually and included in the announcement of annual and half-year results of the Company. All unquoted investments will be valued in accordance with IPEVC Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter are carried at fair value. Any Aim or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange. The net asset value of the Company will be audited annually by the Company's auditors, Scott-Moncrieff who are registered as auditors by the Institute of Chartered Accountants of Scotland.
- (l) The Company has entered into certain related party transactions during the period covered by the financial information set out in Part 4 of this document. Specifically, Edge Investment Management Limited is a related party insofar as it receives fees in respect of investment management activities and administration services as described in paragraph 5 (a) and paragraph 5(f) of this Part 5. In addition, the Company has entered into the arrangements detailed at paragraph 4(c) of this Part 5, dealing with the payment by the Company of sums to Robin Miller Consultants Limited in respect of the provision of consultancy services.
- (m) The Manager will, on behalf of the Company, hold any certificates of title relating to investments made by the Company. The independent manager of fixed income securities will be responsible for holding such investments on behalf of the Company.
- (n) The Prospectus contains statements of belief made by the Manager on pages 3 and 10, which are referenced to this paragraph 8(n). Such statements are included, in the form and context in which they appear, with the consent of the Manager, who has authorised, and takes responsibility for such statements. To the best of the knowledge and belief of the Manager (which has taken all reasonable care to ensure that such is the case), such statements of belief are in accordance with the facts and do not omit anything likely to affect their import.

## 9. Documents available for inspection

Copies of the following documents may be inspected at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AN during usual business hours on any weekday (excluding Saturdays and public holidays) for the duration of the Offer:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the letters of appointment referred to in paragraph 4(c) above; and
- (c) the financial information for the period ended 28 February 2007, the twelve months ended 29 February 2008, the twelve months ended 28 February 2009, and the six months ended 31 August 2009, included by reference in Part 4 of this document.

## PART 6: DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Admission”</b>	admission of the F Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Main Market for listed securities
<b>“Application Form”</b>	the application form for F Shares under the Offer set out at the end of this document
<b>“AEG”</b>	Anschutz Entertainment Group, Inc.
<b>“AEG Live”</b>	AEG Live LLC, a subsidiary of AEG
<b>“AEG Live (UK)”</b>	AEG Live (UK) Limited, a subsidiary of AEG Live
<b>“AEG Subsidiary”</b>	a member of AEG Live’s group
<b>“AIM”</b>	AIM, the exchange regulated market of the London Stock Exchange for unlisted securities
<b>“Board” or “Directors”</b>	the board of directors of the Company whose names are set out on page 57 of this document
<b>“C Share Fund”</b>	the net assets of Edge Performance attributable to holders of C Shares.
<b>“C Shares”</b>	C Shares of 10p each in the capital of Edge Performance (ISIN: GB00B1GJYK55)
<b>“Certificated Form”</b>	not in uncertificated form (that is, not in CREST)
<b>“Company”</b>	Edge Performance VCT plc
<b>“Companies Act”</b>	the Companies Act 2006
<b>“CREST”</b>	the computerised settlement system operated by Euroclear UK & Ireland Limited which facilitates the transfer and holding of securities in electronic, uncertificated form
<b>“CREST regulations”</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755)
<b>“D Share Fund”</b>	the net assets of Edge Performance attributable to holders of D Shares.
<b>“D Shares”</b>	D Shares of 10p each in the capital of Edge Performance (ISIN GB00B28M6V44)
<b>“Deferred Shares”</b>	deferred shares of 10p each in the capital of Edge Performance
<b>“Disclosure Rules and Transparency Rules”</b>	the disclosure rules and transparency rules issued by the FSA
<b>“Dividend”</b>	(for the purposes of the performance incentive fee payable to the Manager) <ul style="list-style-type: none"> <li>(i) a dividend of the Company to holders of the Ordinary Shares, C Shares, D Shares, E Share and/or F Shares (in respect of which such dividend is paid); and</li> <li>(ii) any distribution (as defined in section 829 (1) of the Companies Act) to holders of the Ordinary Shares, C Shares, D Shares, E Share and/or F Shares; and</li> <li>(iii) any further or other right of the holders of the Ordinary Shares, C Shares, D Shares, E Share and/or F Shares to participate in the profits of the Company; and</li> <li>(iv) any distribution by way of issue of shares as fully or partly paid bonus shares; and</li> <li>(v) any distribution by way of the redemption or purchase of any of the Ordinary Shares, C Shares, D Shares, E Share and/or F Shares whether out of capital (including the proceeds of any fresh issue of shares) or out of unrealised profits in accordance with Part 18, Chapters 3, 4 and 7 of the Companies Act or otherwise; and</li> <li>(vi) any distribution by way of the reduction of the Ordinary Share capital, C Share capital, D Share capital, E Share capital and/or F Share capital of the Company by extinguishing or reducing the liability of any of the holders of Ordinary Shares, C Shares, D Shares, E Share and/or F Shares on any of the Ordinary Shares, C Shares, D</li> </ul>

	Shares, E Share and/or F Shares (as the case may be) in respect of share capital not paid up, or by paying off paid up share capital; and
	(vii) any distribution of assets on the winding up of the Company; and
	(viii) any other payment made by the Company to holders of Ordinary Shares, C Shares, D Shares, E Share and/or F Shares
<b>“E Share Fund”</b>	the net assets of Edge Performance attributable to holders of E Shares
<b>“E Shares”</b>	E shares of 10p each in the capital of Edge Performance (ISIN GB00B00DDX23)
<b>“Edge Group”</b>	Edge Group Limited
<b>“Edge Investment Management”</b>	Edge Investment Management Limited
or the <b>“Manager”</b>	
<b>“Edge Performance”</b>	Edge Performance VCT plc
<b>“Events Companies”</b>	those companies in the business, or formed for the purpose, of promoting or co-promoting a series of live events in which Edge Performance intends to invest
<b>“FSA”</b>	the Financial Services Authority
<b>“F Share Fund”</b>	the net assets of Edge Performance attributable to holders of F Shares
<b>“F Shares”</b>	F shares of 10p each in the capital of Edge Performance (ISIN: GB00B560SW69)
<b>“FSMA”</b>	the Financial Services and Markets Act 2000
<b>“HMRC”</b>	HM Revenue & Customs
<b>“ITA”</b>	Income Tax Act 2007
<b>“Investor”</b>	subscribers for F Shares under the Prospectus
<b>“Listing Rules”</b>	the listing rules issued by the FSA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Maximum Subscription”</b>	the maximum subscription under the Offer which is for 10,000,000 F Shares
<b>“Mintel”</b>	Mintel International Group Limited: where Mintel is referred to as the source of data in the Prospectus, such data has been extracted from a report entitled “Live Entertainment UK”, Leisure Intelligence, (July 2007), or from a report entitled “Music Concerts and Festivals”, Leisure Intelligence, (August 2004) or from a report entitled “Music Concerts and Festivals”, Leisure Intelligence, (August 2006), or from a report entitled “Music Concerts and Festivals”, Leisure Intelligence, (August 2006), or from a report entitled “Market Reforecasts - Leisure Pursuits UK” (March 2009), all published by Mintel
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Ordinary Shares”</b>	Ordinary shares of 10p each in the capital of Edge Performance (ISIN: GB00B0WGN957)
<b>“Offer”</b>	the offer of up to 10,000,000 F Shares described in this document
<b>“2008 Offer”</b>	the offer for up to 10,000,000 E Shares described in the prospectus of the Company dated 27 November 2008
<b>“Offer Price”</b>	100p (UK sterling) per Share
<b>“Ordinary Share Fund ”</b>	the net assets of Edge Performance attributable to the holders of Ordinary Shares
<b>“PLUS”</b>	a market operated by Plus Markets Group plc and authorised and regulated by the FSA which allows trading in the shares of unquoted companies
<b>“Prospectus”</b>	this document dated 13 November 2009
<b>“Prospectus Rules”</b>	the prospectus rules issued by the FSA

<b>“Qualifying Investment”</b>	an investment in an unquoted trading company which comprises a qualifying holding for a VCT as defined in Chapter 4, Part 6, ITA
<b>“Qualifying Investors”</b>	an individual who subscribes for or acquires shares in a VCT and satisfies the conditions of eligibility for tax relief available to investors in a VCT
<b>“RAM Capital Partners”</b>	RAM Capital Partners LLP
<b>“Receiving Agent”</b>	The City Partnership (UK) Limited
<b>“Shares”</b>	Ordinary Shares, C Shares, D Shares, E Shares and F Shares, as the context demands
<b>“Shareholder Approval”</b>	the passing of the resolutions, the subject of the notice of extraordinary general meeting and notices of the separate class meetings which meetings are convened for 16 December 2009
<b>“SJM”</b>	SJM Limited
<b>“Sponsor” or “Howard Kennedy”</b>	Howard Kennedy
<b>“The City Partnership”</b>	The City Partnership (UK) Limited
<b>“Uncertificated Form”</b>	recorded on the relevant register of Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“UK Listing Authority”</b>	the Financial Services Authority, in its capacity as the competent authority for the purposes of Part VI of the FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“VCT” or “venture capital trust”</b>	a venture capital trust as defined in section 259 ITA

## PART 7: TERMS AND CONDITIONS OF APPLICATION

1. Save where the context otherwise requires, words and expressions defined in this document have the same meanings when used in the Application Form and explanatory notes in relation thereto. The section headed "Application Procedure" forms part of these terms and conditions of application.
2. The contract created by the acceptance of an application under the Offer will be conditional on Shareholder Approval.
3. The right is reserved to reject any application or to accept in part only. If any Application is not accepted or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance paid on application will be returned without interest by returning each relevant applicant's cheque or banker's draft or by crossed cheque in favour of the applicant, through the post at the risk of the applicant. In the meantime, application monies will be retained in a separate account.
4. The right is reserved by the Company to present all cheques and banker's drafts for payment on receipt and to retain share certificates and application monies pending clearance of successful applicants' cheques and banker's drafts.
5. If an application is received for F Shares for an aggregate subscription price of £100,000 (or such lower amount as the Directors may, in their absolute discretion, determine) the application may be accepted by the Directors (subject to the other terms and conditions set out herein) without the receipt of a cheque for the subscription monies provided that:
  - (i) the applicant has acknowledged on his application form that he shall advance the subscription monies at such times and in such tranches as determined by the Directors from time to time upon giving the applicant at least 7 days' written notice from time to time; and
  - (ii) the applicant submits with his application an unconditional and irrevocable legally binding guarantee from a UK clearing bank pursuant to which that bank agrees, forthwith on demand by the Company, to pay to the Company an amount equal to any of the subscription monies that such applicant fails to pay pursuant to any such notice given from time to time.

Interest shall not be charged to such applicant in relation to cash advanced from time to time as aforesaid. Other F Shareholders should note that, notwithstanding this, such applicants will nevertheless be issued fully paid F Shares and as a F Shareholder will benefit from any returns generated from cash that has been advanced from those F Shareholders who have not used the guarantee structure referred to above and provided a cheque for their subscription monies at the time of returning their application form.

The provisions of this document shall be construed accordingly (having regard to the above guarantee structure) where reference herein is made to an applicant being obliged to provide a cheque with his application form.

If a loan is made to an Investor which would not have been made, or not made on the same terms, if that Investor had not subscribed or was not proposing to subscribe for the F Shares in the Company, then that individual would not be entitled to tax reliefs in relation to his subscription.

The Company's view is that a bank providing a guarantee for an Investor's subscription in the manner described above should not constitute such a loan, unless the guarantee is called and the bank therefore makes an advance. However, an Investor who wishes to use any F Shares issued to him as security for the guarantee may lose the tax reliefs associated with their subscription by giving such security.

Should an Investor wish to subscribe for F Shares by way of providing a guarantee as described above, or would like to use the F Shares issued as security for such guarantee, he should speak to his tax adviser before doing so.

6. The Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer.
7. By completing and delivering an Application Form, you (the "applicant"):
  - (i) offer to subscribe for the number of F Shares specified in your Application Form (or any smaller numbers of shares for which your application is accepted) at the Offer Price on the terms of and subject to this document, including these Terms and Conditions, and subject to the Memorandum and Articles of Association of the Company;
  - (ii) agree, in consideration of the Company agreeing that it will not on or prior to the closing date of the Offer, issue, allot or offer any F Shares to any person other than by means of the procedures referred to in this document, that your Application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post or by delivery by hand of your Application Form to the Receiving Agent;

- (iii) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the F Shares until you make payment in cleared funds for such F Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Sponsor, and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment in respect of such shares, the Company may (without prejudice to their other rights) avoid the agreement to subscribe such F Shares and may issue or allot such F Shares to some other person, in which case you will not be entitled to any payment in respect of such F Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- (iv) agree that any monies refundable to you may be retained by the Receiving Agent pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
- (v) authorise the Receiving Agent to send share certificate(s) in respect of the number of F Shares for which your Application is accepted and/or a crossed cheque for any monies returnable, by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such F Shares;
- (vi) agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or the Sponsor to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
- (vii) confirm that, in making such Application, you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for such information or representation;
- (viii) irrevocably authorise the Receiving Agent and/or the Sponsor or any person authorised by either of them, as your agent, to do all things necessary to effect registration of any F Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent or of the Sponsor to execute any document required therefor;
- (ix) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and statements concerning the Company and the F Shares contained therein;
- (x) confirm that you have reviewed the restrictions contained in paragraph 13 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor a resident of Canada and that you are not applying for any F Shares with a view to their offer, sale or delivery to or for the benefit of any US Person or a resident of Canada;
- (xi) warrant that you are an individual aged 18 or over;
- (xii) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;
- (xiii) agree, on request by the Company, or the Sponsor on behalf of the Company, to disclose promptly in writing to the Company, any information which the Company or the Sponsor may reasonably request in connection with your application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2007 and authorise the Company and the Sponsor to disclose any information relating to your application as it considers appropriate;
- (xiv) agree that the Sponsor will not treat you as its customer by virtue of your application being accepted or owe you any duties or responsibilities concerning the price of the F Shares or the suitability for you of F Shares or be responsible to you for providing the protections afforded to its customers;
- (xv) where applicable, authorise the Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Company;
- (xvi) declare that the Application Form has been completed to the best of your knowledge and is accurate;

- (xvii) undertake that you will notify the Company if you are not or cease to be either a Qualifying Investor or beneficially entitled to the F Shares;
  - (xviii) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring, F Shares and that the F Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax. Obtaining tax reliefs given under the VCT legislation contained in the Finance Act 1995 is not in itself tax avoidance;
  - (xix) agree that, in respect of those F Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the Company instructing the Receiving Agent to enter your name on the share register;
  - (xx) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the Receiving Agent or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
  - (xxi) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you warrant that you have complied with all such laws and none of the Company, the Receiving Agent or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
  - (xxii) agree that your Application Form is addressed to the Company and to the Sponsor; and
  - (xxiii) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form.
8. This application is addressed to the Company and the Sponsor. The rights and remedies of the Company and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
  9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company with the agreement of the Sponsor.
  10. Authorised financial advisers who, acting on behalf of their clients, return valid Application Forms bearing their FSA number and either their stamp or their full address will be entitled to commission on the amount payable in respect of the F Shares allocated for each such Application Form at the rates specified in the paragraph headed "Costs of the offer" in Part 2 of this document. Authorised financial advisers may agree to waive part or all of their initial commission in respect of an application. If this is the case, then such application will be treated as an application to apply for the number of F Shares stated in Box 2 of the Application Form together with a number of additional F Shares equivalent to the amount of commission waived at £1 per Share, which waived commission will be applied in paying for such F Shares. The Company and/or the Receiving Agent are authorised to amend such Box 2 to include any such additional F Shares. Financial advisers should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
  11. The section headed "Application Procedure" forms part of these terms and conditions of application.
  12. No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required.
  13. The F Shares have not been and will not be registered under the Securities Act, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction ("the USA"). In addition, the Company has not been and will not be registered under the United States Investment

Company Act of 1940, as amended. The Investment Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.

14. The basis of allocation will be determined by the Company in its absolute discretion after consultation with the Sponsor. The right is reserved to reject in whole or in part and scale down and/or ballot any Application or any part thereof including, without limitation applications in respect of which any verification of identity which the Company consider may be required for the purposes of the Money Laundering Regulations 2007 has not been satisfactorily supplied and multiple applications. Dealings prior to the issue of certificates for F Shares will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.
15. It is a condition of the Offer to ensure compliance with the Money Laundering Regulations 2007. The Receiving Agent is entitled to require, at its absolute discretion, verification of identity from any applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to the Receiving Agent to be acting on behalf of some other person. Pending the provision of evidence satisfactory to the Receiving Agent as to the identity of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company may, in its absolute discretion, retain an Application Form lodged by an applicant and/or the cheque or other remittance relating thereto and the Receiving Agent may not enter the applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion for it or the Receiving Agent to reject any application in respect of which the Receiving Agent considers that, having requested verification of identity it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which sums were originally debited) and/or to endeavour to procure other subscribers for the F Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by it as being required for the purpose of the Money Laundering Regulations 2007.
16. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application for the Offer or not in all respects complying with the Notes on Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions of Application.

## APPLICATION PROCEDURE

Please send the completed Application Form, together with your cheque or banker's draft, to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.

If you have any questions concerning your application, including questions on how to complete the Application Form, please call RAM Capital Partners LLP on 020 3006 7530.

### 1

#### SECTION 1

Please insert your full name, permanent address, e-mail address, daytime telephone number, home telephone number, date of birth and national insurance number in Section 1. Your national insurance number, which you will find on your pay slip, is required to ensure you obtain your income tax relief. Joint applications are not permitted but husbands and wives may apply separately.

### 2

#### SECTION 2

Please note that the minimum investment is £5,000. The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 for the tax year 2009/10. Attach your cheque or banker's draft to the Application Form for the total amount of your investment. Please indicate in which tax year you would like your F Shares to be allotted.

Make cheques payable to "Edge VCT Offer Account" and crossed "A/C Payee only". Cheques must be from a recognised UK bank account and your payment must relate solely to this application. Receipt will be issued.

### 3

#### SECTION 3

Read the declaration below and sign and date the Application Form.

If this form is completed and signed by the investor named in Section 1:

By signing this form I HEREBY DECLARE THAT:

- (i) I have received the Prospectus dated 13 November 2009 and have read the terms and conditions of application therein and agree to be bound by them;
- (ii) I will be the beneficial owner of the F Shares in the Company issued to me under the Offer;
- (iii) I have read and understood the risk factors set out on pages 8 and 9 of the Prospectus; and
- (iii) to the best of my knowledge and belief, the personal details I have given are correct.

If this form is completed and signed by an authorised financial intermediary or any other person apart from the investor: By signing this form on behalf of the individual whose details are shown above, I MAKE A DECLARATION (ON BEHALF OF SUCH INDIVIDUAL) ON THE TERMS OF PARAGRAPHS (i) TO (iv) ABOVE.

### 4

#### SECTION 4

Authorised financial intermediaries who are entitled to receive commission should stamp and complete Section 4, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000 and carefully check the commission details given in the form (because these details will supersede any commission details given in any covering letter or form submitted with the application). The right is reserved to withhold payment of commission if Edge Performance VCT plc is not, in its sole discretion, satisfied that the financial intermediary is authorised.

## FREQUENTLY ASKED QUESTIONS

**Q: Who should I make the cheque payable to?**

*A: Cheques should be made payable to:  
"Edge VCT Offer Account".*

**Q: Where should I send my application?**

*A: Your application form and cheque should be sent to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.*

**Q: What happens after I invest?**

*A: We will send you confirmation that we have received your application by return of post. You should expect to receive your share certificate and tax certificate within 10 working days of allotment.*

If you have any further questions concerning your application, please call  
RAM Capital Partners LLP at any time on 020 3006 7530.

## APPLICATION FORM

## EDGE PERFORMANCE VCT PLC

Before completing this application form you should read the Terms and Conditions of Application and the application procedure notes overleaf.

The Offer opens for subscription on 16 November 2009 and the first closing date will be 5.00pm on 5 April 2010 (or earlier if the maximum subscription has been reached). The final closing date will be 3.00pm on 4 June 2010 or such earlier or later date as the Directors may determine in their absolute discretion.

<b>1</b>	Mr/Mrs/Miss/Other	First Name	Surname
	Address		Email address
	Postcode	Telephone (Day)	
	Date of Birth	Telephone (Home)	
	National Insurance Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	

<b>2</b>	I offer to subscribe for the following number of F Shares under the Terms and Conditions of the Application as set out in the Prospectus dated 13 November 2009. The Application must be for a minimum of £5,000.		
	For 2009/10 tax year	F Shares at £1 per Share totalling	
	Number:	£:	
	For 2010/11 tax year (see note below)	F Shares at £1 per Share totalling	
Number:	£:		
NB: No declaration had been made at the date of the Prospectus as to what, if any, tax reliefs will be available to investments made during the tax year 2010/11.		Total per cheque attached	
		£:	

<b>3</b>	Signed	Date

<b>4</b>	<b>TO BE COMPLETED BY THE FINANCIAL ADVISER:</b>		
	Firm Name Bestinvest (Brokers) Ltd	Contact Name	
	Address 6 Chesterfield Gardens Mayfair London	FSA Registration No. and Company Stamp Bestinvest (Brokers) Ltd FSA Number: 165169	
	Postcode W1J 5BQ		
	Tel 020 7189 9999	Fax 020 7189 9933	Email

If a Financial Adviser wishes any commission to be waived and invested in additional F Shares for a client, the Financial Adviser should insert the amount of commission to be waived. **2.5 %**

The commission is 3% of the gross amount subscribed or 2.25% of the gross amount subscribed plus an annual commission of 0.375% for four years as described in the Prospectus of the Company; advisers who wish to receive trail commission should indicate this by ticking the box to the right. **Trail**  
**X**

If commission is to be paid to a network or head office, please give payee name and address:

--

**INVESTOR SERVICES****1 How would you like to be updated?**

- Email
- Letter
- Telephone call from the Investment Manager

**2. How often would you like to be updated?**

- Every time we make an investment
- Every three months
- Every six months

**3. Would you like to receive invitation to investment seminars/workshops?**

- Yes, but only concerning Edge Performance VCT
- Yes, to include other Edge products
- No

**4. From time to time we may choose to contact you by telephone to explain an aspect of your investment. Please indicate below if you are willing for us to call you:**

- Yes, I am happy to be called occasionally
- No thank you

- Please tick here if you do not want us to contact you with information about goods or services which we feel may be of interest to you.

Please call RAM Capital Partners at any time concerning your application on 020 3006 7530

## DIRECTORS AND ADVISERS

### Directors

Sir Robin Miller (Chairman)  
Michael Eaton  
David Glick  
Julian Paul FCA  
Frank Presland

*all of*

1 Marylebone High Street  
London W1U 4LZ  
which is the registered office  
of the Company

### Secretary

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh EH2 1DF

### Investment manager

Edge Investment Management Limited  
1 Marylebone High Street  
London W1U 4LZ

### VCT taxation advisers

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

### Auditors

Scott-Moncrieff  
17 Melville Street  
Edinburgh EH3 7PH

### Bankers

HSBC Private Bank (UK) Limited  
78 St. James's Street  
London SW1A 1JB

### Promoter

RAM Capital Partners LLP  
74 Chancery Lane  
London WC2 1AD

### Legal advisers and Sponsor

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

### Receiving agent

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh EH2 1DF

### Registrar

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh EH2 1DF

For further assistance, please contact



Telephone: 020 3006 7530

E-mail: [taxsolutions@ramcapital.co.uk](mailto:taxsolutions@ramcapital.co.uk)