

**TOP-UP OFFER  
FOR SUBSCRIPTION  
FOR NEW H SHARES**

**FOR THE 2017/18 TAX YEAR**



**EDGE**  
PERFORMANCE VCT

**OFFER DOCUMENT  
INCLUDING APPLICATION FORM**



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately qualified adviser authorised under the Financial Services and Markets Act 2000 and who specialises in advising on the acquisition of shares or other securities.**

This document (**Offer Document**) dated 15 January 2018, which is a financial promotion in accordance with Section 21 of the Financial Services Markets Act 2000, is issued by Edge Performance VCT plc (the **Company**) of 1 Marylebone High Street, London W1U 4LZ. The Company is not authorised or regulated by the Financial Conduct Authority. The contents of this Offer Document have been approved by Edge Investments Limited, which is authorised and regulated by the Financial Conduct Authority (firm reference number 455446). In approving this Offer Document as a financial promotion, Edge Investments has confirmed that this Offer Document complies with the FCA's financial promotion rules, that it is acting solely for the Company and no one else and that it will not be responsible to anyone other than the Company for providing the protections afforded to Edge Investments' clients or for providing financial advice in relation to the subject of this Offer Document, other than as required by FCA Rules.

No person other than Edge Investments has been authorised to issue any advertisement or give any information or make any representations in connection with the Offer, other than those contained in this Offer Document and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Company or Edge Investments.



## **EDGE PERFORMANCE VCT PLC**

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

### **Top-up offer for up to 2 million New H Shares**

Investment Manager



**EDGE INVESTMENTS LIMITED**

Application will be made to the UK Listing Authority for the New H Shares to be admitted to a premium listing on the Official List. Application will also be made to the London Stock Exchange for the New H Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective, and that dealings in the New H Shares will commence, within 20 Business Days of the allotment and issue of such New H Shares.

Your attention is drawn to the risk factors set out in Part 7 of this Offer Document. The terms and conditions of application under the Offer are set out in Part 9 of this Offer Document. Persons wishing to participate in the Offer should complete the relevant Application Form set out at the end of this Offer Document. Completed Application Forms must be posted or delivered by hand to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH. The Offer opens at 8.00 am on 16 January 2018 and will close no later than 5.00 pm on 5 April 2018, or (if earlier) as soon as the Offer is fully subscribed. The Directors, in their absolute discretion, may decide to close the Offer earlier.

No person receiving a copy of this Offer Document or an Application Form in any territory other than the UK may treat the same as constituting an offer or invitation to him to subscribe for or purchase New H Shares unless, in such territory, such offer or invitation could lawfully be made.

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## EXPECTED TIMETABLE

Offer opens	8.00 am on 16 January 2018
First deadline for applications to be eligible for Early Application Incentives	9 February 2018
Second deadline for applications to be eligible for Early Application Incentives	2 March 2018
Closing date for the Offer	5.00 pm on 5 April 2018
Allotment and issue of New H Shares under the Offer	no later than 5 April 2018
Announcement of the results of the Offer	the next Business Day following the closing date
Admission and dealings commence in the New H Shares issued pursuant to the Offer	within 20 Business Days following the date of the applicable allotment and issue
Share certificates dispatched in respect of New H Shares issued pursuant to the Offer (where the Investor does not elect for the New H Shares to be held in CREST)	within 20 Business Days following the date of the applicable allotment and issue
Tax certificates dispatched in respect of New H Shares issued pursuant to the Offer	within 20 Business Days following the date of the applicable allotment and issue

### Notes:

- (1) The dates set out in the expected timetable above may be adjusted by the Board, in which event details of the new dates will be notified through a Regulatory Information Service.
- (2) All references to time in this Offer Document are to London time (unless otherwise stated).
- (3) The Offer may close earlier than the date stated above if it is fully subscribed by an earlier date.
- (4) The Directors reserve the right to close the Offer earlier than the date stated above.

## OFFER STATISTICS

Maximum amount to be raised, before expenses payable by the Company <sup>(1)</sup>	£1,258,800
Latest published (unaudited) NAV per H Share <sup>(2)</sup>	59.79p
Maximum net proceeds for the Company, after issue costs <sup>(1)</sup>	£1,183,272
Maximum expenses of the Offer payable by the Company <sup>(1)</sup>	£75,528

### Notes:

- (1) Assumes 2 million New H Shares issued at an issue price of 62.94p per New H Share.
- (2) As at 31 August 2017.

## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

### Directors

Sir Robin Miller (Chairman)  
Lord Flight  
Terry Back  
David Glick

all of

1 Marylebone High Street  
London W1U 4LZ

### Company secretary

The City Partnership (UK) Limited  
110 George Street  
Edinburgh EH2 4LH

### Investment Manager

Edge Investments Limited  
1 Marylebone High Street  
London W1U 4LZ

### Solicitors

Howard Kennedy LLP  
No. 1 London Bridge  
London SE1 9BG

### Registrar and receiving agent for the Offer

The City Partnership (UK) Limited  
110 George Street  
Edinburgh EH2 4LH

### VCT tax advisers

Philip Hare & Associates LLP  
4-6 Staple Inn  
High Holborn  
London WC1V 7QH

### Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

### Broker

Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF

### Bankers

Metro Bank plc  
One Southampton Row  
London WC1B 5HA

## PART 1 – INTRODUCTION

### Background

Edge Performance was incorporated on 8 September 2005 and is a Venture Capital Trust. Edge Performance offers investors the opportunity to back an experienced specialist investment team making investments in the creative industries sector, with the advantage of VCT tax reliefs. Edge Performance is managed by Edge Investments, a specialist fund manager in the creative industries sector.

The Company has two classes of Shares in issue: H Shares and I Shares: each class of Share is admitted to the premium segment of the Official List of the UK Listing Authority and is traded on the main market of the London Stock Exchange. A separate pool of assets is attributable to each class of Share. As at 31 August 2017, the Company had total (unaudited) net assets of £38.4 million, of which £6.3 million is attributable to the H Shares.

Under the Offer for Subscription described in this Offer Document, Edge Performance is providing Investors with a further opportunity to subscribe for H Shares, an “evergreen” share class with no fixed life or planned realisation date, which seeks to generate growth and a consistent, long-term and tax-free yield for investors.

Edge Performance continues regularly to identify, or receive approaches in respect of, attractive investment opportunities in the creative industries sector. The Investment Manager and the Directors are, therefore, confident that the required minimum of 70% (proposed to be increased to 80% from 1 March 2020) of the additional funds raised under the Offer can be invested in Qualifying Investments within a reasonable period, and in any event within the three year period required under VCT Rules.

### The H Share Fund

The investment focus for the H Share class is the creative industries sector, and in particular entertainment and media, and enabling technologies for the sector.

The principal features of the H Share Fund are as follows:

- *Investment strategy*

The H Share Fund will continue to make Qualifying Investments in businesses in the creative industries sector, and in particular in entertainment and media, and enabling technologies for the sector. The Investment Manager will seek to make investments in Qualifying Investments which it believes have the potential for profitability and growth, in order to generate growth and a consistent yield for Shareholders.

Where appropriate, the Investment Manager will consider the use of loan finance, within the limits permitted by VCT Rules, as part of the structure of a Qualifying Investment.

In assessing whether a particular company is suitable for a Qualifying Investment, the Investment Manager will have regard to some or all of a number of criteria, including the track record of the investee company’s management team, the level of the company’s turnover, the size of the total investment sought by the investee company and the likely attainability of both growth in the business and an appropriate exit opportunity for the Company.

Given the degree of sector experience and expertise of the Board and the Investment Manager’s team, a key consideration, when assessing a potential investment, is whether the Board’s and Investment Manager’s involvement in the business can add value, and thereby enhance returns to Shareholders.

Consideration will also be given to the business model of the investee company; for example, an investee company may, in accordance with normal industry practice in the sector, favour licensing its intellectual property rights to third parties in exchange for royalties and other revenues, so that an element of the additional burden associated with the development, manufacturing, stock maintenance, distribution and/or marketing is shared with those third parties.

- *Co-investment*

The Company has a co-investment arrangement with Edge Creative Enterprise Fund, a specialist creative industries venture capital fund which is managed by an associated company of the Investment Manager. The Investment Manager and the Directors believe that this will afford the Company access to a number of investment opportunities which would not otherwise be available to the Company.

- *Access to existing portfolio*

As at the date of this Offer Document, the H Share Fund holds Qualifying Investments, valued at £4.07 million (unaudited) in aggregate<sup>1</sup>, in seven companies, further details of which can be found on pages 17 to 20 of this Offer Document.

Successful applicants under the Offer will gain immediate access to this portfolio.

The balance of the H Share Fund is currently represented by Non-qualifying Investments.

- *Specialist team*

The Board and the Investment Manager together have a wealth of experience in the creative industries sector. The Board believes that such a level of experience and sector specialisation brings significant advantages, through:

- access to investment opportunities which might not be available to those less familiar with the sector; and
- a deep understanding of the particular nature of the sector, which enables the Company to identify and avoid problems commonly associated with investing in the sector.

- *Yield through distribution of gains; growth through reinvestment*

It is intended that the majority of any gains made on realisation of investments held in the H Share Fund will be distributed by way of dividends to H Shareholders, to maintain and improve the H Shareholders' yield, subject to available cash, distributable reserves and regulations. The balance of any proceeds of realisation of investments will be reinvested with the objective of providing compound growth for the H Shareholders.

- *Dividend policy*

Subject to available cash, distributable reserves and regulations, the Company will seek to provide consistent tax-free annual dividend distributions to Investors. To align the interests of the Investment Manager with this objective, the Investment Manager's performance fee is payable only if cumulative Dividends paid or declared over the life of the H Share Fund average at least 7p per H Share per year and the Net Asset Value per H Share exceeds £1.00.

### Share buy-back policy

The Company has a share buy-back policy under which, subject to ensuring sufficient liquidity to meet working capital requirements and to the requirements of the Companies Act and other applicable regulations, it is intended that the Company will make market purchases of H Shares at a price no lower than 10% below the most recently reported Net Asset Value per H Share. At the Company's 2017 annual general meeting, a resolution was passed to confer on the Company the authority to make such market purchases; however, the Directors have decided to suspend the Company's share buy-back facility until such time as the market price of the H Shares and the Net Asset Value per H Share are sufficiently close to each other to ensure that the operation of the buy-back facility would be consistent with the terms of that resolution.

### H Share Offer

Up to 2 million New H Shares are being offered at a price per New H Share equal to the Net Asset Value per H Share most recently published prior to the date of allotment of the relevant New H Shares, divided by 0.95 (rounded up to the nearest 0.01p).

Applications under the Offer must be for a minimum of £5,000 and thereafter in multiples of £1,000. The Offer has not been underwritten. The net proceeds of the Offer will be invested in accordance with the Company's published investment policy.

### Tax benefits for Investors

Subscriptions to VCTs in the 2017/18 tax year can currently attract income tax relief at the rate of 30%. This means that, for every £1 invested, the net cost to an Investor receiving income tax relief should be 70p. Distributions and dividends are tax-free for Qualifying Investors. These tax benefits are available on total investments in VCTs of up to £200,000 per person in each tax year.

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<sup>1</sup> As at 31 August 2017, being the most recent published valuation of the H Share Fund's portfolio.



If potential Investors have any questions regarding this investment they should contact their financial adviser. For questions relating to an application, applicants or financial advisers should please contact the Receiving Agent, The City Partnership (UK) Limited, by telephone on 0131 243 7210, or via e-mail to [info@city.uk.com](mailto:info@city.uk.com). Investors should note that no investment or tax advice can be given by the Company, Edge Investments or the Receiving Agent and your attention is drawn to the risk factors set out in Part 7 of this Offer Document.

15 January 2018

## PART 2 – INFORMATION RELATING TO THE COMPANY

Edge Performance was established to invest in the creative industries sector, and in particular entertainment and media, and enabling technologies for the sector.

### H Share Fund

Edge Performance will continue to make Qualifying Investments with the H Share Fund in the creative industries, and in particular entertainment and media, and enabling technologies for the sector. The Investment Manager will seek to make such investments in Qualifying Investments which it believes have the potential for profitability and growth, in order to generate growth and a consistent yield for Investors.

Potential Qualifying Investments will be assessed by the Investment Manager based on some or all of a number of criteria, including whether the business:

- is in the identified sector of creative industries;
- has proven management;
- has existing revenues;
- requires a total investment round of between £500,000 and £10 million;
- has the capability to scale earnings rapidly;
- offers an exit route within a four to ten year period; and
- is capable of generating a return to the H Share Fund, over a five year period, of at least three times the amount invested.

In assessing a potential investment, consideration will be given to whether the Board's and the Investment Manager's involvement can add value to the business, and thereby enhance returns to Shareholders.

In reviewing the suitability of a potential investment, the Investment Manager will consider the business model of the investee company itself; for example, an investee company may, in accordance with normal industry practice in the sector, favour licensing its intellectual property rights to third parties in exchange for royalties and other revenues, so that an element of the additional burden associated with the development, manufacturing, stock maintenance, distribution and/or marketing is shared with those third parties.

It is intended that the majority of any gains made on realisation of the H Share Fund's Qualifying Investments will be distributed to H Shareholders, to maintain and improve the H Shareholders' yield, with the remaining proceeds of realisation being reinvested in new Qualifying Investments, in order to drive compound growth for the H Shareholders.

Subject to available cash, distributable reserves and regulations, the Company will seek to provide a consistent tax-free annual dividend yield for Investors. To align the interests of the Investment Manager with this objective, the Investment Manager's performance fee is payable only if cumulative Dividends paid or declared over the life of the H Share Fund average at least 7p per H Share per year and the Net Asset Value per H Share exceeds £1.00.

### *Co-investment arrangements with Edge Creative Enterprise Fund*

In November 2015, Edge Creative Capital Limited, an associated company of the Investment Manager, launched Edge Creative Enterprise Fund, a £40 million venture capital fund established under the UK Government's Enterprise Capital Fund scheme. The investment focus of Edge Creative Enterprise Fund is, similarly, the creative industries sector.

Edge Performance and Edge Creative Enterprise Fund have put in place a co-investment arrangement whereby the Company is entitled to participate in investments to be made by Edge Creative Enterprise Fund which are within the investment remit of both Edge Creative Enterprise Fund and the Company. As Edge Creative Enterprise Fund will typically participate in larger overall investment rounds than would be available to the H Share Fund, this gives the Company access to additional investment opportunities which would otherwise be beyond the reach of the H Share Fund.

As at the date of this Offer Document, the H Share Fund holds two Qualifying Investments – Newsflare Limited and Antidote Productions Limited - which are attributable to the co-investment arrangement with Edge Creative Enterprise Fund.

### Investment policy

The full text of the Company's investment policy can be found at the Company's website at [www.edge.uk.com](http://www.edge.uk.com).

As it relates to the H Share Fund, a summary of the investment policy is as follows:

- Edge Performance offers the opportunity to invest in the entertainment and media industry in a broad range of companies (thereby providing diversification), and seeks to allow investors to take advantage of VCT tax reliefs;
- Edge Performance is seeking to achieve growth, an annual yield for investors and liquidity;
- Edge Performance is seeking to provide a consistent tax-free annual dividend yield for investors;
- The Company will invest at least 70% of the H Share Fund in Qualifying Investments with the intention that the majority of any gain made from realisation of Qualifying Investments will be distributed to H Shareholders, to maintain and improve the H Shareholders' yield, with the remaining proceeds of realisation being reinvested in further Qualifying Investments in order to drive compound growth for the H Shareholders.

#### *Asset allocation*

The H Share Fund will initially be invested in a range of permitted Non-qualifying Investments, notably cash and cash equivalent assets, offering a high degree of capital preservation. Up to 30% of the H Share Fund will remain in such investments, while the balance will be realised to fund making Qualifying Investments.

In instances where more than one of the Company's Share Funds invests in a given portfolio business, the Company will, where appropriate, arrange or rearrange the structure of the investment, so that each of the participating Share Funds holds, pro rata to the amount invested by it, the same investment instruments. This approach is intended to ensure that, where the value of a portfolio business changes, that change is reflected, proportionately, to the same extent across all of the participating Share Funds. The Investment Manager will take an appropriate approach to asset allocation in instances where the H Share Fund co-invests alongside Edge Creative Enterprise Fund.

Qualifying Investments will normally be made up of ordinary shares or other "eligible shares" (as defined under VCT Rules) in the investee company, together with, wherever practicable, loan stock or other loan finance and/or preference shares.

#### *Borrowings*

It is not intended that the Company will incur borrowings to fund its operations, although the Company may, under its Articles, borrow in aggregate an amount up to 50% of the aggregate of the Company's paid up share capital and the amount of the Company's adjusted reserves.

#### *VCT status and maximum exposures*

The Company must remain approved by HM Revenue & Customs in order to retain its Venture Capital Trust status. The conditions which must be satisfied to retain such status currently include the restriction on the maximum exposure of the Company that not more than 15% by VCT Value of the Company's investments can be held in a single company or group (other than a VCT). The Company will not exceed this level even in the event of an increase in the limit imposed by VCT Rules.

### **H Share Fund performance**

Through previous offers for subscription for H Shares, the Company has to date raised over £10 million (before expenses) for the H Share Fund.

The Company has thus far paid dividends to H Shareholders, each of 3.5p per H Share, in April 2013, June 2014, May 2015 and August 2016, with those dividends amounting to £1.3 million in total.

The historical NAV total return per H Share (i.e. the NAV per H Share plus paid dividends per H Share) over the three years prior to the date of this Offer Document is as follows:

<i>As at:</i>	<i>NAV total return per H Share (p)</i>
28 February 2015	84.53
31 August 2015	86.34
29 February 2016	75.32
31 August 2016	74.44
28 February 2017	76.05
31 August 2017	73.79

## Investment outlook

The Board believes that the Company will continue to be able to identify suitable high-quality investment opportunities for the H Share Fund. Accordingly, the Board is confident that the H Share Fund will be fully invested in VCT qualifying opportunities within the three year period specified by VCT legislation and also that there will continue to be attractive opportunities for the investment of the additional funds raised under the Offer.

## The Directors and the Investment Manager

The collective experience of the Board and the Investment Manager's investment team, which covers 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 are and will continue to be employed in the selection and management of the Company's investments.

### *The Investment Manager*

The Investment Manager of the Company is Edge Investments which was established in July 2005 and is authorised and regulated by the FCA. As at the date of this Offer Document, the Investment Manager and its associates have, in total, some £78.4 million under management. Details of the principal members of the Edge Investments investment team are shown below.

### *David Glick (CEO of Edge Investments)*

David is an experienced venture capital investor in the creative industries sector who has been involved in investment in, mentoring of, and the sale and purchase of, multimillion pound entertainment and media assets, with a particular emphasis on music, television, film, sport, theatre and fashion, and on enabling technologies.

A former solicitor, David 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.

David has also been both an executive and a non-executive director of Entertainment Rights (now part of DreamWorks), the UK media business which was quoted on the Official List and which, during the period of his involvement, grew from a start-up to a market capitalisation of approximately £213 million, and subsequently to £380 million.

In 2004, David formed the Edge group of companies as a specialist investment and advisory business for the entertainment and media sector. At Edge, he brokered and advised clients on the sale and purchase of a range of entertainment and media related assets and businesses, before selling the advisory business in 2011 in order to concentrate on venture capital investing.

David is the founder of Edge Performance.

### *Charles Miller Smith (Chairman of Edge Investments)*

Charles is a senior business figure who has worked across a range of blue-chip businesses, in the UK and internationally. He was Finance Director of Unilever, CEO and then Chairman of ICI, Deputy Chairman and subsequently Chairman of Scottish Power, director of HSBC Holdings plc and an international adviser at Goldman Sachs International and senior adviser to Warburg Pincus. He is currently an independent director of Firstsource Solutions Limited, Chairman of Firstsource Solutions UK and Chairman of Pollen + Grace Limited.

### *Gordon Power (Director)*

Gordon has over 30 years of venture capital and private equity experience and is a private equity investor in his own right. He is a founding partner in a joint family office investment business that is focussed on creating a group of sustainable technology investment managers and who currently manage US \$1.2bn. Prior to this, he founded and was CEO of the private equity business, ProVen Private Equity (now renamed Beringea) which specialised in media and intellectual property rights investments and managed US \$370m.

*Harvey Goldsmith CBE (Director)*

Harvey 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. Harvey was the instigator and producer of the Led Zeppelin reunion concert at the O2 Arena in London in December 2007. From 2008 until 2012, he managed Grammy award-winning guitarist, Jeff Beck. Harvey is Chairman of The British Music Experience, which has recently re-located to Liverpool. Harvey was the co-producer of the legendary film composer Hans Zimmer's 2017 world tour.

*Steven Carle (Chief Investment Officer)*

Steve is a 26-year veteran of the UK private equity industry, with a focus on investing in small and medium enterprises. After completing a law degree at Edinburgh University, in 1991 Steve joined 3i plc where he worked for 8 years in their Edinburgh and Cambridge teams. In 1999, he moved to LDC (the private equity arm of Lloyds Banking Group) where he was a senior director during the time when LDC grew to become the leading UK mid-market private equity investor. In the course of his career with 3i and LDC, Steve completed more than 35 mid-market investments, acquisitions and disposals, investing more than £150m in deals with aggregate enterprise values in excess of £500m. Steve left LDC at the end of 2010. After five years spent investing in and advising growing companies on a personal basis, he joined the Investment Manager in 2015.

*Ken Okoroafor ACA (CFO of Edge Investments)*

Ken began his career at Mazars where he trained as a chartered accountant, working on clients in the media and entertainment, hospitality and financial services industries. In 2009, he joined Octopus Investments at its high growth phase as a Management Accountant, and subsequently worked at Global Prime Partners as Head of Finance, helping to implement strategy and grow the business substantially over a five year period. Prior to joining Edge, Ken worked as the UK Finance Director for SEI Investments, an asset manager and innovator in the wealth management industry. Ken holds a first-class honours degree in Economics and Accountancy from City, University of London and an MBA from the University of Cambridge. He joined the Investment Manager in 2017.

*David Fisher (Investment Director)*

Although David Fisher is not a member of the Investment Manager's investment team which manages Edge Performance, he is a member of the investment team which manages Edge Creative Enterprise Fund. As a consequence of the co-investment arrangement between the Company and Edge Creative Enterprise Fund described on page 8, therefore, he is involved in the making and management of certain investments which the Company has already made and will make in the future.

David has over 20 years' experience in consulting, corporate finance, private equity, venture capital and VCTs, including investing in innovative UK companies in media and media technology. Between 1993 and 2000, he worked in strategy consulting and corporate finance at Deloitte and KPMG, following which he moved into venture capital fund management at Elderstreet Investments, where he invested in a range of technology, services, telecoms and new media companies. In 2004, he joined the South East Growth Fund, where he invested in similar small enterprises, including businesses in areas such as embedded advertising in video and mobile content management for the music industry. He joined the Investment Manager in 2010.

### *The 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 Investment Manager.

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

Sir Robin was formerly Chief Executive (1985-98 and 2001-03) and Chairman (1998-2001) of Emap plc, a leading international media group in consumer and trade publishing, commercial radio, music TV channels and events. In 2003, Sir Robin became senior media adviser to HgCapital and was involved in the successful disposal of Boosey & Hawkes and Clarion Events Limited. He was previously a non-executive director of Channel Four Television (1999-2006), and was Chairman of their New Business Board. He was non-executive Chairman of the HMV Group (2004-2005), senior non-executive director at Mecom Group plc (2005-2009), Chairman of Entertainment Rights plc (2008-2009), and Setanta Sports Holdings Limited in 2009. Sir Robin is currently also non-executive Chairman of Brave Bison Group plc and a non-executive director of Premier Sports Holdings, Gemini Network Media, Crash Media Group, Digital Group Limited, Gruppo Media Limited, Bikesportnews.com and a Trustee of the Golf Foundation.

#### *Lord Flight*

Lord Flight has worked in the financial services industry for over 40 years and co-founded Guinness Flight Global Asset Management in 1986. In 1998, upon Guinness Flight's acquisition by Investec, he became Joint Chairman of Investec Asset Management Limited. He was the MP for Arundel and South Downs from 1997 to 2005; was Shadow Chief Secretary to the Treasury between 2000 and 2004 and a member of the Shadow Cabinet. He was appointed to the House of Lords in January 2011. He is Chairman of the EIS Association, Investment Trust Aurora and of Flight & Partners; he is a non-executive director of Metro Bank plc, Marechale Capital Limited, Investec Asset Management Limited and of a number of other companies in the financial services sector. He is also a Commissioner of the Guernsey Financial Services Commission and was a member of the House of Lords EU Finance and Economics Committee from 2010 to 2015.

#### *Terry Back*

Terry Back is a media asset specialist and former partner-in-charge of Grant Thornton's Media and Entertainment sector group, which he founded in 1994. Terry was a member of the Grant Thornton UK non-executive board, a member of the Grant Thornton International non-executive board, and Global Head of Industries at Grant Thornton International. Having stepped down from his role at Grant Thornton, he remains a consultant to the wider media industry and a non-executive director of a number of private companies in the sector.

#### *David Glick*

See biography above.

## **Other information**

### *Non-qualifying Investments*

Under current VCT legislation, the Company is able to have up to 30% by VCT Value 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 H Share Fund, in appropriate Non-qualifying Investments which remain permitted following recent changes to VCT Rules.

### *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 and other income from investments, cash deposits and dividends and that its principal outflows will arise in relation to investments and operating expenses.

### *Management fees and expenses*

Edge Investments was first appointed as the investment manager of Edge Performance on 3 February 2006. The agreement between the Company and the Investment Manager has been renewed on a number of occasions, most recently on 8 November 2013, with that most recent agreement being varied in part in August 2016 and October 2017 (the **Investment Management Agreement**).

Under the terms of the Investment Management Agreement, Edge Investments will manage the H Share Fund for an initial period ending on 11 April 2019, and continuing thereafter until terminated on 12 months' written notice, but subject to the requirement that any notice of termination must be given at the same time in respect of all Share Funds.

The Investment Manager is paid an annual management fee of 2.25% of the net asset value of the H Share Fund. The Investment Manager may also be entitled to a performance fee, which is described below.

The total annual operating expenses of the Company (including the Investment Manager's annual fees described above, but excluding performance fees, irrecoverable VAT and trail commission to intermediaries) are capped by the Investment Manager at 3.75% of the net asset value of the Company.

On 18 February 2013, the Company and the Investment Manager entered into a separate agreement, under which the Investment Manager provides the Company with additional administration and support for an initial period ending on 31 May 2018, and continuing thereafter until terminated on 12 months' written notice. Under the terms of that administrative services agreement, the Investment Manager is currently entitled to an annual administration fee across all Share Funds; for the year ending 28 February 2018, the proportion of that fee allocated to the H Share Fund is expected to be approximately £46,300. The amount of that fee is adjusted annually in accordance with RPI.

### *Performance fees*

In respect of the H Share Fund, the Investment Manager will receive a performance fee equal to 19% of the Net Asset Value per H Share in excess of £1.00, payable once and for so long as cumulative Dividends paid or declared equal or exceed an average of 7p per H Share per annum, and a performance fee equal to 29% of the Net Asset Value per H Share in excess of £1.00, payable once and for so long as cumulative Dividends paid or declared equal or exceed an average of 14p per H Share per annum.

In respect of share buy-backs undertaken in relation to some, but not all, Shareholders, the Investment Manager will be entitled to a performance fee in respect of such distributions; however, the cost of such fee will only be borne by those Shareholders participating in the share buy-backs.

In respect of the H Share Fund, the Chairman of the Company, Sir Robin Miller, will be entitled to receive a performance fee of 1% calculated on the same basis as the Investment Manager's performance fee, to align his interests with those of the H Shareholders.

To date, no performance fee has been paid to the Investment Manager or to the Chairman of the Company in respect of the H Share Fund.

### *Life of the H Share Fund*

As an "evergreen" fund, the H Share Fund is not anticipated to have a defined lifespan.

### *VCT status monitoring*

Philip Hare & Associates LLP is retained by the Company to advise on compliance with the tax requirements relating to VCTs. Philip Hare & Associates LLP will, if requested by the Investment Manager or the Board, review the qualifying status of new investment opportunities and carry out regular reviews of the Company's investment portfolio, to ensure continued compliance with VCT Rules.

### *Shareholder communication and Net Asset Values*

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 in October unaudited half-yearly reports made up to 31 August in each year. These accounts are also made available on the Company's website at [www.edge.uk.com](http://www.edge.uk.com).

The Net Asset Value of each class of Share is calculated by the Board on a quarterly basis, in accordance with the Company's accounting and valuation policies. Investments may, at the discretion of the Board, be re-valued in accordance with the Company's accounting and valuation policies on the occurrence of a material event relating to an investment. Any significant change in the Net Asset Value of each class of Share will be announced as soon as reasonably practicable through a Regulatory Information Service.

## PART 3 – THE CREATIVE INDUSTRIES SECTOR

### The building blocks of the sector

The Department for Digital, Culture, Media and Sport (**DCMS**) defines the creative industries as “those industries which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property.”<sup>2</sup> It is specifically these industries which are the target market for Edge Performance.

The creative industries sector includes businesses in music, television, radio, film, fashion design, video games, live entertainment, branded content, advertising, merchandising, visual arts, computer games, video, software, publishing and photography. And yet, for all of the sector’s diversity, the key aspect which these businesses have in common is the creation, acquisition, management and commercial exploitation of intellectual property.

Intellectual property is the collective name given to a number of rights created by law, such as copyright, trademarks, design rights and patents. The creative industries are founded on the business model of licensing intellectual property to others for specific activities, amounts of time and/or geographical locations. This is a business model which those less well-versed in the sector may not fully understand, but with which the Investment Manager and the Board are very familiar.

### The size of the sector

The creative industries are a success story, playing a key role in the UK’s economic recovery. They contributed £91.8bn in gross value added (**GVA**) in 2016, representing 5.3% of the UK economy<sup>3</sup>. Between 2010 and 2016, the creative industries grew by 44.8% – faster than any other sector, and faster than the UK as a whole (UK GVA growth over the same period was 22.7%)<sup>4</sup>.

The creative industries have also outperformed other sectors in terms of employment growth: between 2011 and 2016, employment in the sector increased by 25.4% (approximately 400,000 jobs) compared to a national average of 7.6%<sup>5</sup>.

The sector is also a net exporter of services, generating a surplus of £11.3 billion in 2015<sup>6</sup>. Based on current trends, the creative industries could deliver close to £130 billion GVA by 2025<sup>7</sup> and approximately one million new jobs could be created by 2030<sup>8</sup>. Jobs in the creative category are highly resistant to automation, with an estimated 87% of workers in the sector in the UK at low or no risk<sup>9</sup>. This means that the share of the overall UK economy and workforce represented by the sector is likely to rise steadily in coming years.

The creative industries are also enablers to other industries. Not only is there significant overlap between the creative and digital sectors (for instance the IT, software and games sub-sector contributes almost 40% of the GVA of the creative industries<sup>10</sup>) but the wider creative economy – industries which include creative roles – also has a far larger footprint.

The importance of this sector is underscored when looked at through a number of lenses: the creative industries will grow as a proportion of the economy in decades to come; creative occupations foster growth and greater productivity in other economic sectors; and these industries deliver additional cultural benefits both at home and abroad.

While the sector includes many major multi-national businesses, it is also characterised by a substantial number of smaller businesses. In October 2017, the Office for National Statistics indicated that there are approaching 170,400 businesses in the creative industries sector in the UK, of which some 90% are small and medium-sized enterprises (**SMEs**)<sup>11</sup>.

### The impact of technology

The creative industries are particularly well-placed to capitalise on this: with one press of a button, a song, a book, a TV programme, a film, a computer game or a photograph can be made available to every person on the planet who has access to the internet. The same cannot be said of an industry sector which is based on tangible goods; whilst tangible goods can be purchased online, they cannot be delivered to the consumer by the internet.

<sup>2</sup> Creative Industries Mapping Documents (DCMS, 2001)

<sup>3</sup> Sector Economic Estimates (DCMS, 2016)

<sup>4</sup> Sector Economic Estimates (DCMS, 2016)

<sup>5</sup> Sector Economic Estimates (DCMS, 2017)

<sup>6</sup> Sector Economic Estimates (DCMS, 2017)

<sup>7</sup> Linear forecast based on Economic Estimates (DCMS, 2016)

<sup>8</sup> Linear forecast of job growth from ONS labour statistics, 2016

<sup>9</sup> Bakhshi, Frey & Osborne: ‘Creativity vs. Robots – The Creative Economy and the Future of Employment’ (Nesta, 2015)

<sup>10</sup> Sir Peter Bazalgette - independent review of the creative industries for DCMS (September 2017)

<sup>11</sup> Office of National Statistics: ‘UK business: activity, size and location’ (October 2017)



Ofcom reports that 25.3 million UK households now have fixed broadband access, of which 10.8 million connections are superfast<sup>12</sup>. In addition, mobile technology has changed the way people interact with media, with 66% of UK consumers now accessing the internet on a mobile device<sup>13</sup>. This uptake has resulted in a significant change to the advertising market; in 2016, internet advertising expenditure exceeded TV advertising expenditure for the first time<sup>14</sup>.

The digital revolution can pose a threat to some parts of the creative industries sector, as is evident from the extent to which record companies and music publishing companies have suffered from online music piracy in the last decade. However, the Investment Manager and the Board believe that, if harnessed correctly, new technology can be a significant force for good for the sector. Whilst, as noted above, the overall entertainment and media market in the UK is expected to grow by more than 3%, year on year, for the next four years<sup>15</sup>, the digital entertainment and media market is forecast to grow by some 5.8%, year on year, over that same period, accounting for 60% of all spend in the sector<sup>16</sup>.

Although live television remains the most popular means of watching TV in the UK, the amount of time spent watching live is decreasing, as catch-up and streaming services gain an ever-stronger foothold; in 2016, 63% of UK adults accessed the BBC's catch-up service, iPlayer, whilst 31% and 20% of UK adults watched programmes on Netflix and Amazon Video respectively<sup>17</sup>.

Digital services now account for more than 60% of total music consumption in the UK<sup>18</sup>, and the increasing penetration of music streaming services contributed to an increase of 9.5% of paid-for music consumption in 2017<sup>19</sup>.

### The UK in the global marketplace

It is the view of the Investment Manager and the Board that, when it comes to the creative industries, the UK 'punches above its weight'.

Decades before the emergence of digital technologies, British creators were making their mark on the world. However, British creators have equally had a significant impact on the digital era itself, including the creator of the internet, and the principal designer of the iPod, the iPhone and the iPad.

DCMS estimates that the creative industries account for almost 17% of the UK's total exports of services<sup>20</sup>. UK TV production companies' earnings from international sales grew to £991 million in 2015/16, accounting for almost a third of the industry's total value<sup>21</sup>. 1 in every 8 artist albums sold around the world in 2016 was by a British act<sup>22</sup>.

The English language is a natural advantage to the sector, as English-speaking countries account for more than 35% of global gross domestic product, almost three times the next most significant bloc, and English is the language of the world's most valuable market for creative content, the United States<sup>23</sup>.

The UK is one of only three countries in the world that is a net exporter of music (with the United States and Sweden) and is Europe's second largest market for online and mobile advertising and the fourth highest grossing globally<sup>24</sup>. Fifteen of the top 50 global box office films of all time are based on the works of British novelists<sup>25</sup>.

These factors combine to provide a fertile framework in which the UK's creative industries can flourish, and which, in the Investment Manager's and Board's view, should continue to provide many and varied opportunities for investment.

<sup>12</sup> Ofcom: The Communications Market Report (August 2017)

<sup>13</sup> Ofcom: The Communications Market Report (August 2017)

<sup>14</sup> PWC: Entertainment & Media Outlook 2017-2021

<sup>15</sup> PWC: Entertainment & Media Outlook 2017-2021

<sup>16</sup> PWC: Entertainment & Media Outlook 2017-2021

<sup>17</sup> Ofcom: The Communications Market Report (August 2017)

<sup>18</sup> BPI 2017 Yearbook

<sup>19</sup> BPI report, January 2018

<sup>20</sup> Sector Economic Estimates (DCMS, 2017)

<sup>21</sup> PACT: UK Television Production Survey Financial Census 2016

<sup>22</sup> BPI 2017 Yearbook

<sup>23</sup> International Monetary Fund Global Data

<sup>24</sup> PWC: Entertainment & Media Outlook 2017-2021

<sup>25</sup> <http://boxofficemojo.com/alltime/world/>

### Why invest in small- and medium-sized companies in the creative industries sector?

- Speed to market advantage  
SMEs which are typically close to their markets will continue to be the wellspring of creative content in many areas of the sector, identifying opportunities that fall beneath the major companies' radars, and moving quickly enough to capture market opportunities.
- Scaleable revenues  
SMEs can typically produce entertainment and media content relatively cheaply at a local level which retains the potential for global distribution and the opportunity to be sold many times over.
- Natural exit route  
It has long been a feature of the sector 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 models. This often leads to the larger established companies acquiring smaller independent companies as they seek to access new and faster growing revenue streams.

The Investment Manager, therefore, believes that the conditions for the creative industries sector in the UK remain positive and continue to provide an attractive context for investment.

## PART 4 – THE EXISTING H SHARE FUND PORTFOLIO

As at the date of this Offer Document, the Company has made the following investments from the H Share Fund:

### Coolabi Group Limited

Cost of H Share Fund's investment (£'000)	803
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)	1,352
Basis of valuation	Market multiple
Date of H Share Fund's first investment	July 2012

Coolabi Group specialises in children's and family entertainment, with its business now spanning TV production, brand management and licensing, books and video games. At the heart of Coolabi's business strategy is the aim of establishing each of its properties through one media channel (such as TV or books), and then developing that property into a brand which is commercially exploited across a number of different geographic territories and media channels; those further channels include video games, films, toys and merchandise.

The past few months have seen a great deal of activity for the brands and assets in Coolabi's portfolio: in September 2017, CBeebies began broadcasting the new second series of BAFTA-award winning *Clangers* which remains on top of the CBeebies viewing ratings. In October 2017, CBBC began broadcasting 10 new episodes of *Scream Street*, which also won the prestigious El Chupete award for Best Animated Series in 2017. Meanwhile in the book business, the latest *Warriors* instalment entered the New York Times Children's Series bestseller list again in November. Chinese e-commerce giant Alibaba have an option over the film rights to the *Warriors* series, and have announced David Heyman (producer of the Harry Potter films) as the producer attached to the project. The Alibaba option is the first of several very interesting opportunities for Coolabi emerging from China and the wider Asian region.

As a consequence of developments such as these, the Investment Manager believes that the prospects for Coolabi remain strong, with projected future growth in the company's revenue and profits. Moreover, Coolabi has recently announced that it has secured £11 million in total of new banking facilities which will fund its growth strategy, potentially including acquisitions.

### deltaDNA Limited

Cost of H Share Fund's investment (£'000)	1,000
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)	1,000
Basis of valuation	Discounted third party price
Date of H Share Fund's first investment	November 2014

deltaDNA provides an analytics platform which enables free to play mobile games companies (including one of the world's largest game titles) to maximise player retention and thereby increase revenues. The business also offers consultancy services around use of the analytics platform and analytics in general. Industry feedback continues to suggest that deltaDNA's technology is best of breed, and the signs are currently positive that this is being converted into achieved sales and cashflow generation. The outlook for 2018 sees continued improvement in the company's trading position, including the potential for a number of new contracts to be signed in relation to major new games launches in the course of the year.

### Intent HQ Holdings Limited

Cost of H Share Fund's investment (£'000)	161
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)	182
Basis of valuation	Third party price
Date of H Share Fund's first investment	January 2014

Intent HQ's technology seeks to provide an important missing link in online and mobile marketing and advertising - a highly predictive human profile on consumers. Intent HQ's SaaS (software as a service) based deep-learning technology incorporates the next generation of artificial intelligence. Using machine-learning, its unique technology can "understand" text in almost any language, accurately extract a consumer's interests and make human-like predictions on what will interest the consumer. For each consumer who uses a website, app or service to which Intent HQ's software is applied, the software returns an always-current, highly granular, ranked and weighted set of that person's interests and affinities. This means that Intent HQ's customers can enable one-to-one personalisation of their offers and content, and this information can be used to enhance the commercial value of the visitor through greater user engagement, more effective content marketing and higher value advertising.

Intent HQ's technology has repeatedly been validated through customer trials which have demonstrated that the technology works, and the prospects of contracting an increasing number of customers in the near future remain encouraging.

### Mirriad Advertising plc

Cost of H Share Fund's investment (£'000)	470
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)	962
Basis of valuation	Third party price
Date of H Share Fund's first investment	May 2015

Mirriad's proprietary technology enables advertisements, brands and products to be inserted into finished TV and other audio-visual programming, including catalogue programmes, in such a way that it appears not to be advertising at all, but rather a part of the programme. It does this digitally, at scale, at the point of transmission rather than when the programme is made. This allows the advertising to be targeted by geography or demographic, as it can be different in each transmission and changed as often as required. The market for such "native advertising" is predicted to grow rapidly as consumers increasingly skip conventional forms of audio-visual advertising. Historic complexities in bringing together the three components required, namely distributors (such as television broadcasters or online channels), programme content owners (such as television producers) and advertisers and brands continue. Since inception the company has concluded key strategic deals with the likes of RTL, ProSieben, Channel 5, 7 Network, Universal Music, Sony, Vevo, YouTube and Youku (China's equivalent of YouTube) and with major advertising agencies HAVAS and Cheil. Most recently, the business has made headlines by virtue of its working directly with Chinese technology giant Alibaba, through its deal with Youku. If Mirriad is able to improve execution on existing deals, and convert its pipeline, the Investment Manager believes that the company could be capable of achieving substantial growth.

In December 2017, Mirriad was admitted to AIM, raising £25.4 million of new capital in the process. This new funding should accelerate the growth of the business, while the fact that it is now a listed stock should enable Edge Performance to exercise more control over the timing of the disposal of its holding in Mirriad.

### Newsflare Limited

Cost of H Share Fund's investment (£'000)	144
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)	144
Basis of valuation	Cost of investment
Date of H Share Fund's first investment	November 2016

Newsflare operates in the market for curated user-generated content (**UGC**) video which is used by third party organisations to generate revenue. Users of the UGC deploy it:

- to attract consumers to websites
- to sell digital advertising around the video
- in traditional advertising or in professionally produced television shows.

Consumer demand for UGC is expanding rapidly. Whether via a mobile, tablet, personal computer or television, people are spending more and more time watching video. The availability of UGC and its attractiveness to consumers as an entertainment and information medium has resulted in a newly emergent market that Newsflare is exploiting. This market has the potential to grow rapidly as new channels to market emerge including global social media players.

Developments in 2018 will include the company setting up a permanent presence in the USA, which is already a strongly growing geographic market for the business. Management believes that this physical presence will contribute materially to the ongoing growth of the company.

Edge Performance invested in Newsflare pursuant to its co-investment arrangements with Edge Creative Enterprise Fund, described on page 8.

### audioBoom plc

Cost of H Share Fund's investment (£'000)	500
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)*	380
Basis of valuation	Closing bid price on 31 August 2017
Date of H Share Fund's first investment	April 2017

\* In accordance with the Company's valuation policy and IPEVC Guidelines, this holding was valued as at 31 August 2017 based on the closing bid price on 31 August 2017 (1.9p per share). The closing bid price on 12 January 2018 was 3.5p per share, which would result in an adjusted valuation of the Company's holding as at the date of this Offer Document of £700,000.

AIM-listed audioBoom has developed a cloud-based, software as a service (SaaS) platform which enables the creation, broadcast and syndication of digital audio content (i.e. podcasts) across multiple devices, networks and geographies. audioBoom has also created several of its own successful digital properties. It was one of the first movers in spoken word and hence has been able to sign up numerous leading content creators and can offer a comprehensive service as well as cross-promoting its podcasts.

In its most recent announcement for its third quarter, audioBoom showed 329% growth in revenues compared to the same quarter the year before, and 32% growth over the previous quarter. This growth is a consequence of advertisers realising that, compared to the market average, podcast users are typically higher educated and with a consequently higher disposable income which makes them an attractive segment were it not for the fact that they are otherwise more difficult to reach. With 90 million unique users in its third quarter (up 11% quarter-on-quarter), audioBoom is strongly placed to take advantage of this demographic. The company's brokers retain a "fair value" view of the shares at 7.5p each (Edge Performance's cost of investment was 2.5p per share)

### Antidote Productions Limited

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Cost of H Share Fund's investment (£'000)	45
Value of H Share Fund's investment as at 31 August 2017 (unaudited) (£'000)	45
Basis of valuation	Cost of investment
Date of H Share Fund's first investment	November 2017

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Antidote is an independent TV production company, producing programmes for a range of customers in the factual genre. It is a fast-growing company in a sector which continues to see a high level of merger and acquisition activity. The team is capable and hard-working, and extremely focused on growth.

The pipeline of programme opportunities remains strong, and the company also has a high profile *Panorama* commission currently in production. A new chairman of the company, Martha Brass, who until recently was CEO, International Operations of Endemol Shine, took up her position at the start of January 2018; the appointment of such a high calibre individual is seen as strong endorsement of the company, its team and market offering.

Edge Performance invested in Antidote pursuant to its co-investment arrangements with Edge Creative Enterprise Fund, described on page 8.

## PART 5 – INFORMATION RELATING TO THE H SHARES AND THE OFFER

### H Share Offer

2 million New H Shares are being offered at a price per New H Share equal to the Net Asset Value per H Share most recently published prior to the date of allotment of the relevant New H Shares (the “applicable Net Asset Value per H Share”), divided by 0.95 (rounded up to the nearest 0.01p). The Offer Price will be announced through a Regulatory Information Service on the next Business Day following each allotment and issue of New H Shares.

The Offer is being made to raise funds for the Company to invest in businesses in the creative industries sector. The Board believes that the increased number of Shares in issue following the Offer may in due course improve the liquidity in the market for its Shares. In addition, the increased capital base of the Company would allow the operating costs to be spread across a larger number of Shares which should cause the total expense ratio to fall.

It is intended that funds raised by the Offer will be invested in accordance with the Company’s published investment policy. The H Share Fund will continue to be administered as a separate investment pool from the I Share Fund. The Offer is not being underwritten.

### How to invest

Application Forms in respect of the Offer are included at the end of this Offer Document. The minimum investment is £5,000 and applications in excess of that amount should be made in multiples of £1,000. Although there is no maximum size of investment, VCT tax reliefs are available on a maximum investment of £200,000 per individual in any one tax year.

### Category of potential Investors

The Directors believe that the typical investor for whom the Offer is designed is a UK income tax payer 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 in Part 7 of this Offer Document, considers the investment policy of the Company to be attractive. This may include retail and sophisticated investors and high net worth individuals who already have a portfolio of non-VCT investments and who are willing to invest over the medium to long term (and who have sufficient resources to bear any loss which may result from such an investment).

### Costs and expenses of the Offer

The Company has agreed to pay the Investment Manager an initial offer fee of 5% of the gross funds raised under the Offer and an annual fee equal to 0.25% per annum of the gross funds raised under the Offer, for a period of four years. If 2 million New H Shares are issued under the Offer at the Offer Price, the total costs and expenses payable by the Company will be £75,528, all being fees payable to the Investment Manager (including annual fees) assuming, as above, that the Offer Price is 62.94p per New H Share. From this fee, the Investment Manager will meet all costs and expenses of the Offer. If the fixed costs of the Offer are no more than £70,000, any costs and expenses of the Offer in excess of 5% of the gross funds raised under the Offer will be borne in equal proportions by the Company and the Investment Manager; if the fixed costs of the Offer are greater than £70,000, all costs and expenses of the Offer will be borne by the Investment Manager.

The costs and expenses of the Offer include, as applicable, (i) all commission to authorised financial intermediary firms described below; (ii) the cost of Waiver Shares issued where the financial intermediary firm elects to waive some or all of its initial commission; and (iii) the cost of Additional New H Shares issued where the financial intermediary firm is not permitted under FCA Rules to receive commission.

Interest earned on subscriptions pending allotment will be paid to the Company following allotment.

Investors participating in the Offer will effectively bear the initial offer fee of 5% of the gross funds payable to the Investment Manager, as the Offer Price will be at a premium to the latest published Net Asset Value per H Share.

The Investment Manager will meet the costs of intermediary firms’ trail commission from the 0.25% annual fee referred to above.

## Financial Intermediaries

### *Initial commission*

The initial costs of the Offer include an initial commission to authorised financial intermediary firms (where permitted by the FCA Rules) of 2.25% of the amounts invested by their clients in successful subscriptions under the Offer.

### *Trail commission*

The Investment Manager will also pay trail commission to authorised financial intermediary firms (where permitted by the FCA Rules) at the rate of 0.25% per annum of the amounts invested by their clients under the Offer for up to four years on successful applications which are submitted through them and in respect of which the Investor continues to hold New H Shares as at 30 April in each year. The first payment of trail commission in respect of the New H Shares is expected to be made in June 2019 in respect of the period ending 30 April 2019. The final payment of trail commission in respect of the New H Shares is expected to be made in June 2022 in respect of the period ending 30 April 2022. The entitlement to trail commission will belong to the financial intermediary firm through which the successful application is received and not to any individual financial adviser nor to any financial intermediary firm who may subsequently employ or engage such individual adviser, nor to any financial intermediary firm instructed by an Investor after the date on which New H Shares are allotted and issued to the Investor under the Offer.

### *Waiver of commission*

Financial intermediary firms may elect to waive some or all of the initial commission otherwise payable to them, in which case Waiver Shares to the value of that waived initial commission will be issued to the relevant Applicant. The number of such Waiver Shares will be calculated based on the Offer Price (discounted, if applicable, by virtue of the Early Application Incentives) and will be rounded down to the nearest whole number of Waiver Shares.

### *FCA Rules*

The FCA Rules, and in particular Rule 6 of the FCA's Conduct of Business Sourcebook, state that, where a financial intermediary firm gives advice to a retail client after 30 December 2012, that firm may only be remunerated for that advice through 'adviser charges' and may not receive commission. A retail client is defined in the FCA Rules as anyone who is not an eligible counterparty or a professional client (within the meaning of MiFID). Financial intermediary firms should note that the Application Form therefore requires them to certify to Edge Performance that they are permitted by FCA Rules (and in particular by Rule 6 of the FCA's Conduct of Business Sourcebook) to receive commission in respect of the relevant application. If Section IFA 2 of the Application Form is not signed by an authorised signatory of the intermediary firm, Edge Performance or the Investment Manager (as applicable) will not be able to pay commission or to issue Waiver Shares in respect of waived commission.

In instances of successful applications under the Offer introduced by a financial intermediary firm which is not permitted, by virtue of the FCA Rules, to receive introductory commission, the Company will issue the Applicant with Additional New H Shares, to the value of 3.25% of the amount invested (rounded down to the nearest whole number of Additional New H Shares); the Offer Price of those Additional New H Shares will be calculated based on the Offer Price (discounted, if applicable, by virtue of the Early Application Incentives).

Where a financial intermediary firm is not permitted, by virtue of the FCA Rules, to receive introductory commission, if the firm wishes the Company to facilitate the payment of that intermediary's initial adviser charges by means of a one-off payment, the firm should contact the Receiving Agent, The City Partnership (UK) Limited, on 0131 243 7210 in the first instance. Applicants and their financial advisers should note that, if the Company agrees to facilitate any such payment, the amount of those charges will be deducted from the payment received by the Company from the Applicant, so that only the net payment received, after deduction of the adviser charges, will be applied in subscription for New H Shares), and that initial income tax relief may only be claimed on the amount of that net payment.



## Timetable

The Offer will remain open for subscription until 5.00 pm on 5 April 2018.

The Offer may close before that date if the Maximum Subscription of the Offer is achieved before that date; furthermore, the Directors may close the Offer on an earlier date, in their absolute discretion.

It is expected that the New H Shares to be issued pursuant to the Offer will be admitted to the premium segment of the Official List and to trading on the main market of the London Stock Exchange and dealings will commence within 20 Business Days after the relevant allotment date.

## Early Application Incentives

Successful early applications for New H Shares which are received by the Company by 2 March 2018 will receive the following discounts.

### Applications received on or before 9 February 2018:

- *Existing Investors*

The issue price of all New H Shares issued in respect of an application made by, or on behalf of, an Existing Investor, including where applicable all Waiver Shares and Additional New H Shares, will be discounted by 5% from the Offer Price (and rounded up to the nearest 0.01p); and

- *New Investors*

The issue price of all New H Shares issued in respect of an application made by, or on behalf of, a New Investor, including where applicable all Waiver Shares and Additional New H Shares, will be discounted by 3% from the Offer Price (and rounded up to the nearest 0.01p).

### Applications received after 9 February 2018 but on or before 2 March 2018:

- *Existing Investors*

The issue price of all New H Shares issued in respect of an application made by, or on behalf of, an Existing Investor, including where applicable all Waiver Shares and Additional New H Shares, will be discounted by 3.5% from the Offer Price (and rounded up to the nearest 0.01p); and

- *New Investors*

The issue price of all New H Shares issued in respect of an application made by, or on behalf of, a New Investor, including where applicable all Waiver Shares and Additional New H Shares, will be discounted by 1.5% from the Offer Price (and rounded up to the nearest 0.01p).

By way only of an illustration, assuming that the Offer Price is 62.94p per New H Share, if an Existing Investor's successful application is received by the Company by 9 February 2018, the issue price of all New H Shares issued to that Existing Investor in relation to that application will be 59.80p per New H Share.

## Application procedure

The Directors in their absolute discretion will determine the basis of allocation of the New H Shares but expect to allocate on a first come/first served basis. 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.

Two versions of an Application Form are included at the end of this Offer Document, together with notes on their completion. The **green** version of the Application Form is to be used where the Investor is applying in his or her own name. The **grey** version of the Application Form is to be used where a Nominee is applying on behalf of an Investor.

**Applications using the incorrect version of the Application Form will be rejected.**

Applicants under the Offer must specify a fixed sum in sterling, being the aggregate subscription for the New H Shares for which they wish to apply at the Offer Price. The minimum investment per Investor is £5,000 and applications in excess of that amount should be made in multiples of £1,000. There is no maximum investment per Investor. 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 so as to be received by no later than 5.00 pm on 5 April 2018 (or such other date as may be determined by the Directors). 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 "City Partnership – Edge H Share Offer" 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 in Part 9 of this Offer Document.

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

### Admission to trading and dealing arrangements

The basis of allocation, including calculation of the Offer Price and the final amount of New H Shares to be allotted under the Offer, will be announced to the public through a Regulatory Information Service announcement.

Application will be made for Admission in respect of the New H Shares. It is expected that Admission will become effective and dealings in the New H Shares will commence within 20 Business Days of the relevant allotment and issue. No application is being made for the New H Shares to be admitted to listing or to be dealt in on any other exchange. Share certificates are expected to be despatched to each successful Applicant by post within 20 Business Days of each allotment and issue, unless the applicant has elected to have New H Shares issued direct into CREST. 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 Offer will not be revoked in respect of the New H Shares that have been admitted to the premium segment of the Official List and to trading on the London Stock Exchange.

The New H Shares will be in registered form capable of being transferred by means of the CREST system. Investors who wish to take advantage of the ability to trade in New H Shares in Uncertificated Form, and who have access to a CREST account, may arrange with their CREST operator to have their New H Shares issued directly to their CREST nominee or subsequently to convert their holdings into Uncertificated Form in CREST. Investors should be aware that New H Shares delivered in Certificated Form are likely to incur higher dealing costs than those in respect of New H Shares held in CREST. The Company's share register will be kept by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

## PART 6 – TAXATION

### 1. Introduction

- 1.1. The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident and ordinarily resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) who hold Shares as an investment rather than trading stock and who are the Beneficial Owners of those Shares.
- 1.2. The information contained in this Offer Document relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of Shareholders and potential Investors and is based upon the law and published practice currently in force and is subject to changes therein. All potential Investors, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

### 2. Tax position of Investors

#### 2.1. General

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.

#### 2.2. Income Tax

##### 2.2.1. *Relief on subscription*

An investor subscribing for shares in a VCT will be entitled to claim income tax relief on amounts invested 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 invested in the 2017/18 tax year, subject to a maximum amount which reduces the investor's income tax liability to nil.

##### 2.2.2. *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.

##### 2.2.3. *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.

#### 2.3. Capital Gains Tax

##### 2.3.1. *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.

##### 2.3.2. *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 2.3.1 above).

### 2.3.3. *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.

## 2.4. *Obtaining tax reliefs*

### 2.4.1. *Income tax relief*

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.

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.

### 2.4.2. *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.

### 2.4.3. *Loans*

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

### 2.4.4. *Linked sales*

If an investor subscribes for shares in a VCT within 6 months before or after selling any shares in that same VCT (or, in certain circumstances, a VCT which has merged with that VCT), or if there is a contractual link between the subscription and the disposal, the tax reliefs in relation to that subscription will apply only to the amount invested less the amount for which the shares are sold.

## 3. *Consequences of loss of VCT status*

### 3.1. *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. Should tax status be lost under section 274 of the Income Tax Act, the FCA will be notified as soon as possible and an announcement would be made using an approved Regulatory Information Service provider.

### 3.2. *For Qualifying Investors*

If VCT approval is lost 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.

### 3.3. *For Qualifying Investors and purchasers*

#### 3.3.1. *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.

#### 3.3.2. *Capital gains*

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.

## 4. 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.

### 4.1. 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:

- 4.1.1. each class of the VCT's ordinary share capital has been quoted on a regulated market in the European Union or the EEA;
- 4.1.2. the VCT's income has been derived wholly or mainly from shares or securities (including loans to companies with a five year or greater maturity period);
- 4.1.3. the VCT has not retained more than 15% of the income derived in that period from shares and securities;
- 4.1.4. not more than 15% by VCT Value of its total investments has been held in a single company or group (other than a VCT);
- 4.1.5. the VCT must not control the companies in which it invests in such a way as to render them subsidiary undertakings;
- 4.1.6. at least 70% (80% from 1 March 2020) by value of the VCT's investments are represented by shares or securities comprising Qualifying Holdings (see paragraph 4.2 below);
- 4.1.7. at least 70% (30% in the case of investments made from funds raised by a VCT before 6 April 2011 and invested before 6 April 2018) by VCT Value of the VCT's total Qualifying Holdings are represented by holdings of "eligible shares" (that is, ordinary shares with no preferential rights to capital on a winding up and no right to be redeemed, but which may have certain limited preferential rights to dividends);
- 4.1.8. the VCT has not made, and will not during the period make, an investment in a company which results in that company receiving more than £5 million (£10 million for investments in a "knowledge intensive company" made on or after 6 April 2018) in aggregate of relevant European State-aided investment in the period of 12 months ending on the date of the VCT's investment);
- 4.1.9. the VCT has not made, and will not during the period make, an investment in a company which results in that company receiving more than £12 million (£20 million for a "knowledge intensive company") in aggregate of relevant European State-aided investment;
- 4.1.10. the VCT has not made, and will not during the period make, an investment in a company whose first commercial sale was more than 7 years (10 years for a "knowledge intensive company") prior to the date of the VCT's investment, unless certain conditions are satisfied (see paragraph 4.2.6 below);
- 4.1.11. Non-qualifying Investments made by the VCT on or after 6 April 2016 may only be in (a) shares or securities listed on a regulated market, or (b) certain types of investment fund or in cash deposits in each case where the VCT may withdraw on giving no more than 7 days' notice; and
- 4.1.12. in respect of shares issued by a VCT after 5 April 2014, the VCT has not (other than for the purpose of redeeming or repurchasing shares), prior to the end of the third accounting period following the accounting period during which the shares are issued, made any payment to its shareholders which represents a repayment of share capital or of share premium, or used share capital to pay up new shares to be issued by the VCT.

### 4.2. Qualifying Holdings

- 4.2.1. 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.

- 4.2.2. At least 10% of the investment in a qualifying holding must be for eligible ordinary shares (although in the case of investments made from funds raised by a VCT after 5 April 2011, the requirement is that at least 10% of the investment in a Qualifying Holding must be for “eligible shares”, described in paragraph 4.1.7 above) and this minimum percentage must be maintained for qualifying status to be continued.
- 4.2.3. 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 £15 million immediately prior to the investment or £16 million immediately thereafter. Additionally, they must have fewer than 250 (500 for a “knowledge intensive company”) full time equivalent employees at the time of investment.
- 4.2.4. Companies whose securities are traded on AIM or NEX 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.
- 4.2.5. The investee company may not receive relevant European State-aided investment, in excess of £5 million (£10 million for a “knowledge intensive company for investments made on or after 6 April 2018) in aggregate in any consecutive 12 month period, nor a total of £12 million (£20 million for a “knowledge intensive company”).
- 4.2.6. The investee company's first commercial sale must be no more than 7 years (10 years for a “knowledge intensive company”) prior to the date of the VCT's investment, unless either (a) the investee company received relevant European State-aided investment during that 7 (or 10) year period, or (b) the amount invested by the VCT and all other European State-aid sources at the same time is at least 50% of the investee company's average annual turnover *and* the investment is to be used by the investee company to enter into a new market.
- 4.2.7. The company must employ the money invested (either directly or via a qualifying subsidiary - see 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.
- 4.2.8. An investment in an investee company will not be a Qualifying Holding if the shares or securities are issued by that company to the VCT in consequence of, or otherwise in connection with, “disqualifying arrangements”. Furthermore, an investment which is regarded as having certain elements of capital preservation will not be a Qualifying Holding.
- 4.3. **Qualifying trades and qualifying subsidiaries**
- 4.3.1. 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 of the investee company need not be carried on wholly or mainly in the UK provided that the company in which the investment is made has a permanent establishment in the UK.
- 4.3.2. Certain trades (for example, dealing in land or shares or providing financial services) are excluded.
- 4.3.3. 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.
- 4.3.4. Companies in which an investment is made, or a relevant qualifying subsidiary, must spend 100% of the money invested within 24 months of the date of the investment, or, if later, within 24 months after the company commences trading. 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.
- 4.3.5. The investee company shares may not use the VCT's investment to acquire shares in another company, to acquire another trade or business, or to acquire goodwill or other intangible assets previously used in connection with another trade or business.

#### 4.4. Withdrawal of approval

Approval of a VCT may be withdrawn if the conditions set out in paragraph 4.1 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 for Investors of approval being withdrawn or being deemed never to have been given are set out in paragraphs 3.2 and 3.3 above.

#### 4.5. UK withholding tax on dividends

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

### 5. Future changes

The summary set out in this Part 6 is based on the law in force as at the date of this Offer Document, but also reflects those changes to VCT Rules which are anticipated to come into effect when the Finance (No. 2) Bill 2017-19 receives Royal Assent and which are relevant to the Existing H Shares and the New H Shares to be issued under the Offer.

## PART 7 – RISK FACTORS

As a prospective Investor, there are a number of risk factors of which you should be aware before investing in the New H Shares. Prospective Investors should read the whole of this Offer Document and not rely solely on the information in this section entitled “Risk Factors”. The business and financial condition of the Company could be adversely affected if any of the following risks were to occur and as a result the trading price of the New H Shares could decline, and Investors could lose part or all of their investment.

The profile of a typical investor for whom New H Shares are designed is a retail investor, who is a UK income taxpayer aged 18 or over with an investment range between £5,000 and £200,000 and who is looking for exposure to unquoted companies.

The Directors consider the following risks to be material for potential Investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in order of priority. Additional risks and uncertainties currently unknown to the Company (such as changes in legal, regulatory or tax requirements), or which the Company currently believes are immaterial, may also have a materially adverse effect on its financial condition or prospects or the trading price of the New H Shares.

### General

A subscription for New H Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). Such an investment should be seen as long-term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

The value of the H Shares, and the income derived from them, may go down as well as up. Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in law, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the value of the H Shares and, therefore, the H Share Fund's performance and prospects.

The past performance of the Company and of other investments managed or advised by the Investment Manager is not a guide to the future performance of the New H Shares.

Before deciding to invest under the Offer, potential Investors are advised to familiarise themselves with the performance of other funds managed by the Investment Manager, including that of the I Share Fund. Full information on the performance of the I Share Fund is provided in the Company's successive annual and half-yearly reports and financial statements which are available from the Company's website at [www.edge.uk.com](http://www.edge.uk.com).

New H Shares may trade at a discount to Net Asset Value

The Net Asset Value of the H Shares will reflect the values and performance of the underlying assets in the H Share Fund's portfolio. The value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult and may take considerable time.

Although it is anticipated that the New H Shares will be admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market for the H Shares as there is a limited secondary market for VCT shares and Investors may find it difficult to realise their investments. The market price of H Shares may not fully reflect, and will tend to be at a discount to, their underlying Net Asset Value. This risk may, however, be mitigated by the Company buying back shares in accordance with its stated share buy-back policy. If the Company lacks sufficient cash or reserves to purchase its own H Shares, the market price of H Shares may not fully reflect, and will tend to be at a discount to, their underlying Net Asset Value.

There can be no guarantee that the Company's investment objective will be achieved or that suitable investment opportunities will be available.

An investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the main market for listed securities of the London Stock Exchange. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. The Company's investments may be difficult to realise. The market for stock in smaller companies is often less liquid than for stock in larger companies, bringing with it potential difficulties in acquiring, valuing, and disposing of such stock. Full information for determining the value or the risks to which unquoted companies are exposed may also not be available.



## Taxation

If an Investor who subscribes for New H Shares disposes of those New H Shares within five years of issue, this will result in the withdrawal of some or all of the income tax relief granted on subscription.

An investment in a VCT is free from tax on capital gains. Consequently, any realised losses on disposal of New H Shares cannot be used to create an allowable loss for capital gains tax purposes.

The levels and bases of reliefs from taxation are subject to an Investor's personal circumstances, may change and such changes could be retrospective. The tax reliefs referred to in this Offer Document are those currently available and their value depends on the individual circumstances of Shareholders.

The Company intends to manage its affairs so as to maintain approval as a VCT. However, there can be no guarantee that the Company will be able to maintain its VCT status. If the Company fails to maintain approval as a VCT before Investors have held their New H Shares for five years, the income tax relief obtained on the amount subscribed in the Company will have to be repaid by such Investors. In addition, dividends paid in an accounting period where VCT status is lost will become taxable and a liability to capital gains tax may arise on any subsequent disposal of New H Shares. Where approval as a VCT is not maintained the Company will also lose its exemption from capital gains tax. If at any time VCT status is lost, dealings in the New H Shares will normally be suspended until such time as the Company has published proposals either to continue as a VCT or to be wound up.

There is a maximum age limit for companies receiving investments from VCTs (generally seven years from first commercial sale), and a maximum amount of relevant European State-aided risk finance which a company can receive over its lifetime (£12 million, or £20 million for a "knowledge intensive company"). There are further restrictions on the use of VCT funds received by investee companies. These changes may mean that there are fewer opportunities for investment, and that the Company may not necessarily be able to provide further investment funds for companies already in its portfolio.

Proposed legislation set out in the Finance Bill (No.2) 2017-19, published on 1 December 2017 and Guidance Notes issued by HMRC on 4 December 2017 introduce a "principles based approach" which HMRC will use to determine the VCT qualifying status of an investment. These changes are not yet law and are subject to consultation, Parliamentary scrutiny, process and approval.

Changes in legislation concerning VCTs and qualifying trades may limit the number of qualifying investment opportunities, reduce the level of returns which would otherwise have been achievable, increase the risk profile for future investments or result in the Company not being able to meet its objective.

## PART 8 - DEFINITIONS

<b>Additional New H Shares</b>	additional New H Shares which are issued in instances where the Investor's financial intermediary firm is not permitted, by virtue of FCA Rules, to receive introductory commission, as described in Part 5 of this Offer Document;
<b>Admission</b>	admission of the New H Shares issued under the Offer to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities;
<b>AIM</b>	the Alternative Investment Market operated by the London Stock Exchange for unlisted securities;
<b>Applicable Issue Price</b>	the issue price of a given New H Share issued under the Offer, being the Offer Price, discounted, if applicable, by virtue of the Early Application Incentives;
<b>Applicant</b>	a party who subscribes for New H Shares under this Offer Document (whether as Investor or as Nominee) by completing an Application Form;
<b>Application Form</b>	the relevant application form for New H Shares under the Offer, set out at the end of this Offer Document;
<b>Articles</b>	the articles of association of the Company, as amended from time to time;
<b>Beneficial Owner</b>	a person in whom the beneficial ownership of shares is vested, or will be vested immediately upon their issue;
<b>Board or Directors</b>	the directors of the Company from time to time, the names of the current directors being set out on page 4 of this Offer Document;
<b>Business Day</b>	any day (other than a Saturday, Sunday or public holiday) on which clearing banks are open for normal banking business in London;
<b>Certificated Form</b>	not in Uncertificated Form (that is, not in CREST);
<b>Companies Act</b>	the Companies Act 2006 (as amended);
<b>Company or Edge Performance</b>	Edge Performance VCT plc, a public company limited by shares, incorporated under the laws of England and Wales (company registration number 05558025), whose registered office is, as at the date of this Offer Document, situated at 1 Marylebone High Street, London W1U 4LZ;
<b>CREST</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear UK & Ireland Limited is operator (as defined in the CREST Regulations) in accordance with which securities may be held in Uncertificated Form;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755) (as amended);
<b>Dividend</b>	for the purposes of the performance incentive fee payable to the Investment Manager in respect of the H Share Fund: <ul style="list-style-type: none"> <li>(a) any dividend of the Company paid to holders of the H Shares;</li> <li>(b) any distribution (as defined in section 829 (1) of the Companies Act) to holders of the H Shares;</li> <li>(c) any distribution by way of the reduction of the H Share capital;</li> </ul>

- (d) any distribution to holders of the H Shares of assets on the winding up of the Company; and
- (e) any other payment made by the Company to holders of H Shares as a class;

**Early Application Incentives**

the discounts to the Offer Price, as described in Part 5 of this Offer Document;

**Edge Creative Enterprise Fund**

Edge Creative Enterprise Fund LP, an enterprise capital fund managed by Edge Creative Capital Limited, which is an associated company of the Investment Manager;

**Edge Investments or Investment Manager**

Edge Investments Limited, a private company limited by shares, incorporated under the laws of England and Wales (company registration number 05507396), whose registered office is, as at the date of this Offer Document, situated at 1 Marylebone High Street, London W1U 4LZ;

**EEA**

the European Economic Area;

**EEA States**

the member states of the EEA;

**Existing H Shares**

H Shares issued prior to the date of this Offer Document;

**Existing Investor**

a person who, as at close of business on 15 January 2018, was the Beneficial Owner of any Shares, or who, as at close of business on 15 January 2018, was the spouse or civil partner of the Beneficial Owner of any Shares, as the context so permits;

**FCA**

the Financial Conduct Authority, or its successor regulator;

**FCA Rules**

all applicable rules from time to time issued by the FCA, including without limitation the Conduct of Business Sourcebook;

**FSMA**

the Financial Services and Markets Act 2000 (as amended);

**H Share Fund**

the net assets of the Company attributable to the H Shares;

**H Shareholder**

a holder of H Shares;

**H Shares**

H shares of 10p each in the capital of the Company;

**HMRC**

HM Revenue & Customs;

**I Share Fund**

the net assets of the Company attributable to the I Shares;

**I Shares**

I shares of 10p each in the capital of the Company;

**Income Tax Act or ITA**

the Income Tax Act 2007 (as amended);

**Investment Management Agreement**

the investment management agreement dated 8 November 2013 between the Company and the Investment Manager, as subsequently varied, the principal terms of which agreement are summarised on page 13 of this Offer Document;

**Investor**

where an Applicant subscribes for New H Shares:

- (a) in his or her own right, that Applicant; or
- (b) as Nominee of a Beneficial Owner, that Beneficial Owner;

**London Stock Exchange**

London Stock Exchange plc;

**Maximum Subscription**

the maximum subscription under the Offer which is for 2million New H Shares;

**MiFID**

the Markets in Financial Instruments Directive (2004/39/EC);

<b>Money Laundering Regulations</b>	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
<b>Net Asset Value</b> or <b>NAV</b>	in relation to a Share, its net asset value on the relevant date calculated on the basis of the Company's normal accounting principles and policies;
<b>New H Shares</b>	H Shares to be issued under the terms of the Offer;
<b>New Investor</b>	an Investor who is not an Existing Investor and whose spouse or civil partner is not an Existing Investor;
<b>NEX</b>	NEX Group plc, a recognised investment exchange in the UK;
<b>Nominee</b>	a party who holds, or subscribes for, shares on behalf of, and as trustee of, a Beneficial Owner
<b>Non-qualifying Investments</b>	investments which are not Qualifying Investments;
<b>Ofcom</b>	the Office of Communications;
<b>Offer</b> or <b>Offer for Subscription</b>	the offer for subscription for New H Shares as described in this Offer Document;
<b>Offer Document</b>	this document, issued by the Company and dated 15 January 2018;
<b>Offer Price</b>	in respect of a given New H Share, such amount as equals A divided by 0.95 (rounded up to the nearest 0.01p), where A is the Net Asset Value per H Share most recently published by the Company prior to the date of allotment of that New H Share;
<b>Official List</b>	the Official List of the UK Listing Authority;
<b>Qualifying Investment</b> or <b>Qualifying Holding</b>	an investment in an unquoted trading company which comprises a qualifying holding for a VCT as defined in Chapter 4 of Part 6 of ITA;
<b>Qualifying Investor</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>Receiving Agent</b>	The City Partnership (UK) Limited;
<b>Regulatory Information Service</b>	a regulatory information service which is on the list of regulatory information services maintained by the FCA;
<b>RPI</b>	the Retail Prices Index published by the Office for National Statistics;
<b>Share Fund(s)</b>	any one or more of the H Share Fund and the I Share Fund;
<b>Shareholder</b>	a holder of Shares;
<b>Shares</b>	H Shares and/or I Shares, as the case may be;
<b>UK Listing Authority</b>	the FCA, in its capacity as the competent authority for the purposes of Part VI of FSMA;
<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>United Kingdom</b> or <b>UK</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>United States</b> or <b>USA</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

<b>US Securities Act</b>	the United States Securities Act 1933 (as amended);
<b>VAT</b>	value added tax;
<b>VCT or Venture Capital Trust</b>	a venture capital trust, as defined in section 259 of ITA;
<b>VCT Rules</b>	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of Venture Capital Trusts;
<b>VCT Value</b>	the value of an investment for VCT purposes calculated in accordance with section 279 of ITA;
<b>Waiver Shares</b>	additional New H Shares which are issued in instances where the Investor's financial intermediary firm is permitted, under FCA Rules, to receive introductory commission, but elects to waive some or all of its initial commission in favour of the Applicant, as described in Part 5 of this Offer Document.

## PART 9 – TERMS AND CONDITIONS OF APPLICATION

1. Save where the context requires otherwise, words and expressions defined in this Offer Document have the same meanings when used in the Application Form and explanatory notes in relation thereto. The section headed "Application Procedure" on pages 23 and 24 of this Offer Document forms part of these terms and conditions of application.
2. The Company reserves the right to reject any application or to accept in part only. If any application is not accepted, 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, banker's draft or a 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.
3. 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.
4. The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer. The Company may treat applications as valid and binding even if not made in all respects in accordance with the prescribed instructions. The Company may, at its discretion, accept an application in respect of which payment is not received by the Company prior to the relevant closing of the Offer.
5. By completing and delivering an Application Form, you, (the **Applicant**):
  - 5.1. offer to subscribe for such number of New H Shares as is arrived at by dividing the amount specified in Section 2 of your Application Form(s) by the Applicable Issue Price (or any smaller numbers of New H Shares for which your application is accepted) at the Applicable Issue Price on the terms of and subject to this Offer Document, including these terms and conditions, and subject to the memorandum and Articles of the Company;
  - 5.2. agree, in consideration of the Company agreeing that it will not on or prior to the relevant closing date of the Offer, issue, allot or offer any New H Shares to any person other than by means of the procedures referred to in this Offer 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 delivery by hand of your Application Form(s) to the Receiving Agent;
  - 5.3. agree, warrant and undertake 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 New H Shares until you make payment in cleared funds for such New H Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it 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 any other rights it may have) avoid the agreement to subscribe for such New H Shares and may issue or allot such New H Shares to some other person, in which case you will not be entitled to any payment in respect of such New H 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 Form(s) without interest;
  - 5.4. 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 and that such monies will not bear interest;
  - 5.5. authorise the Receiving Agent to send by post to your address set out in the Application Form share certificate(s) in respect of the number of New H Shares for which your application is accepted and to procure that your name is placed on the register of members of the Company in respect of such New H Shares and/or to send by post to your address set out in the Application Form a crossed cheque for any monies returnable, without interest;
  - 5.6. 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 nothing shall limit the right of the Company 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;

- 5.7. 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 Offer Document and accordingly you agree that no person responsible solely or jointly for this Offer Document or any part thereof or involved in the preparation thereof shall have any liability for such information or representation;
- 5.8. irrevocably authorise the Receiving Agent or any person authorised by the Receiving Agent as your agent to do all things necessary to effect registration of any New H Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent to execute any document required therefor;
- 5.9. agree that, having had the opportunity to read this Offer Document, you shall be deemed to have had notice of all information and statements concerning the Company and the New H Shares contained therein;
- 5.10. confirm that you have reviewed the restrictions contained in paragraph 11 below and warrant that neither you nor (if you are not the Investor) the Investor is 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 New H Shares with a view to their offer, sale or delivery, whether by you or (if you are not the Investor) by the Investor, to or for the benefit of any US Person or resident of Canada;
- 5.11. warrant that the Investor is an individual aged 18 or over;
- 5.12. 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;
- 5.13. agree, on request by the Company, to disclose promptly in writing to the Company any information which the Company may reasonably request in connection with your application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Company to disclose any information relating to your application as it considers appropriate;
- 5.14. where applicable, authorise the Company to make on the Investor's behalf any claim to relief from income tax in respect of any dividends paid by the Company;
- 5.15. declare that the Application Form (or, if more than one, each Application Form) has been completed to the best of your knowledge and is accurate;
- 5.16. undertake that you will notify the Company if the Investor is not or ceases to be either a Qualifying Investor or beneficially entitled to the New H Shares;
- 5.17. declare that a loan has not been made to you or the Investor 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 New H Shares and that the New H 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 Income Tax Act is not in itself tax avoidance;
- 5.18. agree that, in respect of those New H 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;
- 5.19. warrant that, in connection with your application, you and the Investor 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 neither you nor the Investor has taken any action which will or may result in the Company or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the relevant Offer or your application;
- 5.20. if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you warrant that you and the Investor have complied with all such laws and none of the Company, the Receiving Agent 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;
- 5.21. agree that your Application Form (or, if more than one, each Application Form) is addressed to the Company;

- 5.22. warrant that if you sign an Application Form on behalf of somebody else, yourself and another, others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such other person will also be bound accordingly and will be deemed 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; and
- 5.23. acknowledge that you have access to the Company's Key Information Document, as included in the Company's website at [www.edge.uk.com](http://www.edge.uk.com), and agree that the content of the Key Information Document forms part of this Offer Document.
6. This application is addressed to the Company. The rights and remedies of the Company under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to the Company and the exercise or partial exercise of one will not prevent the exercise of others.
7. The dates and times referred to in these terms and conditions of application may be altered by the Company.
8. Authorised financial intermediary firms who, acting on behalf of their clients, return valid Application Forms bearing their FCA number and their full address, and who complete Section IFA 2 of the Application Form, will be entitled (if permitted by FCA Rules) to initial and trail commission on the amount invested by the Applicant (i.e. excluding the value of any Waiver Shares or Additional New H Shares) for the number of New H Shares allocated for each such Application Form. Such commission will be payable by the Investment Manager at the rates specified in the section headed "Financial intermediaries" in Part 5 of this Offer Document. Authorised intermediary firms 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 New H Shares as results from the amount of the subscription stated in Section 2 of the Application Form, together with a number of Waiver Shares equal to the amount of commission waived divided by the Applicable Issue Price (rounded down to the nearest whole number of Waiver Shares). The waived commission will be applied in paying for New H Shares. The Company and/or the Receiving Agent are authorised to amend the Application Form to include any such Waiver Shares. Financial intermediary firms should keep a record of Application Forms to substantiate any claim for their commission. The Company and the Investment Manager may treat a completed Section IFA 2 as conclusive as to the question of whether the financial intermediary firm elects to receive trail commission and to waive any initial commission as described above (and if so, the amount waived). If an Investor subsequently instructs a new financial intermediary firm (including in circumstances where the individual adviser who advised the Investor becomes employed or engaged by a different firm) any remaining trail commission payments will not be payable to that new financial intermediary firm unless the financial intermediary firm through which the application for New H Shares was made consents in writing. The Company or the Investment Manager (as applicable) may, in its discretion, decline to pay any commission (whether initial commission or trail commission) to a financial intermediary firm, or to issue Waiver Shares in respect of waived initial commission, where
- 8.1. it appears to the Company or the Investment Manager that the financial intermediary firm is not authorised under FSMA, or
- 8.2. Section IFA 2 of the Application Form has not been signed by an authorised signatory of the financial intermediary firm, or (iii) it appears to the Company or the Investment Manager that the nature of the application and/or of any advice given by the financial intermediary firm to the Investor (whether prior to the application being made or subsequently) is such that the financial intermediary firm is not permitted, or ceases to be permitted, under FCA Rules (and in particular Rule 6 of the Conduct of Business Sourcebook) to receive commission.
9. No person receiving a copy of this Offer 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.
10. The H 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, 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.



11. The basis of allocation of New H Shares will be determined by the Company in its absolute discretion. The right is reserved to reject in whole or in part or scale down and/or ballot any application or any part thereof including, without limitation, applications in respect of which any verification of identity which may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied and multiple applications. Dealings prior to the issue of certificates for New H 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.
12. It is a condition of the Offer that the Applicant shall provide such documents and/or information as the Company may require in order to ensure compliance with the Money Laundering Regulations. The Receiving Agent is entitled to require, at its absolute discretion, verification of identity from any Applicant or Investor 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 Investor and/or any other 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 and 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 satisfactory evidence of such identity 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 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 New H 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.
13. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the Notes on the 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.
14. Where the Applicant is a Nominee, the Applicant:
  - 14.1. warrants that there is in force a valid and binding agreement between the Applicant and the Investor, pursuant to which the Applicant is authorised and entitled to make the application under the Offer on behalf of the Investor; and
  - 14.2. warrants that the Investor will be the Beneficial Owner of all New H Shares issued in respect of that application immediately upon their issue;
  - 14.3. warrants that the Applicant has made the Investor aware of these terms and conditions, and that the Investor has assented to them; and
  - 14.4. undertakes, at no expense to the Company, to do all such acts and to procure that the Investor do all such acts as the Company may from time to time reasonably require to ensure the full compliance by the Investor with these terms and conditions, as though the Investor were the Applicant.

## NOTES FOR COMPLETION OF THE APPLICATION FORM BY INDIVIDUALS

**IMPORTANT: The GREEN Application Form at the end of this Offer Document should be used where an individual wishes to apply for New H Shares in his or her own right. Where an application is being made by a Nominee on behalf of an individual, the GREY Application Form at the end of this Offer Document should be used.**

### 1

#### SECTION 1 - APPLICANT'S DETAILS

Please insert in Section 1 the Applicant's title, full name, permanent residential address, e-mail address, daytime telephone number, national insurance number, date of birth, nationality, country of residence for tax purposes and (if resident outside the UK) tax identification number. The Applicant's national insurance number is required to ensure that the Applicant obtains income tax relief.

If the Applicant, or the Applicant's spouse or civil partner, was the Beneficial Owner of any Shares in Edge Performance as at 15 January 2018, please tick the box at the end of Section 1.

Joint applications are not permitted but spouses or civil partners may apply separately.

### 2

#### SECTION 2 - APPLICATION

Please indicate how much is to be invested.

The minimum investment is £5,000 and applications in excess of this amount should be made in multiples of £1,000. The maximum investment on which tax reliefs on investments in VCTs are available is £200,000 for the tax year 2017/18.

A cheque or banker's draft should accompany the relevant Application Form for the total amount of the investment. The cheque or banker's draft should be made payable to "City Partnership – Edge H Share Offer" and crossed "A/C Payee only". Cheques must be from a recognised UK bank account and your payment must relate solely to this application.

If payment is to be made by direct bank transfer rather than by cheque or banker's draft, please contact the Company's Receiving Agent, The City Partnership (UK) Limited, on 0131 243 7210, to obtain details of how to pay by bank transfer.

### 3

#### SECTION 3 - DIVIDENDS

If dividends are to be paid by Edge Performance to the Applicant by direct bank transfer, please complete the details requested in Section 3. If Section 3 is not completed, dividends will be paid by cheque.

### 4

#### SECTION 4 - APPLICANT'S SIGNATURE

The Applicant should read the declaration below and then sign and date the Application Form. If this form is completed and signed by the Applicant:

By signing this form, I hereby declare that:

- (a) I have received the Offer Document dated 15 January 2018 and have read the terms and conditions of application therein and agree to be bound by them;
- (b) I will be the beneficial owner of the New H Shares issued to me under the Offer;
- (c) I have read and understood the risk factors set out in Part 7 of the Offer Document; and
- (d) to the best of my knowledge and belief, the details given in the Application Form are correct.

If this form is completed and signed by an authorised financial adviser or any other person apart from the Applicant:

**By signing this form on behalf of the Applicant, I make a declaration (on behalf of the Applicant) in the terms of paragraphs (a) to (d) above.**

**IFA  
1****SECTION IFA 1**

Section IFA 1 should be completed in all instances where the Application Form is submitted through a financial intermediary firm, whether or not introductory commission is to be paid to the firm (or waived by the firm in favour of the Applicant).

The financial intermediary firm should complete all of the boxes in Section IFA 1, including details of its authorisation under the Financial Services and Markets Act 2000.

**IFA  
2****SECTION IFA 2 - FINANCIAL INTERMEDIARY'S COMMISSION**

Section IFA 2 should only be completed where the financial intermediary firm is permitted, under FCA Rules, to receive commission in respect of the Applicant's subscription for New H Shares

Authorised financial intermediary firms which are permitted to receive commission should complete Section IFA 2, including details of the amount, if any, of initial commission which the firm wishes to waive in favour of the Applicant. The right is reserved to withhold payment of commission, and/or not to issue Waiver Shares to the Investor in lieu of waived commission, if Edge Performance or the Investment Manager is not, in its sole discretion, satisfied that the financial intermediary firm is authorised and entitled to receive commission. A duly authorised signatory of the firm must sign the indicated box in Section IFA 2. If Section IFA 2 of the Application Form is not signed by an authorised signatory of the intermediary firm, Edge Performance or the Investment Manager (as applicable) may not be able to pay commission or to issue Waiver Shares in respect of the waived commission.

## NOTES FOR COMPLETION OF THE APPLICATION FORM BY NOMINEES

**IMPORTANT: The GREY Application Form at the end of this Offer Document should be used where an application for New H Shares is being made by a Nominee on behalf of an individual. Where an individual wishes to apply for New H Shares in his or her own right, the GREEN Application Form at the end of this Offer Document should be used.**

1

### SECTION 1 - APPLICANT'S DETAILS

Please provide the requested details of the Applicant (i.e. the Nominee).

2

### SECTION 2 - APPLICATION

Please indicate how much is to be invested.

The minimum investment is £5,000 and applications in excess of this amount should be made in multiples of £1,000. The maximum investment on which tax reliefs on investments in VCTs are available is £200,000 for the tax year 2017/18.

A cheque or banker's draft should accompany the relevant Application Form for the total amount of the investment. The cheque or banker's draft should be made payable to "City Partnership – Edge H Share Offer" and crossed "A/C Payee only". Cheques must be from a recognised UK bank account and your payment must relate solely to this application.

If payment is to be made by direct bank transfer rather than by cheque or banker's draft, please contact the Company's Receiving Agent, The City Partnership (UK) Limited, on 0131 243 7210, to obtain details of how to pay by bank transfer.

3

### SECTION 3 – INVESTOR'S DETAILS

Please insert in Section 3 the Investor's (i.e. the Beneficial Owner's) title, full name, permanent residential address, e-mail address, daytime telephone number, national insurance number, date of birth, nationality, country of residence for tax purposes and (if resident outside the UK) tax identification number. The Investor's national insurance number is required to ensure that the Investor obtains income tax relief.

If the Investor, or the Investor's spouse or civil partner, was the Beneficial Owner of any Shares in Edge Performance as at 15 January 2018, please tick the box at the end of Section 3.

Single applications in respect of more than one Investor are not permitted. Nominees who wish to make applications on behalf of more than one Investor can request additional Application Forms from the Receiving Agent.

4

### SECTION 4 – CREST

If the New H Shares are to be issued in CREST, please provide the details requested in Section 4.

5

### SECTION 5 - DIVIDENDS

If dividends are to be paid by Edge Performance to the Applicant by direct bank transfer, please complete the details requested in Section 5. If Section 5 is not completed, dividends will be paid by cheque.

**6****SECTION 6 - APPLICANT'S SIGNATURE**

The Applicant should read the declaration below. The Application Form should then be signed and dated by an authorised signatory of the Applicant.

By signing the Application Form, the Applicant hereby declares that:

- (a) the Applicant has received the Offer Document dated 15 January 2018 and has read the terms and conditions of application therein and agrees to be bound by them;
- (b) the Investor named in Section 3 of the Application Form will be the Beneficial Owner of the New H Shares issued to the Applicant under the Offer;
- (c) the Applicant has read and understood the risk factors set out in Part 7 of the Offer Document, and has explained those risk factors to the Investor;
- (d) to the best of the Applicant's knowledge and belief, the details given in the Application Form are correct;
- (e) the Applicant is authorised and entitled to make the application on behalf of the Investor; and
- (f) the Application Form has been signed by a duly authorised signatory of the Applicant

**IFA  
1****SECTION IFA 1**

Section IFA 1 should be completed in all instances where the Application Form is submitted through a financial intermediary firm, whether or not introductory commission is to be paid to the firm (or waived by the firm in favour of the Applicant).

The financial intermediary firm should complete all of the boxes in Section IFA 1, including details of its authorisation under the Financial Services and Markets Act 2000.

**IFA  
2****SECTION IFA 2 - FINANCIAL INTERMEDIARY'S COMMISSION**

Section IFA 2 should only be completed where the financial intermediary firm is permitted, under FCA Rules, to receive commission in respect of the Applicant's subscription for New H Shares

Authorised financial intermediary firms which are permitted to receive commission should complete Section IFA 2, including details of the amount, if any, of initial commission which the firm wishes to waive in favour of the Applicant. The right is reserved to withhold payment of commission, and/or not to issue Waiver Shares to the Investor in lieu of waived commission, if Edge Performance or the Investment Manager is not, in its sole discretion, satisfied that the financial intermediary firm is authorised and entitled to receive commission. A duly authorised signatory of the firm must sign the indicated box in Section IFA 2. If Section IFA 2 of the Application Form is not signed by an authorised signatory of the intermediary firm, Edge Performance or the Investment Manager (as applicable) may not be able to pay commission or to issue Waiver Shares in respect of the waived commission.

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## EDGE PERFORMANCE VCT PLC APPLICATION FORM FOR NEW H SHARES - INDIVIDUALS

Before completing this Application Form, the Applicant should carefully read the terms and conditions of application, and the application procedure, as set out in the Company's offer document note dated 15 January 2018 (the "Offer Document").

The Offer opens for subscription on 16 January 2018 and the final closing date will be 5.00 pm on 5 April 2018 (or such earlier date as the Directors may determine in their absolute discretion).

### 1 APPLICANT'S DETAILS

Title	First Name	Surname
Address		
Address		Postcode
E-mail address		Telephone (Day)
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"/> <input type="text"/> <input type="text"/>	Date of birth (dd/mm/yy)
Nationality		

Please tick if you are resident in the United Kingdom for tax purposes

If you are not resident in the United Kingdom, please state your country of residence for tax purposes and give your tax identification number.

Country of residence	Tax identification number
----------------------	---------------------------

Please tick this box if the Applicant, or the Applicant's spouse or civil partner, is an Existing Investor in Edge Performance VCT plc as at 15 January 2018.

### 2 APPLICATION

The Applicant offers to invest the following amount by way of subscription for New H Shares under the terms and conditions set out in the Offer Document:

£

### 3 DIVIDENDS

If you wish dividends to be paid to you by bank transfer, please complete this Section 3.

Bank Name	
Bank Branch Address	
Account Holder Name	
Sort Code	Account 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"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

### 4 APPLICANT'S SIGNATURE

Signed	Date
<input style="width: 500px; height: 30px;" type="text"/>	<input style="width: 150px; height: 30px;" type="text"/>



IFA 1	<b>FINANCIAL INTERMEDIARY'S DETAILS</b>	
	Contact Name	
	Firm Name	
	Address	
	Address	Postcode
	Tel	FCA Firm Registration No. and Company Stamp
	Fax	
	E-mail	

IFA 2	<b>FINANCIAL INTERMEDIARY'S COMMISSION</b>	
	Please complete this Section IFA 2 only if the financial intermediary firm named in Section IFA 1 <b>is permitted</b> , under FCA Rules, to receive commission in respect of this application for New H Shares	
	Introductory commission will be paid, subject to the terms set out in the Offer Document, as follows: Initial commission: <b>2.25%</b> Trail commission: <b>0.25%</b> per annum for up to four years	Insert the amount of any initial commission which you wish to waive and reinvest in New H Shares for the Applicant (this will be deducted from the initial introductory commission) <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto;"></div> %
	If commission is to be paid to an address other than the address given in Section IFA 1 (e.g. to a head office), please complete the boxes below:	
Address		
Address	Postcode	
The firm named in Section IFA 1 certifies that it is permitted under FCA Rules to receive payment of commission in relation to this application, and the advice given to the Investor in respect of it. <b>Note: This Section IFA 2 must be signed on behalf of the intermediary firm even where the firm wishes to waive its initial commission in favour of the Applicant.</b>	Signature  <hr/> Authorised signatory for the firm named in Section IFA 1.	



## EDGE PERFORMANCE VCT PLC APPLICATION FORM FOR NEW H SHARES - NOMINEES

Before completing this Application Form, the Applicant should carefully read the terms and conditions of application, and the application procedure, as set out in the Company's offer document dated 15 January 2018 (the "Offer Document").

The Offer opens for subscription on 16 January 2018 and the final closing date will be 5.00 pm on 5 April 2018 (or such earlier date as the Directors may determine in their absolute discretion).

<b>1</b>	<b>APPLICANT'S DETAILS</b>	
	Full name	
	Address	
	Address	Postcode
	If a limited company or limited liability partnership:	
	Registered Office Address	If authorised by the FCA:
	Postcode	FCA Firm Registration No.
		Company or LLP Registered Number
	Contact Name	Contact Tel
	Contact Email	
<b>2</b>	<b>APPLICATION</b>	
	The Applicant offers to invest the following amount by way of subscription for New H Shares under the terms and conditions set out in the Offer Document:	
	<div style="border: 1px solid black; width: 150px; height: 30px; margin: 0 auto;"></div> <p style="text-align: center;">£</p>	
<b>3</b>	<b>INVESTOR'S DETAILS</b>	
	Title	First Name
	Surname	
	Address	
	Address	Postcode
	E-mail address	Telephone (Day)
	National Insurance Number	Date of birth (dd/mm/yy)
	<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"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	Nationality	
	<input type="checkbox"/> Please tick if the Investor is resident in the United Kingdom for tax purposes	
	If the Investor is not resident in the United Kingdom, please state the Investor's country of residence for tax purposes and give the Investor's tax identification number.	
	Country of residence	Tax identification number
	<input type="checkbox"/> Please tick this box if the Investor, or the Investor's spouse or civil partner, is an Existing Investor in Edge Performance VCT plc as at 15 January 2018.	
<b>4</b>	<b>CREST</b>	
	If you wish your New H Shares to be issued electronically to a CREST account, please complete this Section 4.	
	CREST Participant ID	
	CREST Member Account ID	
	Participant Name	
	Participant Address	
	Participant Address	Participant Postcode
	Contact name for CREST queries	Contact Telephone
	Reference (Optional)	Contact Fax



**5 DIVIDENDS**

If you wish dividends to be paid to you by bank transfer, please complete this Section 5.

Bank Name

Bank Branch Address

Account Holder Name

Sort Code

<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>
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Account 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"/>
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**6 APPLICANT'S SIGNATURE**

Signed

Date

**IFA 1 FINANCIAL INTERMEDIARY'S DETAILS**

Contact Name

Firm Name

Address

Address

Postcode

Tel

FCA Firm Registration No. and Company Stamp

Fax

E-mail

**IFA 2 FINANCIAL INTERMEDIARY'S COMMISSION**

Please complete this Section IFA 2 only if the financial intermediary firm named in Section IFA 1 **is permitted**, under FCA Rules, to receive commission in respect of this application for New H Shares.

Introductory commission will be paid, subject to the terms set out in the Offer Document, as follows:

Initial commission: **2.25%**

Trail commission: **0.25%** per annum for up to four years

Insert the amount of any initial commission which you wish to waive and reinvest in New H Shares for the Applicant (this will be deducted from the initial introductory commission)

	%
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If commission is to be paid to an address other than the address given in Section IFA 1 (e.g. to a head office), please complete the boxes below:

Address

Address

Postcode

The firm named in Section IFA 1 certifies that it is permitted under FCA Rules to receive payment of commission in relation to this application, and the advice given to the Investor in respect of it.

**Note: This Section IFA 2 must be signed on behalf of the intermediary firm even where the firm wishes to waive its initial commission in favour of the Applicant.**

Signature

Authorised signatory for the firm named in Section IFA 1.

## FREQUENTLY ASKED QUESTIONS

**Q: To whom should I make the cheque payable?**

A: Cheques should be made payable to: "City Partnership – Edge H Share Offer".

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

A: Your Application Form and cheque or banker's draft should be sent to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.

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

A: Within 3 Business Days of receiving your Application Form, we will send you confirmation of receipt.

**Q: When will my New H Shares be allotted to me?**

A: New H Shares will be allotted by no later than 5 April 2018.

**Q: When will I receive my share certificate?**

A: Unless you have elected for your New H Shares to be issued in CREST, you should expect to receive your share certificate within 20 Business Days after the date of allotment.

**Q: When will I receive my tax certificate?**

A: You should expect to receive your tax certificate within 20 Business Days after the date of allotment.

**If you have any further questions concerning your application, please contact  
The City Partnership (UK) Limited by telephone on 0131 243 7210 or by e-mail to [info@city.uk.com](mailto:info@city.uk.com)**



EDGE INVESTMENTS LIMITED  
1 MARYLEBONE HIGH STREET  
LONDON W1U 4LZ

Telephone: 020 7317 1300  
E-mail: [info@edge.uk.com](mailto:info@edge.uk.com)