

**OFFER FOR SUBSCRIPTION FOR
H SHARES**



EDGE
PERFORMANCE VCT

**INVESTMENT DETAILS
WITH APPLICATION FORM**

This document dated 24 November 2011, which is a financial promotion in accordance with Section 21 of the Financial Services Markets Act 2000 and an "advertisement" as described in the Prospectus Rules made pursuant to Section 73A 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 Services Authority. The contents of this document have been approved by Edge Investment Management Limited, which is authorised and regulated by the Financial Services Authority (reference number 455446). This document contains information, in summary form, drawn from the Prospectus, published on and dated 24 November 2011 (the "Prospectus"), which alone contains full details of the Company and its Shares. Terms defined in the Prospectus bear the same meaning when used in this document. The Directors are satisfied that this document contains a fair summary of the key information set out in the Prospectus. The UK Listing Authority has not authorised the issue of this document nor approved its contents. **In subscribing for Offer Shares you will be treated as subscribing solely on the basis of the Prospectus. Your attention is drawn to the risk factors set out on pages 7 and 8 of this document and to the terms and conditions of application set out in Part 6 of this document.** This document is an advertisement and not a prospectus, and investors should not subscribe for Shares except on the basis of the information in the Prospectus.

Copies of the Prospectus may be obtained free of charge either by downloading it from www.edge.uk.com/edgeperformancevct or in hard copy from the offices of Edge Investment Management Limited at 1 Marylebone High Street, London W1U 4LZ, or the offices of Howard Kennedy Corporate Services LLP at 19 Cavendish Square, London W1A 2AW or the Prospectus may be viewed on the National Storage Mechanism (NSM) at www.hemscott.com/nsm.do.

The Directors of the Company, whose names appear on page 45 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company, all of whom have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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EDGE PERFORMANCE VCT PLC

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

Offer for Subscription

of:

up to 10,000,000 H Shares of 10p each in the capital of the Company at an issue price of 100p each payable in cash in full on subscription, together with an over-allotment facility of up to, in aggregate, a further 20,000,000 H Shares of 10p each

Sponsor

Howard Kennedy Corporate Services LLP

Promoter

RAM Capital Partners LLP

Manager

EDGE INVESTMENT MANAGEMENT LIMITED



The H Share Offer will open at 8.00am on 25 November 2011 and will remain open for acceptance until 5.00pm on 5 April 2012 (unless previously brought forward or extended by the Directors) in respect of the 2011/12 tax year and 3.00pm on 8 June 2012 (unless previously brought forward or extended by the Directors) in respect of the 2012/13 tax year.

There is no minimum subscription for the H Share Offer to proceed.

If the H Share Offer is, or in the opinion of the Directors is likely to be, over-subscribed, the H Share Offer may be increased at the discretion of the Directors to no more than 30,000,000 H Shares.

Application will be made for all of the H Shares (ISIN: GB00B44VMB16) (issued and to be issued pursuant to the H Share Offer) to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange. It is anticipated that such admission will become effective, and that dealings in the H Shares will commence within 20 business days of the date of first allotment of the relevant H Shares.

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SUMMARY

This Summary conveys the essential characteristics and risks associated with the Company and should be read as an introduction to the Prospectus. Any decision to invest in H Shares should be based on consideration of the Prospectus as a whole by an Investor. Where a claim relating to the information contained in a prospectus is brought before a court, the claimant investor might, under the national legislation of the EEA states, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for the Summary including any translation of the Summary, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The VCT with an Edge

Edge Performance offers investors the opportunity to back an experienced team making investments in the entertainment and media sector, with the advantage of VCT tax reliefs. Edge Performance, now in its seventh year, has raised more than £100 million. Edge Performance is managed by leading specialist entertainment and media fund manager, Edge Investment Management.

Under the H Share Offer, Edge Performance is, for the first time, providing investors with the opportunity of an “evergreen” share class, seeking to generate growth and a consistent, long-term and *tax-free* yield for Investors.

Part 5 of this document contains a summary of the I Share Offer, a separate class of Share, which seeks to provide Investors with a planned return of capital, a high targeted return and capital preservation strategies to reduce risk.

The Market

The global entertainment and media sector is currently estimated to be worth approaching £1 trillion, of which 43% is represented by English-speaking countries. The UK is the second largest market in Europe and the fifth largest in the world, and forecast to continue to grow.¹

Digital technologies are the key driver for growth in the sector, expected to account for three-quarters of the total projected sector growth in the coming years.¹

The H Shares

- **Tax-free income**

The Company is targeting building to a consistent *tax-free* annual dividend yield for Investors. To align the interests of the Manager with this objective, the Manager’s performance fee is payable only if cumulative Dividends over the life of the fund average at least 7p per H Share per year (i.e. a yield of at least 10% of the investor’s net cost of investment²) and the net asset value per H Share grows. In the early years, the Company is seeking to pay out dividends of 3.5p per H Share per year (a 5% yield)², while the anticipated returns from Qualifying Investments start to grow.

- **Risk reduction**

The Company will seek, wherever possible, to employ risk reduction strategies in connection with Qualifying Investments.

- **Growth through reinvestment**

The majority of any gain made on realisation of Qualifying Investments is intended to be distributed to H Shareholders, to maintain and improve the H Shareholders’ yield, with the remaining proceeds of realisation being reinvested, to drive compound growth for the H Shareholders.

¹ Source: PWC Global Entertainment & Media Outlook 2011-15

² Assuming income tax relief at 30% on the cost of investment. There is no guarantee that this objective will be met and this statement does not represent a dividend or profit forecast, and none should be implied.

An expert team

The Manager and Board combine more than 250 years' relevant experience:

The Board of Edge Performance

Sir Robin Miller (Chairman) – long-standing experience across different aspects of the media industry at EMAP, HMV Group and Channel 4 Television.

Kevin Falconer – for many years a senior private banker specialising in the entertainment and media sector, and now provides strategic advice to media entrepreneurs.

Michael Eaton – CEO of Bushbranch, which manages Eric Clapton.

Frank Presland – Chairman of the Rocket Music Entertainment Group, which manages Elton John, Lily Allen, James Blunt and others.

Lord Flight – 40 years' investment management experience; joint founder of Guinness Flight Global Asset Management and a director of Investec Asset Management.

David Glick – an experienced venture capital investor in the entertainment and media sector, who has been involved in the sale and purchase of multi-million pound entertainment and media assets.

The Manager

The board of the Manager comprises:

Gordon Power (Chairman) – with 27 years' experience in venture capital, he has particular expertise in the media sector.

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

David Glick – see above.

Alasdair George – a former solicitor with 26 years' experience of legal, strategic, commercial and operational management in the entertainment industry.

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

Investment approach

• Qualifying Investments

Edge Performance will pursue investment opportunities in businesses operating in the entertainment and media sector, and in the enabling technologies for the sector. Investments will normally be in a mix of equity and up to the maximum amount of secured loan stock permitted under VCT rules.

The H Share Fund will normally look to make Qualifying Investments in businesses which:

- are in the identified sector;
- have proven management;
- have existing revenues;
- are profitable or have reasonable visibility over profits in the near term;
- require a total investment round of between £1m and £10m;
- have the capability to scale earnings rapidly;
- offer an exit route within a 5 to 10 year period; and
- are capable of generating a return to the H Share Fund, over a 5 year period, of at least 3 times the amount invested;

and where Edge Performance and the Manager can add value to enhance returns.

• Non-Qualifying Investments

Initially, the net proceeds of the H Share Offer will be invested in fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Subsequently, up to 30% of the proceeds will be maintained in such investments while the balance is reinvested in Qualifying Investments.

Share buy-backs

The Board intends, subject to liquidity constraints and regulatory requirements, to make share buy-backs:

- within 5 years after the date of issue of the relevant Shares, at no less than the most recently published net asset value per Share; and
- later than 5 years after the date of issue of the relevant Shares, at a discount of no more than 10% to the most recently published net asset value per Share.

Summary of Proposed Investment Policy

In order to accommodate the different characteristics of the H Share Fund, the Company intends, subject to Shareholder Approval, to amend its policy so that the following will apply to the H Share Fund:

Edge Performance is seeking to achieve: growth, an annual yield for Investors, risk reduction and liquidity.

The Company will invest at least 70% of the H Share Fund in Qualifying Investments, using risk reduction strategies wherever available; the intention is 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, to drive compound growth for the H Shareholders.

VCT tax benefits

VCT status currently confers the following benefits on Shareholders:

Income tax relief at 30% – Qualifying Investors will receive tax relief of up to 30% of the amount subscribed, provided the Offer Shares are held for at least five years.

Tax-free dividends, capital distributions and capital gains – for VCT subscriptions not exceeding £200,000 in any one tax year, dividends and gains on disposal of Offer Shares are exempt from tax.

Remuneration of Edge Investment Management

- Annual management fee of 2.25% of net asset value attributable to the H Shares.
- Annual administrative services fee of £225,000 (plus VAT) in total (across all Share Funds), with the H Share Fund bearing only its *pro rata* share of this fee.
- Total annual operating expenses of the Company (excluding performance incentive fees, irrecoverable VAT and intermediaries' trail commission) capped at 3% of the net asset value of the Company. Assuming full subscription under the H Share and I Share Offers, such annual operating expenses are anticipated to be no more than 2.5%.
- Performance incentive fee of 19% of net asset value per H Share in excess of £1.00, payable only if cumulative average Dividends paid or declared exceed 7p per H Share per annum, rising to 29% of net asset value per H Share in excess of £1.00 if cumulative average Dividends paid or declared exceed 14p per H Share per annum;
- The Chairman of the Company will be entitled to receive a performance fee of 1% calculated on the same basis.

The H Share Offer

- Up to 10,000,000 H Shares are being offered for subscription at 100p per H Share. If the H Share Offer is, or in the opinion of the Directors is likely to be, over-subscribed, the Directors have discretion to increase the number of H Shares that are the subject of the H Share Offer to no more than 30 million H Shares.
- Minimum investment per application under the H Share Offer is £5,000.
- Authorised financial intermediaries will receive introductory commission of 3%; or 2.25% initial commission and trail commission of 0.25% per annum for as long as the relevant H Shares are held by the Investor (but increased to 0.375% per annum for the first four years).³
- Successful applicants whose applications for H Shares are received by 31 January 2012 will receive:
 - an additional 1% in H Shares; and

- in the case of an applicant who is an Existing Shareholder (including also his or her spouse or civil partner), a further 0.5% in H Shares.
- The Directors may, in their absolute discretion, terminate or vary the incentive arrangements detailed in the preceding paragraphs at any time prior to the close of the H Share Offer.
- Excluding the impact of any dilution attributable to the issue of additional H Shares under the early subscription incentive arrangements, the total initial expenses of the H Share Offer have been fixed at 5.5% of funds raised and the initial unaudited net asset value of an H Share will be 94.5p.

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

The H Shares

The H Share Fund will be administered as a separate investment pool from all other Share Funds.

C, D, E, F and G Shareholders will suffer no dilution of the Net Asset Value attributable to their Shares. The offer price of the H Shares will not be varied if the Net Asset Value of the C, D, E, F or G Shares were to fluctuate during the course of the H Share Offer.

Expected timetable

H Share Offer opens	8.00am on 25 November 2011
2011/12 H Share Offer closes	5.00pm on 5 April 2012 (unless previously brought forward or extended by the Directors)
2012/13 H Share Offer closes	3.00pm on 8 June 2012 (unless previously brought forward or extended by the Directors but to no later than 24 November 2012)
First allotment	no earlier than 1 March 2012 and no later than 5 April 2012
Dealings commence	within 20 business days of first allotment

RISK FACTORS

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

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

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

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

- A sale of Offer Shares within five years of subscription will result in the withdrawal of some or all of the income tax relief granted to Qualifying Shareholders.
- The levels and bases of reliefs from taxation are subject to an Investor's personal circumstances, may change and such changes could be retrospective. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Shareholders.
- An investment in a VCT is free from tax on capital gains. Consequently, any realised losses on disposal of Offer Shares cannot be used to create an allowable loss for capital gains tax purposes.
- The Company's Qualifying Investments will predominantly be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. These risks should be mitigated by virtue of the fact that a proportion of each Qualifying Investment will be by way of secured loans. Furthermore, as the business of Events Companies normally tends to be more liquid than many other types of companies, given the cyclical nature of live event promotion, the Manager believes that Qualifying Investments in Events Companies are likely to provide greater liquidity.
- Although the Offer Shares will be listed on the premium segment of the Official List and traded on the London Stock Exchange, there is unlikely to be a liquid market in the Offer Shares in the near future as income tax reliefs are available only to Qualifying Shareholders and not to purchasers in the market. It may, therefore, prove difficult for Shareholders to sell their Offer Shares.
- In common with other investment entities, many VCTs trade at a discount to their net asset values.
- On 6 July 2011, HM Treasury issued a consultation paper which is likely to result in changes to legislation in the Finance Bill 2012 regarding Qualifying Investments; the changes could restrict the types of businesses that would represent Qualifying Investments.

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

- The Company is seeking up to £20 million under the Offers, subject to the over-allotment facility. To the extent that a relatively smaller level of funds is raised, the Company may find it more difficult to achieve a spread of investments.

An investment in the Company may not be suitable for all recipients of this document. A prospective Investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. An investment in the Company is unlikely to be suitable unless you are a UK tax-payer and are capable of evaluating the risks and merits of such an investment. Investors are accordingly strongly advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 before making any decision to invest.

- The price at which Investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested and may lose some or all of their investment.
- The Company may raise additional capital in the future. Any equity offerings to new investors could result in dilution of the holdings of investors in the Company. No further capital raising is currently envisaged within the next 12 months.

- The Company's performance depends on the ability of the Manager to identify appropriate and successful opportunities for Qualifying Investments and the performance of the underlying assets, including, for example, the performance of media content produced by businesses in which the Company invests or of events promoted by those businesses. The value of the investment and the dividend can rise and fall. Investors may get back less than they originally invested, even taking into account the tax reliefs.
- The Manager will seek, wherever practicable, to put in place capital security and/or revenue guarantees, and/or to obtain a right for an investee business of the Company to receive specific revenues, in order to achieve a level of underpinning for some of the amount invested by the Company in that business. However, such arrangements may not be achievable or practicable in a given instance; in such an instance, if the trading performance of the investee business is poorer than initially projected by that business or the Manager, the realisable value of the Company's investment in the business may be significantly impaired.
- The Company is dependent on the Directors and the investment team of the Manager. The departure from the Company of any of the Directors or any of the investment team of the Manager could have a material adverse effect on the business of the Company. While the Company has entered into letters of appointment with each of the Directors and the Manager has entered into service agreements with the investment team, the retention of their services cannot be guaranteed.
- Although it is intended that the status of the Company as a VCT will be retained, there is no guarantee that this will be achieved (further details of the taxation implications of an investment in the Company are set out in Part 3 of this document). If the Company fails to meet the qualifying requirements for a VCT, this could result in:
 - (i) the withdrawal of income tax relief granted to Qualifying Investors;
 - (ii) the loss of income tax relief on dividends paid (or subsequently payable) to Shareholders;
 - (iii) the loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Company;
 - (iv) a liability to tax on capital gains on any disposal of the Offer Shares; and
 - (v) the loss of the listing of the Company on the Official List and admission to trading on the London Stock Exchange.
- To comply with VCT legislation, in respect of each of the Qualifying Companies in which the Company invests at least 70% of its capital, those Qualifying Companies must have gross assets of not more than £7 million prior to investment and fewer than 50 employees. Such companies generally have a higher risk profile than larger companies.
- Changes in legislation concerning VCTs in general, and Qualifying Investments and qualifying trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.

LETTER FROM THE CHAIRMAN Edge Performance VCT plc

Dear Investor,

Edge Performance offers investors the opportunity to back an experienced specialist investment team making investments in the entertainment and media sector, with the advantage of VCT tax reliefs. Edge Performance is now in its seventh year and to date has raised in excess of £100 million. Edge Performance is managed by Edge Investment Management, a leading specialist entertainment and media fund manager.

Under the H Share Offer, Edge Performance is, for the first time, providing Investors with the opportunity of an “evergreen” share class, which seeks to generate growth and a consistent, long-term and *tax-free* yield for Investors.

The investment focus for the H Share Fund will remain the entertainment and media sector and enabling technologies for the sector. The majority of the portfolio investments will include loan finance which should provide additional capital protection.

The H Shares

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

- **Tax-free income**

The Company is targeting building to a consistent *tax-free* annual dividend yield for Investors. To align the interests of the Manager with this objective, the Manager’s performance fee is payable only if cumulative Dividends over the life of the fund average at least 7p per H Share per year (i.e. a yield of at least 10% of the investor’s net cost of investment⁴) and the net asset value per H Share grows. In the early years of the H Share Fund, the Company is targeting annual dividends of 3.5p per H Share per year (a 5% yield)⁴, while the anticipated returns from Qualifying Investments start to grow. Since 2007, the Company has paid or declared annual dividends to its Ordinary, C, D, E and F Shareholders at a level representing an annual yield of 10% or more of the investor’s net cost of investment.⁵

- **Risk reduction**

The Company will seek, wherever possible, to employ risk reduction strategies in connection with Qualifying Investments.

- **Growth through reinvestment**

It is intended that the majority of any gain made on 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 order to drive compound growth for the H Shareholders.

- **Investment Strategy**

The H Share Fund will normally look to make Qualifying Investments in businesses which:

- are in the identified sector;
- have proven management;
- have existing revenues;
- are profitable or have reasonable visibility over profits in the near term;
- require a total investment round of between £1m and £10m;
- have the capability to scale earnings rapidly;
- offer an exit route within a 5 to 10 year period; and
- are capable of generating a return to the H Share Fund, over a 5 year period, of at least 3 times the amount invested;

and where Edge Performance and the Manager can add value to enhance returns.

Low Total Expenses

Assuming full subscription under the Offers, it is anticipated that the total operating expenses of the Company (excluding performance-related incentive fees, irrecoverable VAT and trail commission to intermediaries) will be no more than 2.5% of the net asset value of the Company, including the Manager’s annual fees described in more detail on page 19 of this document.

⁴ Assuming income tax relief at 30% on the cost of investment. There is no guarantee that this objective will be met and this statement does not represent a dividend or profit forecast, and none should be implied.

⁵ Assuming income tax relief at (in the case of the Ordinary Shares) 40% or (in the case of the C, D, E and F Shares) 30% on the cost of investment

Substantial tax benefits

Subscriptions to VCTs in the 2011/12 and the 2012/13 tax years can attract income tax relief at the rate of 30%. Distributions of capital and dividends are tax-free for Qualifying Investors. This means that, for every £1 invested, the net cost to VCT investors should be 70p.

Changing Legislative Landscape

As has been widely reported, the rules surrounding investments which a VCT is able to make have changed in recent years, and are liable to change further in the coming years:

- As from April 2011, a VCT is able to make a Qualifying Investment in a non-UK business, provided that the business has a UK presence. Given the international nature of the market for the entertainment and media sector, this opens up a range of potential opportunities for the Company which were not previously available.
- In the 2011 Budget, the Chancellor announced the Government's plans to increase the size of a business in which a Qualifying Investment can be made (raising the upper limit from £7m in gross assets, to £15m; and from 50 employees to 250), and also increasing the amount of Qualifying Investment which a business can receive (from £2m in any year, to £10m). These changes are subject to the approval of the European Commission under the State aid regime. If the Government's application for these changes is approved and introduced into UK law, this will provide the Company with the ability to invest in larger, more established businesses of a type which the Manager believes has historically been shown to be less risky, and have the capacity to generate higher returns for the Company.
- In July 2011, HM Treasury commenced a process of consultation, with a number of aims, including the simplification of the VCT rules, and the refocusing of the rules to ensure that Qualifying Investments are properly directed towards small and medium sized businesses where research indicates that the present lack of funding through bank finance or through investment (the so-called "equity gap") is keenly felt. The Company welcomes this consultation process, and has been actively involved in responding to it, both direct with Government, and through the trade associations with which the Company is connected. It is currently envisaged that the initial (but not necessarily all) resulting new rules will be introduced by the Finance Bill 2012, but it is not known whether they will apply to all investments made by VCTs after the implementation date, or only to investments made by VCTs from funds raised after that date. Whenever the new rules may come into effect, it seems likely that they will prevent VCTs from making certain types of investment which were previously (and currently remain) permissible; equally, however, the Company believes that the new rules may well provide new opportunities for investment, particularly when coupled with the higher investment limits mentioned above.

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

If investors have any questions regarding this investment they should contact their financial adviser. For questions relating to an application, please telephone RAM Capital Partners LLP on 020 3006 7530 or via e-mail to taxsolutions@ramcapital.co.uk. Investors should note that no investment advice can be given by the Company or the Manager and your attention is drawn to the Risk Factors set out on pages 7 and 8 of this document.

Yours sincerely

Sir Robin Miller
Chairman

PART 1: INFORMATION RELATING TO THE COMPANY

Introduction

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

Through six previous offers for subscription, Edge Performance has raised in excess of £100 million since 2006.

From the proceeds of those offers, the Company has made Qualifying Investments totalling £26.5 million, in 17 companies; five of those Qualifying Investments were realised by the Company in 2009.

The C and D Share Funds have already met the target of full investment as required by VCT legislation. The Company is currently in the process of completing further Qualifying Investments which will mean that the E Share Fund will have attained full investment under VCT rules, and some 55% of the proportion of each of the F and G Share Funds allocated for making Qualifying Investments will have been invested; those further Qualifying Investments are expected to be completed before the end of 2011. The Company has the benefit of contractual options to make further investments and has identified sufficient suitable additional specific investment opportunities which, when concluded, will mean that the F and G Share Funds will similarly have met the VCT requirement of full investment.

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

H Share Fund

With the H Share Fund, Edge Performance will be looking to make Qualifying Investments in the entertainment and media sector and in the enabling technologies for the sector, in businesses which the Manager believes have the potential for profitability and growth, in order to generate growth and a consistent yield for Investors.

Wherever possible, Qualifying Investments will entail risk reduction strategies; these will include as much of each investment as is permitted by VCT rules being provided by way of loan finance, security over a business's assets and/or contractually guaranteed revenues, or obtaining suitable third party capital guarantees.

It is intended that the majority of any gain made on 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 new Qualifying Investments, in order to drive compound growth for the H Shareholders.

The Company is targeting building to a consistent *tax-free* annual dividend yield for Investors. To align the interests of the Manager with this objective, the Manager's performance fee is payable only if cumulative Dividends over the life of the fund average at least 7p per H Share per year on average (i.e. a yield of at least 10% of the investor's net cost of investment⁶) and the net asset value per H Share grows. In the early years of the H Share Fund, the Company is seeking to pay out annual dividends of 3.5p per H Share per year (a 5% yield), while the anticipated returns from Qualifying Investments start to grow.⁶ Since 2007, the Company has paid or declared annual dividends to its Ordinary, C, D, E and F Shareholders at a level representing an annual yield of 10% or more of the investor's net cost of investment.⁷

There may be potential, in some instances, for the H Share Fund to co-invest alongside other Share Funds. However, the Company's expectation is that the H Share Fund will be applied in making Qualifying Investments of a likely lifespan beyond that of the I Share Fund, as a shorter investment horizon is less likely, in the Manager's opinion, to generate the levels of return required in order to meet the Company's targeted growth and yield for H Shareholders.

The Market

Why Now?

Investment in times of economic exuberance tends to lead to inflated expectations and pricing, which depress real returns; tougher economic times make for a buyer's market. This remains such a time. Paying too high a price on an otherwise excellent investment opportunity will inevitably reduce the gains when it comes to exit, whereas a more average opportunity, if very keenly priced, can be elevated into the realms of the highly successful.

⁶ Assuming income tax relief at 30% on the cost of investment. There is no guarantee that this objective will be met and this statement does not represent a dividend or profit forecast, and none should be implied.

⁷ Assuming income tax relief at (in the case of the Ordinary Shares) 40% or (in the case of the C, D, E and F Shares) 30% on the cost of investment

In the current economic conditions, even high quality, successful entrepreneurial businesses can be starved of growth capital. Quarterly data published by the Bank of England shows that bank lending has been negative for approaching three years, across all sectors and scales of UK business⁸. The impact has been particularly acute on smaller businesses which have more limited alternative sources of funds.

The entertainment and media sector appears to be particularly affected by a lack of understanding of the true nature and dynamics of the sector from potential funding sources outside of the sector.

A sizeable and growing market⁹

The global entertainment and media sector is currently estimated to be worth approaching £1 trillion. Of the total worldwide value of the sector, some 43% is represented by English-speaking countries.

The global entertainment and media market grew in 2010 by 4.6%, almost twice as much as previous projections; and research indicates that the market will grow at 5.7%, year on year, over the next four years.

The United Kingdom is currently the second largest entertainment and media market in Europe and the fifth largest in the world, with total annual spending estimated at £48 billion, and forecast to grow to £58 billion by 2015, with almost all of the industries within the sector expected to grow over that time.

The impact of the digital revolution

The key driver for growth in the entertainment and media sector is the continued impact of digital technologies; more than three-quarters of the total projected market growth in the coming years is expected to result from the increase in digital services and platforms.⁹

Broadband access and mobile internet access are seen as critical elements of the evolution of the sector, as more and more consumers migrate from the analogue world to the digital world. 80% of the UK population now has online access, up 5% over the last two years, with 40 million active online users.¹⁰

Mobile Platforms

In recent years, the next-generation mobile hardware market has seen remarkable advances. The iPhone was launched in 2007 to much acclaim; however, its dominance is now challenged by Android-powered mobile phones which account for over one-half of all smartphone hardware sales, whilst Blackberry also retains a presence in the market.¹¹ The electronic ("e-book") market is currently dominated by Amazon's Kindle models. The tablet market saw a seismic change with the launch of the iPad in 2010, but, again, other hardware is vying for a share of the market, most recently with the launch of the Kindle Fire. It is forecast that annual sales of these three forms of mobile device will more than double in the next four years.

These media-enabled devices are as much about entertainment as communications: it is forecast that total sales of applications ("apps") for mobile devices will increase five-fold over the next four years. A recent survey by Nielsen suggests that the list of features which consumers most value in their mobile devices is topped by location services, social media, music, games and web browsing.¹²

The Directors and Manager believe that this growth offers exciting possibilities for investment in the growing number of businesses active in the mobile market, and in particular in the development of apps and other services for mobile platforms.

Filmed Entertainment & Television

Spending on films through digital platforms is expected to grow to almost one-third of the total retail film market in the coming years.¹³

A significant development is that of internet-based television, or "IPTV". The Director-General of the BBC, Mark Thompson, has hailed the internet as the most important medium in which broadcasters will operate. The largest hardware manufacturers, including Sony, LG, Samsung and Panasonic have already released internet-enabled television sets, and industry commentators expect Apple to enter the IPTV hardware market in 2012.¹⁴ At the same time, it is expected that the number of services and channels available via IPTV will proliferate; in October 2011, YouTube announced the launch of 100 new online channels of original programming.¹⁵

8 Source: Bank of England: Trends in Lending

9 Source: PWC

10 Source: UK Online Measurement/Nielsen - May 2011

11 Source: Nielsen Social Media Report, Q3 2011

12 Source: Nielsen Social Media Report, Q3 2011

13 Source: PWC

14 Source: Business Insider

15 Source: Guardian, 31 October 2011

This increase in the number of services offering programming to consumers will in turn lead to increasing demand for new programming content, and, consequently, in the Director's and Manager's view, opportunities to invest in businesses engaged in the production of that content.

*Music*¹⁶

Whilst the decline of the physical recorded music market has been widely reported in recent years, with CD sales in the UK and elsewhere falling sharply, the picture with the digital distribution and consumption of music is one of growth. Digital music services now account for an estimated 29%. Legitimate music services, including download services, music subscription services and internet radio, now exceed 400 in total, offering consumers access to some 13 million recordings.

Curation, Discovery and Recommendation

The proliferation in online and mobile services offering entertainment and media content clearly brings much greater choice for consumers. However, it is the Directors' and the Manager's view that such a level of choice is likely to result in a negative impact if consumers are not assisted in the selection of the content which they wish to access, as the sheer volume of available content cannot properly be navigated without that assistance. The Company will therefore actively pursue investment opportunities in businesses which offer effective curation, discovery and recommendation support for entertainment content services.

Monitoring

The Directors and Manager also believe that a further by-product of the scale of services offering entertainment and media content is the increased importance for content owners to be able to monitor how, where and how often their content is accessed, to ensure that appropriate payment can be received, and that all contributors to the creation of that content can be compensated. The monitoring of the use of entertainment content is nothing new; UK music industry licensing bodies such as Phonographic Performance and the Performing Right Society, for example, have for many years now been monitoring the usage of music on television and radio, and both of these organisations now monitor internet and mobile music services to some extent. However, the Directors and Manager believe that the sheer scale of digital services offering entertainment content calls for new, robust and scaleable solutions, offering not only automated monitoring services, but also the ability effectively to analyse usage reports, in order to monetise that usage appropriately.

*Advertising*¹⁷

Following declines in 2008 and 2009, the advertising market has returned to growth. Whilst television advertising expenditure remains the single largest section of the market, internet and mobile advertising now represents the second largest section, ahead of printed advertising expenditure; in the United Kingdom, internet advertising grew by 15.2% in 2010, and is projected to rise by 11.2%, year on year, from 2011 to 2015.

Advances in technology have made certain forms of online advertising more affordable, more effective, and easier to implement than traditional advertising, improving methods which segment out audiences based on the most important variables. These newly available statistics help advertisers and publishers to identify and influence audiences more efficiently and effectively, resulting in new advertising models and new ways of reaching consumers. The strength of advertising demand for entertainment content underpins the resilience of the entertainment and media sector.

Whilst "product placement" (i.e. the paid-for inclusion of a company's goods or brands in-context in a programme) has been permitted for some time on UK television in the case of films and international television programmes, product placement in UK television programmes has only been permitted since February 2011, but new businesses are already looking to take advantage of this liberalisation.

Television

Television is the UK's favourite media, and the UK independent television sector continues to be supported by the Government and industry regulator, Ofcom. Since the 2003 Communication Act, the major UK terrestrial broadcasters have been required to commission at least 25 per cent of their content from independent producers, and in the case of

16 Source: IFPI Digital Music Report 2011

17 Source: PWC

the BBC, a further 25% is now available on a competitive basis between in-house and independent production teams of which 72% was won by independents in 2010.¹⁸ These changes have improved the independent producers' ability to retain ownership and control of the intellectual property they create, leading to improved margins and enabling them to build value in their businesses through exploiting the valuable secondary and ancillary rights. These include: repeats on networks and thematic channels; sales of DVDs; international sales of completed programmes and format rights; programme sponsorship and licensing; and telephony and voting revenues. Consequently, independent producers and the businesses which enable them to exploit their intellectual property in these varied ways are attractive potential investments for the Company. With advertising revenues and primary commissioning income down in the recession, television production companies adopted a multi-platform approach to content creation and looked to the wider market to obtain financing rather than simply relying on broadcaster commissions. International sales of content have grown, as have pay-TV subscriptions with consumers showing they continue to be willing to pay for content which they value and which is not available free elsewhere; principally, sports, movies and high definition. 3D TV, although still relatively new, is a logical next step following the recent successes of a number of 3D cinema releases.

Social Media

Along with the increase in online access and usage, recent years have witnessed an evolution in how consumers use the web, with online interactive content, sometimes referred to as Web 2.0, soaring in terms of usage habits. Time spent on social networking and blogging sites such as Facebook, Twitter, LinkedIn or MySpace, and blogging, now account for almost one-quarter of all users' time online.¹⁹ Nielsen recently reported that US internet users now spend more time on Facebook than on all of Yahoo, Google, MSN, Windows Live, YouTube and eBay combined.²⁰ It is estimated that almost 40% of social media users access social media content from their mobile phone, again underscoring the emerging significance of mobile platforms in the overall market.

Whereas for most users the web was initially essentially about receiving information and used primarily as a reference tool, it is increasingly genuinely interactive, with many users not only reading others' content, but creating and editing their own. Wikipedia is a well-known example of this trend, which is also being harnessed by companies and individuals wishing to understand how their customers perceive their brand and products. The entire online world is potentially available as a focus group, and groups as diverse as politicians and beekeepers have been taking advantage.

Big brands are now aware of the value of social media as part of their online advertising and marketing efforts, to engage and retain customers; it is estimated that Coca-Cola has approaching 24 million Facebook fans, who are encouraged to engage with each other and the brand, including by the ability to upload user-generated content.²¹

Children's Entertainment

The Company has already made investments in businesses operating in the field of children's entertainment, including the production of television and other programming, licensing and toys and other merchandising, and intends to continue actively to consider this field.

Children's characters are capable of being rejuvenated for successive generations of children; *Thomas the Tank Engine*, for example, remains a highly valuable character despite the fact that the first *Thomas* book was published more than 65 years ago. Furthermore, a successful children's character can be expanded from one medium to another; *Moshi Monsters* was launched as a children's game in 2008, garnering 50 million users in three years,²² and the characters can now be seen on a range of physical products, including books, toys, trading cards and magazines. In the view of the Directors and the Manager, these two features of the children's market provide the scope for significant and sustained growth for businesses in the sector, underpinned by valuable assets.

This year has seen a number of significant changes in the players in the market, including the sale of HIT Entertainment (*Bob The Builder*, *Fireman Sam*) to Mattel, the sale by Chorion of *The World of Beatrix Potter* and *The Octonauts* to a new business founded by Chorion's former chairman and the announcement that Entertainment One (*Peppa Pig*, *Twilight*) is to be sold.²³ The Company intends to pursue any suitable opportunities to acquire further children's properties which might come about as a result of this realignment of ownership.

18 Source: Producers Alliance for Cinema and Television

19 Source: UK Online Measurement/ClickZ - 2010

20 Source: Nielsen Social Media Report, Q3 2011

21 Source: PWC

22 Source: Mind Candy/BBC

23 Source: Telegraph, 24 October 2011; Guardian, 14 & 22 September 2011

The UK in the Global Marketplace

It is the Directors' and the Manager's view that, when it comes to the entertainment and media sector, the UK 'punches above its weight'. The English language is a huge advantage to UK entertainment and media companies; English speaking countries account for more than 35% of world gross domestic product,²⁴ over three times more than the next most significant bloc, and English is the language of the world's most valuable market for content, the United States.

The technical and regulatory landscapes also provide considerable advantages; the forthcoming switch-off of the analogue TV spectrum in the UK has forced the early adoption of digital, which has itself allowed for significant channel proliferation.

The UK is a digital leader with the highest penetration of digital TV globally at 91.4%, one of the highest broadband penetrations in Europe and highest in the EU "Big 5" (i.e. the UK, Germany, France, Spain and Italy), the highest growth in smartphone penetration in the EU Big 5 and the second highest subscriber base.²⁵ This hardware infrastructure has already been paid for and installed and exerts an enormous pull effect on media as consumers (eager to use their expensive hardware devices) are becoming increasingly used to demanding more and more content, when and where they want it.

A world leader in content creation and exploitation, the UK is one of only three countries in the world that is a net exporter of music (with the United States and Sweden). In 2010, the UK had the third largest filmed entertainment market in the world (after the United States and Japan). The UK has the world's fourth largest game development sector. Eleven of the top 25 global box office films of all time are based on novels by British writers. These factors combine to provide a fertile framework in which the UK's creative industries flourish, and which, in the Directors' and the Manager's view, should continue to provide many and varied opportunities for investment.

Why invest in small and medium sized companies?

- **Speed to market advantage**

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

- **Scaleable revenues**

Entertainment and media majors have large organisations, huge overheads and infrastructure costs and thus rely on massive "hits" to pay for losses on failed products and provide returns to shareholders. Small and medium sized companies can produce entertainment 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. With lower overheads, even modest successes can generate many times money multiple returns for investors.

- **Natural exit route**

It has long been a feature of the industry that smaller independent companies in the market tend to take the lead over established major companies in creativity and innovation as their size and focus enables them to act more swiftly and without the constraints of legacy business models. This often leads to the larger established companies acquiring smaller independent companies as they seek to access new and faster growing revenue streams. Entrepreneurs recognise that the majors are their likely exit route, but want to extract all the growth they can before selling. They will actively prefer to work with investors who are able to open doors and make valuable introductions.

The Manager's view is that private companies in particular are interesting as investment opportunities because entrepreneurship, creativity and innovation, which thrive best in the independent sector, remain at the heart of entertainment and media businesses.

Privately owned companies are well positioned to take advantage of opportunities afforded by changes in the entertainment and media landscape.

The substantial amounts already invested in digital distribution networks, particularly by mobile telephone companies and ISPs, have increased the networks' demand for distinctive content as consumers are now adopting these new platforms and networks and consuming media in new ways. Digital distribution now has economic relevance, which makes it possible for small and medium sized entertainment and media companies to generate both new and scaleable revenues.

The traditional recorded music industry has been slow to respond to the opportunities presented by the internet which presented a challenge to their physical sales model. This has allowed companies like Apple, through its iTunes business,

²⁴ Source: IMF Global Economic Database, September 2011

²⁵ Source: PWC

or Spotify, which have not been hampered by legacy business models and which have been able to harness the changes, to challenge the established record companies' control of distribution. This has led to opportunity for a number of high growth, entrepreneurial businesses.

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

Why Edge?

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

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

Investment structure

Typically, Edge Performance will seek to structure as much of its investment in each company as is permitted under VCT rules in the form of loan stock secured by a debenture, and with the balance in equity. Edge Performance will hold up to 50% of the ordinary share capital of companies.

The Directors and the Manager

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

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 Manager.

Sir Robin Miller (Chairman of Edge Performance)

Robin Miller was formerly Chief Executive (1985-98 and 2001-03) and Chairman (1998-2001) of Emap plc, one of the UK's leading media groups with businesses including consumer and trade publishing, commercial radio and music TV channels and events.

In 2003, 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 4 Television (1999-2006), and was Chairman of their New Business Board, 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.

Robin is currently also a non-executive director of The Racing Post and Time Out Group, Chairman of IBIS Media VCT plc, Getmemedia.com Limited, Golf Club Network, Crash Media Group and a director of Bikesportnews.com and a Trustee of the Golf Foundation and Riders for Health.

Kevin Falconer

Kevin Falconer has spent most of his professional life as a senior private banker specialising in the entertainment and media sector. Until 2005, he was the Head of HSBC Private Bank's global media practice.

Since leaving the banking industry, he has devoted his time to providing strategic advice to a small group of highly successful media entrepreneurs, including Chris Blackwell (founder of Island Records) and Pete Waterman. He is currently a non executive director of Pete Waterman Entertainment and Audiotube.

Michael Eaton

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

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

He has throughout his career acted for numerous highly successful popular music artists, including Eric Clapton, the Bee Gees, the Police, Enya and Frankie Goes to Hollywood in North America as well as Europe. He has also represented a number of successful businesses in the entertainment and media sector, such as Northern Songs, the Beatles' music publishing company. More recently he has represented Eric Clapton in relation to his world-wide touring activities and was one of the main organisers of the Crossroads Guitar Festivals in Dallas in 2004 and in Chicago in 2007 and 2010. He is currently chief executive officer of Bushbranch Limited, a music management company providing management services to Eric Clapton.

Frank Presland

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

In 1999 he established Twenty-First Artists, a music management company, of which he was Chief Executive Officer until 2010. From May 2006 to April 2008, he was Chief Executive Officer of The Sanctuary Group plc, in which role he brokered the sale of the Group to Universal Music in 2007. He is currently Chairman of the Rocket Music Entertainment Group, which provides management services to Elton John, Lily Allen, James Blunt and a number of other artists.

David Glick

David Glick is an experienced venture capital investor in the entertainment and media sector, who has specialised in various aspects of the industry, and who has been involved in the sale and purchase of multi-million pound entertainment and media assets, with a particular emphasis on music, television, film, sport, theatre and fashion.

David Glick, who was previously a practising solicitor, co-founded Eatons, a leading music and entertainment law firm, in 1990; in 2000 Eatons merged with law firm Mishcon de Reya where he became head of the entertainment and media group. In 2004 he formed the Edge group of companies as a specialist investment and advisory business for the entertainment and media sector. At Edge, he has brokered and advised clients on the sale and purchase of a range of entertainment and media related assets and businesses. He has also been both an executive and a non-executive director of Entertainment Rights, the UK media business which was quoted on the Official List. He is the founder of Edge Performance VCT, and is married to Kate Glick.

Lord Flight

Lord Flight has worked in the financial services industry for 40 years and co founded Guinness Flight Global Asset Management. 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, and was Shadow Chief Secretary to the Treasury between 2000 and 2004. He was appointed to the House of Lords in January 2011. He is Chairman of the EIS Association, Arden Partners plc and CIM Investment Management Limited and is a 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.

The Manager

The investment manager of the Company is Edge Investment Management which was established in July 2005 and is authorised and regulated by the FSA. The members of the Edge Investment Management investment committee are all directors of Edge Investment Management; their details are shown below.

Gordon Power (Chairman of Edge Investment Management)

Gordon Power has 27 years of venture capital and private equity experience and is chairman of Edge Investment Management and a private equity investor in his own right.

Prior to this he founded the private equity business ProVen Private Equity (now re-named Beringea) and led its buy-out from Guinness Mahon in 1997. As CEO of ProVen from 1984 until 2004, he spearheaded the creation and marketing of funds and the investment and exit of deals as head of the investment committee. By 2002 ProVen, which specialised in media and intellectual property rights investments, had funds under management of £185 million including Guinness Flight VCT (now re-named Ortus VCT), ProVen VCT and ProVen Media VCT (now re-named ProVen Growth and Income VCT).

Harvey Goldsmith CBE

Harvey Goldsmith is one of the UK's best known music industry impresarios, having since the 1960s produced and promoted shows with leading artists such as The Rolling Stones, The Who, Bruce Springsteen, The Eagles, Led Zeppelin and Sting. He formed Artiste Management Productions in 1973 to produce and manage music artists, and Harvey Goldsmith Entertainments Limited in 1976, which became the UK's leading promoter of concerts and events. He became involved in the Prince's Trust in 1982, producing the first Prince's Trust Rock Gala, and joining the Trust's board. In 1985, he produced the Live Aid concert with Sir Bob Geldof, raising £140 million for famine relief in Africa and the more recent Live 8 concert in 2005. He has also produced major operatic productions and was the worldwide tour producer for Pavarotti. He is responsible for the annual Cirque du Soleil shows in the UK, is the co-producer of Merchants of Bollywood and was the instigator and producer of the Led Zeppelin reunion concert at the O2 Arena in London in December 2007. Since 2008, he has managed Grammy award-winning guitarist, Jeff Beck.

David Glick

See above.

Alasdair George

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

Kate Glick ACA, CTA, ASI

Kate Glick qualified as a chartered accountant and chartered tax adviser with Arthur Andersen where she worked from 1991 until 2002 and is also a member of the Securities & Investment Institute. Her experience at Arthur Andersen included insolvency and turnaround advice and tax advice on areas including capital gains tax, trust and other personal tax matters. She is the Company Secretary of Edge Investment Management. She holds a BA in Economics from Cambridge University and is married to David Glick.

Aside from the principal investment committee members listed above, the further members of the Manager's investment team collectively have a wealth of direct experience in venture capital, private equity, venture capital trusts, corporate finance, accountancy and tax.

Other information

Non-Qualifying Investments

Under current VCT legislation, the Company is able to have up to 30% of its investments in non-Qualifying Investments. The Company intends initially to invest the net proceeds raised under the H Share 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 investment grade financial instruments through one or more prominent fund managers. While a suitable level of return will be sought from such investments, the Company regards capital preservation as an important consideration.

Financial resources

The capital resources required to implement the Company's investment strategy are to be provided by the proceeds of the Offers 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 H Share 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 Investment Management was first appointed as the investment manager of Edge Performance on 3 February 2006. On 24 November 2011, subject to Shareholder Approval, the Company and Edge Investment Management entered into a new discretionary management agreement, covering the issue of the Offer Shares so that Edge Investment Management will manage the H Share Fund (as well as the C, D, E, F, G and I Share Funds) for an initial period ending 5 years from Admission, and continuing after that until terminated on 12 months' notice, subject to earlier return of these funds. The Manager is paid an annual management fee of 1.75% of the net asset value of the C, D, E, F, G and, subject to Shareholder Approval, I Share Funds and 2.25% of the net asset value of the H Share Fund.

The Manager also receives an annual administrative fee of £225,000 (plus VAT) (if applicable) in total (across all Share Funds), with the H Share Fund bearing only its *pro rata* share of this fee.

Assuming that the Offers are fully subscribed, it is anticipated that the annual operating expenses of the Company (excluding performance-related incentive fees, irrecoverable VAT, and trail commission to intermediaries) will be no more than 2.5% of the net asset value of the Company. The total annual operating expenses of the Company (excluding performance-related incentive fees, irrecoverable VAT and trail commission to intermediaries) will be capped by the Manager at 3% of the net asset value of the Company.

Performance-related incentive fees

In relation to the H Share Fund, the Manager will receive a performance-related incentive fee of 19% of Net Asset Value per H Share in excess of £1.00, payable only if cumulative average Dividends paid or declared exceed 7p per H Share per annum; and 29% of Net Asset Value per H Share in excess of £1.00, payable only if cumulative average Dividends paid or declared exceed 14p per H Share per annum. The Chairman of the Company will be entitled to receive a performance fee of 1% calculated on the same basis.

Life of the Fund

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

VCT status monitoring

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

Shareholder communication

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

Current trading and financial position

Capital Structure

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

Offer	Date Opened	Amount Raised
Ordinary Shares	January 2006	£6,288,150
C Shares	December 2006	£13,224,820
D Shares	November 2007	£19,009,000
E Shares	November 2008	£9,646,300
F Shares	November 2009	£29,056,655
G Shares	October 2010	£23,608,518
		£100,833,443

Overview of activities

Ordinary Share Fund

Between November 2006 and September 2007, five Qualifying Investments were made at a total cost of approximately £4.3 million, at which point the Ordinary Share Fund had invested more than the required minimum of its net assets in Qualifying Investments. In May and June 2009, those Qualifying Investments were disposed of, realising a total amount of £4.12 million; those proceeds were distributed to the Ordinary Shareholders on 30 June 2009. Consequently, the total return to Ordinary Shareholders was 85p per Ordinary Share (equivalent to a return of 125p per 100p invested for those who obtained the full 40% income relief on their subscription), significantly higher than the targeted total return of 75 pence per Ordinary Share. In December 2009 all of the Ordinary Shares were converted into Deferred Shares and immediately repurchased by the Company and then cancelled. The Company was, thereby, able to avoid any cost associated with continuing to maintain the Ordinary Share class.

Other Share Funds – Qualifying Investments

The Qualifying Investments of the Company are summarised below:

C Share Fund

Investee company	Nature of business	Amount Invested (£'000)	Date of First Investment	Value of investment as at the date of this document (£'000)
MK Ultrasound Limited	Live events promotion	2,000	April 2008	1,782
Saravid Promotions Limited	Live events promotion	2,000	October 2008	1,457
Global Dawn Limited	Social media platform development	1,472	December 2008	3,301
B & W Events Limited	Live events promotion	1,000	September 2009	1,161
Coolabi plc	Children's entertainment	250	November 2009	297
South Productions Limited	Licensing consultancy	553	March 2010	538

D Share Fund

Investee company	Nature of business	Amount Invested (£'000)	Date of First Investment	Value of investment as at the date of this document (£'000)
HTM Promotions Limited	Live events promotion	2,000	April 2009	1,766
Challi Productions Limited	Live events promotion	2,000	April 2009	1,778
Global Dawn Limited	Social media platform development	1,472	December 2008	3,301
TRP 2009 Limited	Live events promotion	1,000	February 2010	944
Coolabi plc	Children's entertainment	369	November 2009	585
Granon Entertainment Limited	Live events promotion	1,735	April 2010	1,694
North Promotions plc	Children's entertainment	2,000	March 2010	1,960
South Productions Limited	Licensing consultancy	500	March 2010	485
Rose Promotions Limited	Live events promotion	1,000	March 2010	955

E Share Fund

Investee company	Nature of business	Amount Invested (£'000)	Date of First Investment	Value of investment as at the date of this document (£'000)
South Productions Limited	Licensing consultancy	947	March 2010	947
Rose Promotions Limited	Live events promotion	300	March 2010	300
Coolabi plc	Children's entertainment	562	November 2009	562
North Promotions plc	Children's entertainment	682	March 2010	682

F Share Fund

Investee company	Nature of business	Amount Invested (£'000)	Date of First Investment	Value of investment as at the date of this document (£'000)
North Promotions plc	Children's entertainment	318	March 2010	318

Investment Policy

The Company's current investment policy is structured to accommodate specifically the intended lifespan of the C, D, E, F and G Share pools, and the targeted returns to holders of Shares in those pools. The characteristics of the H Share pool are different, in that, as explained above:

- the H Share is intended to be an "evergreen" class, with no defined lifespan; and
- the Company has not set an amount by way of targeted capital return to the holders of H Shares, instead targeting to build to a consistent annual yield by way of dividends and other distributions to H Shareholders.

The Board does not regard the Company's current investment policy as compatible with those different characteristics, and is therefore seeking the approval of Shareholders to adopt a new investment policy.

The proposed investment policy, which is subject to Shareholder Approval, and as it relates to the H Share Fund, is as follows:

- Edge Performance offers the opportunity to invest in the entertainment and media industry in a broad range of companies (thereby diversifying risk), and seeks to allow investors to take advantage of VCT tax reliefs while combining the features listed below.

- Edge Performance is seeking to achieve: growth, an annual yield for Investors, risk reduction and liquidity.
- Edge Performance is targeting building to a consistent *tax-free* annual dividend yield for Investors. To align the interests of the Manager with this objective, the Manager's performance fee is payable only if cumulative Dividends are at least 7p per H Share per year on average (i.e. a yield of at least 10% of the investor's net cost of investment²⁶) and the net asset value per H Share grows. In the early years of the H Share Fund, the Company is seeking to pay out annual dividends of 3.5p per H Share per year (a 5% yield), while the anticipated returns from Qualifying Investments start to grow.²⁶

The Company will invest at least 70% of the H Share Fund in Qualifying Investments, using risk reduction strategies wherever available; the intention is 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

Each of the Share Funds will initially be invested in a range of fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Up to 30% of each Share Fund will remain in such investments, while the balance will be realised to fund making Qualifying Investments.

In relation to the H Share Fund, the Company will seek to make Qualifying Investments which the Company believes are capable of generating an appropriate level of growth or return.

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.

Risk Mitigation

Wherever possible, the portfolio investments will be made through loan finance as far as is permitted under VCT rules, which should provide additional capital protection.

Borrowings

It is not intended that the Company will incur borrowings to fund its operations, although the Company may, under its articles of association, borrow in aggregate an amount up to 50% of its Adjusted Capital and Reserves (as defined in the Company's articles of association, being the aggregate of the Company's paid up share capital and the amount standing to the credit of the consolidated capital and revenue reserves of the Company, after adjustments, including for tax and distributions, and such other adjustments as the Company's auditors may consider appropriate).

²⁶ Assuming income tax relief at 30% on the cost of investment. There is no guarantee that this objective will be met and this statement does not represent a dividend or profit forecast, and none should be implied.

VCT Status and Maximum Exposures

The Company must be approved by HM Revenue and Customs in order to retain its venture capital trust status. The conditions which must be satisfied to retain such status include the restriction on the maximum exposure of the Company that not more than 15% by 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.

The H Shares and I Shares have been granted provisional approval by HMRC.

Prospects

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

Non – Qualifying Investments

As with the other Share Funds, initially, the net proceeds of the H Share Offer will be invested in a range of fixed income securities and cash and cash equivalent assets, offering a high degree of capital preservation. While a suitable level of return will be sought from such investments, the Company will continue, for as long as it feels it appropriate, to regard capital preservation as an important consideration. Subsequently, up to 30% of each Share Fund will be maintained in such investments while the balance is reinvested in Qualifying Investments.

How to Invest

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

Category of Potential Investors

A typical investor for whom the H Share Offer is designed is a UK income taxpayer over 18 years of age with an investment range of between £5,000 and £200,000 in any one tax year who, having regard to the risk factors set out on pages 7 and 8, considers the investment policy of the Company to be attractive. This may include retail, institutional and sophisticated investors and high net worth individuals who already have a portfolio of non-VCT investments.

Forward-Looking Statements

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

PART 2: INFORMATION RELATING TO THE H SHARES AND THE H SHARE OFFER

Reasons for the H Share Offer and use of proceeds

H Share Offer

10,000,000 H Shares are being offered to the UK public at an offer price of 100p per H Share. The H Share Offer is being made to raise funds for the Company to invest in businesses in the entertainment and media industry. The estimated total net proceeds of the H Share Offer (assuming Maximum Subscription and after expenses, other than the impact of the issue of additional H Shares under the early subscription incentive arrangements) are £9,450,000. It is intended that these funds will be used: in investing in businesses as described above and in investing in non-Qualifying Investments in accordance with the Company's investment policy. The H Share Offer is not being underwritten. If the H Share Offer is, or in the opinion of the Directors is likely to be, over-subscribed, it may be increased at the discretion of the Directors to no more than 30,000,000 H Shares. The over-allotment facility may be utilised while the H Share Offer remains open.

If 10,000,000 H Shares are issued pursuant to the H Share Offer, the net assets of Edge Performance will be increased by £9,450,000, before taking into account the impact of the issue of additional H Shares under the early subscription incentive arrangements described below.

If the Directors exercise their discretion to increase the number of H Shares that are the subject of the H Share Offer to 30,000,000, the net assets of Edge will be increased by £28,350,000, before taking into account the impact of the issue of additional H Shares under the early subscription incentive arrangements described below.

Costs of the H Share Offer

The initial costs of the H Share Offer are 5.5%; this includes an initial commission to authorised financial intermediaries of 3% on the value of successful applications, or (where an intermediary elects to receive trail commission) an initial commission of 2.25%. The commission will normally be paid to authorised financial intermediaries on successful applications submitted through them. The trail commission will be paid to authorised financial intermediaries at the rate of 0.25% per annum (but increased to 0.375% per annum for the first four years), on the then most recently published net asset value per H Share, on successful applications which are submitted through them and in respect of which the applicant continues to hold H Shares as at 30 June in each year.²⁷

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

The estimated total expenses of the H Share Offer, including the initial costs referred to above, are 10%.

Timetable

The H Share Offer will remain open for subscription until 5.00pm on 5 April 2012 for applications in respect of the 2011/12 tax year and until 3.00pm on 8 June 2012 (or such other dates as may be determined by the Directors, being no later than 24 November 2012) for applications in respect of the 2012/13 tax year. The Directors reserve the right to extend or increase the H Share Offer.

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

Application procedure

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

Early Application Incentive

Successful applicants whose applications for H Shares are received by 31 January 2012 will receive:

- 10 additional H Shares for every 1,000 H Shares subscribed for; and
- for any Existing Shareholder (including also his or her spouse or civil partner), a further 5 additional H Shares for every 1,000 H Shares subscribed for.

The Directors reserve the right, in their absolute discretion, to terminate or vary the incentive arrangements detailed in the preceding paragraphs at any time prior to the close of the H Share Offer.

²⁷ Subject to any restrictions imposed by s.553 of the Companies Act or other applicable legislation or regulation

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

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

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

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

Admission to trading and dealing arrangements

Application will be made for Admission in respect of the Offer Shares. It is expected that Admission will become effective and dealings in the Offer Shares will commence within 20 business days of the relevant allotment. No application is being made for the Offer 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 10 working days of each allotment, unless the applicant has elected to have Shares transferred to CREST immediately upon allotment. Temporary documents of title will not be used in connection with the H Share 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 H Share Offer will not be revoked in respect of the Offer Shares that have been admitted to the premium segment of the Official List and to trading on the London Stock Exchange. The results of the H Share Offer will be announced through a regulatory information service.

The Offer Shares will be in registered form capable of being transferred by means of the CREST system. Those successful applicants who wish to take advantage of the ability to trade in Offer Shares in uncertificated form, and who have access to a CREST account, may arrange with their CREST operator to have their Offer Shares transferred to CREST immediately upon allotment, or subsequently to convert their holdings into dematerialised form in CREST. Investors should be aware that Offer Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of Offer Shares held in CREST. The Company's share register will be kept by Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.

Dividend policy

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

It is intended that the majority of any gain made on realisation of investments will be used to fund payments to H Shareholders by way of dividends, in order to increase yield to H Shareholders, with the balance of the proceeds of realisation being reinvested by the Company with a view to enhancing growth.

Share buy-back policy

Subject to liquidity, the rules of the UK Listing Authority, the Companies Act and VCT regulations, it is intended that the Company will make market purchases of its own Shares, at:

- in respect of a market purchase within five years after the date of issue of the relevant Shares, a price no less than the most recently reported net asset value per Share in the relevant Share class; and
- in respect of a market purchase later than five years after the date of issue of the relevant Shares, a price no less than 10% below the most recently reported net asset value per Share in the relevant Share class.

The Companies Act provides that a public company may only purchase its own shares out of distributable profits or out of the proceeds of a fresh issue of shares made for the purpose of the purchase. Edge Performance has obtained Court approval to reduce its share premium account arising on the issue of the C Shares, D Shares, E Shares and F Shares enabling it to establish a new distributable reserve, out of which purchases of C Shares, D Shares, E Shares and F Shares can be made in the future; Such Court approval was obtained on 19 October 2011 in respect of the share premium account arising on the issue of the G Shares. Shareholder Approval will be sought to allow this in respect of the share premium account arising on the issue of the H Shares and I Shares from time to time.

PART 3: TAX POSITION OF INVESTORS AND OF THE COMPANY

(A) INVESTORS

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

1. Tax reliefs for investors

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

2. Income Tax

(a) *Relief on subscription*

An investor subscribing for shares in a VCT will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year. Regardless of the investor's marginal rate of tax, the relief is given at the rate of up to 30% on the amount subscribed in the 2011/12 tax year, subject to a maximum amount which reduces the investor's income tax liability to nil.

(b) *Dividend relief*

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

(c) *Withdrawal of relief*

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

3. Capital Gains Tax

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

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

(b) *Purchasers in the market*

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

(c) *Withdrawal of relief*

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

4. Obtaining tax reliefs

(a) *Income tax relief*

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

(b) *Investors not resident in the UK*

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

(c) *Loans*

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

5. Consequences of loss of VCT status(a) *For the VCT*

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

(b) *For Qualifying Subscribers*

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

(c) *For Qualifying Subscribers and Qualifying Purchasers*

(i) Dividend income

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

(ii) Capital gains

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

(B) THE COMPANY

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

1. Qualifying as a VCT

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

- (a) the company's income has been derived wholly or mainly from shares or securities (including loans to companies with a five year or greater maturity period);
- (b) at least 70% by value of its investments are represented by shares or securities in "qualifying holdings" (see 2 below), of which at least 30% by value are represented by holdings of ordinary shares carrying no preferential rights (although in the case of investments made from funds raised by a VCT after 5 April 2011, the requirement is that at least 70% by value will be represented by holdings of "eligible shares", which can include ordinary shares with certain preferential rights to dividends).. Additionally at least 10% by value of investments in single companies or groups must be in ordinary shares, or (in the case of investments made from funds raised by a VCT after 5 April 2011) in "eligible shares";
- (c) not more than 15% by value of its investments has been held in a single company or group (other than a VCT) and the VCT must not control the companies in which it invests in such a way as to render them subsidiary undertakings;

- (d) it has not retained more than 15% of the income derived in that period from shares and securities;
- (e) each class of its ordinary share capital has been quoted on a regulated market.

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

2. Qualifying Holdings

Qualifying holdings comprise new shares or securities (including loans with a five-year or greater maturity period) issued by unquoted trading companies which exist wholly for the purpose of carrying on one or more qualifying trades.

Qualifying holdings are limited to investments of up to £1 million per income tax year per investee company, or £2 million in consecutive tax years provided that there is a period of six months between each investment of £1 million. In the 2011 Budget, the Chancellor announced the Government's intention to increase this £2 million limit to £10 million, subject to the approval of the European Commission under the State aid regime; as at the date of this document, the European Commission's approval has not yet been obtained.

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", as described above) and this minimum percentage must be maintained for qualifying status to be continued.

Most trades are qualifying trades other than certain activities which are regarded as inappropriate.

Companies in which an investment is made must not be controlled by the VCT or any other company and their gross assets must not exceed £7 million immediately prior to the investment or £8 million immediately thereafter. Additionally, they must have fewer than 50 full time equivalent employees at that time. The Government has announced its intention to increase the £7 million limit to £15 million and the 50 employee limit to 250; again, these changes are subject to the approval of the European Commission.

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

In July 2011, HM Treasury began a process of consultation over, amongst other issues, the revision of VCT rules on the nature of a business, and of its trade, in determining whether a VCT's investment in it should constitute a qualifying holding. It is believed that, from a date to be announced (but likely to be introduced by the Finance Act 2012) an investment in a business established solely for the purpose of accessing the VCT tax relief will not constitute a qualifying holding.

3. Qualifying Trades and Qualifying Subsidiaries

Companies in which investments are made must exist wholly for the purpose of carrying on one or more qualifying trades and/or be a holding company only of qualifying subsidiaries. The trade must either be carried on by, or be intended to be carried on by, the company in which an investment is made or by a qualifying subsidiary. In the case of a company intending to carry on a qualifying trade, the qualifying trade must begin within two years of the issue of shares or securities to a VCT and continue thereafter. For investments made by a VCT prior to 6 April 2011, the trade must be carried on wholly or mainly in the UK but the company need not be UK resident; in the case of investments made by a VCT after 5 April 2011, the trade 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.

Certain trades (for example, dealing in land or shares or providing financial services) are excluded; as part of the consultation process referred to above, HM Treasury have indicated a willingness to review whether certain such excluded activities should remain excluded.

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

Companies in which an investment is made, or a relevant qualifying subsidiary, must spend 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. Withdrawal of approval

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

5. UK withholding tax on dividends

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

PART 4: DEFINITIONS

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

“Admission”	admission of the H Shares or the I Shares (as the case may be) to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities
“Application Form”	the application form for H Shares or I Shares (as the case may be) under the relevant Offer set out at the end of this document
“AEG”	Anschutz Entertainment Group, Inc.
“AEG Live”	AEG Live LLC, a subsidiary of AEG
“AEG Live (UK)”	AEG Live (UK) Limited, a subsidiary of AEG Live
“AIM”	AIM, the exchange regulated market of the London Stock Exchange for unlisted securities
“Board” or “Directors”	the board of directors of the Company whose names are set out on page 45 of this document
“C Share Fund”	the net assets of Edge Performance attributable to holders of C Shares
“C Shares”	C Shares of 10p each in the capital of Edge Performance (ISIN: GB00B1GJYK55)
“Certificated Form”	not in uncertificated form (that is, not in CREST)
“Company”	Edge Performance VCT plc
“Companies Act”	the Companies Act 2006
“Corporate Governance Code”	the Financial Reporting Council's UK Corporate Governance Code or Combined Code on Corporate Governance, as applicable
“CREST”	the computerised settlement system operated by Euroclear UK & Ireland Limited which facilitates the transfer and holding of securities in electronic, uncertificated form
“CREST regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755)
“D Share Fund”	the net assets of Edge Performance attributable to holders of D Shares
“D Shares”	D Shares of 10p each in the capital of Edge Performance (ISIN: GB00B28M6V44)
“Deferred Shares”	deferred shares of 10p each in the capital of Edge Performance
“Disclosure Rules and Transparency Rules”	the disclosure rules and transparency rules issued by the FSA
“Dividend”	(for the purposes of the performance incentive fee payable to the Manager) <ul style="list-style-type: none"> (i) a dividend of the Company to holders of the C Shares, D Shares, E Share, F Shares, G Shares, H Shares and/or I Shares (in respect of which such dividend is paid); and (ii) any distribution (as defined in section 829 (1) of the Companies Act) to holders of the C Shares, D Shares, E Share, F Shares, G Shares, H Shares and/or I Shares; and (iii) any further or other right of the holders of the C Shares, D Shares, E Share, F Shares, G Shares, H Shares and/or I Shares; and (iv) any distribution by way of issue of shares as fully or partly paid bonus shares; and (v) any distribution by way of the redemption or purchase of any of the C Shares, D Shares, E Share, F Shares, G Shares, H Shares and/or I Shares whether out of capital (including the proceeds of any fresh issue of shares) or out of unrealised profits in accordance with Part 18, Chapters 3, 4 and 7 of the Companies Act or otherwise; and

	(vi) any distribution by way of the reduction of the C Share capital, D Share capital, E Share capital, F Share capital, G Share capital, H Share capital and/or I Share capital of the Company by extinguishing or reducing the liability of any of the holders of C Shares, D Shares, E Shares, F Shares, G Shares, H Shares and/or I Shares on any of the Ordinary Shares, C Shares, D Shares, E Share, F Shares, G Shares, H Shares and/or I Shares (as the case may be) in respect of share capital not paid up, or by paying off paid up share capital; and
	(vii) any distribution of assets on the winding up of the Company; and
	(viii) any other payment made by the Company to holders of C Shares, D Shares, E Shares, F Shares, G Shares, H Shares and/or I Shares
“E Share Fund”	the net assets of Edge Performance attributable to holders of E Shares
“E Shares”	E shares of 10p each in the capital of Edge Performance (ISIN: GB00B00DDX23)
“Edge Investment Management” or the “Manager”	Edge Investment Management Limited
“Edge Performance”	Edge Performance VCT plc
“Events Companies”	those companies in the business, or formed for the purpose, of promoting or co-promoting a series of live events in which Edge Performance intends to invest
“Existing Shareholder”	a person who, as at the date of the Prospectus, is the beneficial owner of any Shares, or who, as at the date of the Prospectus is the spouse or civil partner of the beneficial owner of any Shares, as the context so permits
“FSA”	the Financial Services Authority
“F Share Fund”	the net assets of Edge Performance attributable to holders of F Shares
“F Shares”	F shares of 10p each in the capital of Edge Performance (ISIN: GB00B560SW69)
“FSMA”	the Financial Services and Markets Act 2000
“G Share Fund”	the net assets of Edge Performance attributable to holders of G Shares
“G Shares”	G shares of 10p each in the capital of Edge Performance (ISIN: GB00B4LQCP32)
“HMRC”	HM Revenue & Customs
“H Share Fund”	the net assets of Edge Performance attributable to holders of H Shares
“H Share Offer”	the offer for subscription of up to 10,000,000 H Shares or, if over-subscribed (or, in the opinion of the Directors likely to be over-subscribed), up to 30,000,000 H Shares at the discretion of the Directors as described in the Prospectus
“H Shares”	H shares of 10p each in the capital of Edge Performance (ISIN: GB00B44VMB16)
“I Share Fund”	the net assets of Edge Performance attributable to holders of I Shares
“I Share Offer”	the offer for subscription of up to 10,000,000 I Shares or, if over-subscribed (or, in the opinion of the Directors likely to be over-subscribed), up to 30,000,000 I Shares at the discretion of the Directors as described in the Prospectus
“I Shares”	I shares of 10p each in the capital of Edge Performance (ISIN: GB00B5B6VC05)
“ITA”	Income Tax Act 2007

“Investor”	a subscriber for H Shares or I Shares, as the case may be, under the Prospectus
“Listing Rules”	the listing rules issued by the FSA
“London Stock Exchange”	London Stock Exchange plc
“Maximum Subscription”	the maximum subscription under each Offer which is for 10,000,000 H Shares or 10,000,000 I Shares, as applicable
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	Ordinary shares of 10p each in the capital of Edge Performance in issue before their conversion into Deferred Shares
“Offer” or “Offer for Subscription”	the H Share Offer and/or the I Share Offer, as the case may be
“Offer Price”	100p (UK sterling) per Share
“Offer Shares”	H Shares or I Shares (as the case may be)
“Ordinary Share Fund”	the net assets of Edge Performance attributable to the holders of Ordinary Shares
“PLUS”	a market operated by Plus Markets Group plc and authorised and regulated by the FSA which allows trading in the shares of unquoted companies
“Prospectus”	the prospectus of the Company dated 24 November 2011, for the H Share Offer and I Share Offer, prepared in accordance with the Prospectus Rules
“Prospectus Rules”	the prospectus rules issued by the FSA
“PWC”	PricewaterhouseCoopers LLP: where PWC is referred to as the source of data in this document, such data has been extracted from a report entitled <i>Global Entertainment & Media Outlook: 2011-2015</i>
“Qualifying Investment”	an investment in an unquoted trading company which comprises a qualifying holding for a VCT as defined in Chapter 4, Part 6, ITA
“Qualifying Investor”	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
“RAM Capital Partners”	RAM Capital Partners LLP
“Receiving Agent”	The City Partnership (UK) Limited
“Shares”	Ordinary Shares, C Shares, D Shares, E Shares, F Shares, G Shares, H Shares, I Shares and/or Deferred Shares as the case may be
“Shareholder”	a holder of Ordinary Shares C Shares, D Shares, E Shares, F Shares, G Shares, H Shares, I Shares and/or Deferred Shares as the case may be
“Shareholder Approval”	the passing of the resolutions, the subject of the notice of general meeting and notices of the separate class meetings which meetings are convened for 22 December 2011
“Share Fund(s)”	any one or more of the Ordinary Share Fund, C Share Fund, D Share Fund, E Share Fund, F Share Fund, G Share Fund, H Share Fund and I Share Fund
“SJM”	SJM Limited
“Sponsor”	Howard Kennedy Corporate Services LLP
“The City Partnership”	The City Partnership (UK) Limited
“Uncertificated Form”	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

“UK Listing Authority”

the Financial Services Authority, in its capacity as the competent authority for the purposes of Part VI of the FSMA

“United Kingdom” or “UK”

the United Kingdom of Great Britain and Northern Ireland

“United States” or “US”

the United States of America, its territories and possessions, any state of the United States and the District of Columbia

“VCT” or “venture capital trust”

a venture capital trust as defined in section 259 ITA

PART 5: SUMMARY OF THE I SHARE OFFER

Simultaneously with the H Share Offer, the Company is offering I Shares for subscription. Full details of the I Share Offer are available in a separate marketing document published by the Company, and also in the Prospectus. Below is a summary of the key characteristics of the I Share Offer. **Prospective Investors should note that the Application Form at the end of this document is for H Shares only; the application form for I Shares can be found in that separate marketing document, and also in the Prospectus.**

10,000,000 I Shares are being offered to the UK public at an offer price of 100p per I Share. If the I Share Offer is, or in the opinion of the Directors is likely to be, over-subscribed, it may be increased at the discretion of the Directors to no more than 30,000,000 I Shares. The over-allotment facility may be utilised while the I Share Offer remains open. The I Share Offer is being made to raise funds for the Company to make VCT-qualifying investments in businesses in the entertainment and media industry in accordance with the Company's investment policy.

The I Shares

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

- **Attractive targeted returns**

The Company has set a target return of 130p in cash for every 70p invested (assuming income tax relief at 30%, equivalent to a return of 160p per 100p invested).²⁸

- **Capital preservation**

The I Share Fund will seek to balance investments with a high level of capital protection, ideally with contractual revenues or capital guarantees from financially sound counterparties, with other investments where significantly higher potential returns justify lower capital protection. The intention is that the return to I Shareholders of up to 70p per I Share (i.e. the net cost of investment, assuming 30% income tax relief) is thereby underpinned.

- **Early return of capital**

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

- **Tax-free income**

Subject to liquidity constraints and legislative requirements, Edge Performance will seek to pay out tax-free dividends after each of the first four years to I Shareholders.¹

- **Leading commercial partners**

Edge Performance intends to invest part of the proceeds of the I Share Offer in Events Companies which have event licensing arrangements with established event promoters. Edge Performance has existing arrangements providing for promotion opportunities with the leading UK concert promoters, AEG Live (UK), part of Anschutz Entertainment Group, one of the world's leading sports and entertainment promoters, and SJM. Edge Performance has identified suitable investment opportunities in Events Companies for up to £10m in aggregate, and intends to complete sufficient of those opportunities from the proceeds of the I Share Offer **before the end of the 2011/12 tax year**, with those Events Companies concluding event licensing arrangements with AEG Live (UK). It is intended that these investments will constitute all of those Qualifying Investments from the I Share Fund which entail a high level of capital preservation, as required by the Company's investment policy.

Fees and Expenses

The Manager will receive an annual management fee of 1.75% of net asset value attributable to the I Shares, and an annual administrative services fee of £225,000 (plus VAT) in total (across all Share Funds), with the I Share Fund bearing only its *pro rata* share of this fee.

The Manager will receive a performance incentive fee of 19% of all monies available to be distributed as Dividends to I Shareholders, in excess of cumulative paid or declared Dividends of £1.00 per I Share, rising to 29% in excess of cumulative paid or declared Dividends of £1.20 per I Share. The Chairman of the Company will be entitled to receive a performance fee of 1% calculated on the same basis.

Total annual operating expenses of the Company (excluding performance incentive fees, irrecoverable VAT and intermediaries' trail commission) capped at 3% of the net asset value of the Company. Assuming full subscription under the H Share and I Share Offers, such annual operating expenses are anticipated to be no more than 2.5%.

¹ Assuming income tax relief at 30% on the cost of investment. There is no guarantee that this objective will be met and this statement does not represent a dividend or profit forecast, and none should be implied.

Early Application Incentives

- Successful applicants whose applications for I Shares are received:
 - by 31 December 2011 will receive an additional 3% in I Shares;
 - after 31 December 2011 but by 31 January 2012 will receive an additional 2% in I Shares;
 - after 31 January 2012, but by 29 February 2012 will receive an additional 1% in I Shares.
- Additionally, a successful applicant who is an Existing Shareholder (including also his or her spouse or civil partner) and whose application for I Shares is received by 29 February 2012, will receive an additional 2% in I Shares.
- The Directors may, in their absolute discretion, terminate or vary the incentive arrangements detailed in the preceding paragraphs at any time prior to the close of the I Share Offer.

Financial Intermediaries' Commission

Authorised financial intermediaries will receive introductory commission of 3%; or 2.25% initial commission and trail commission of 0.375% per annum for up to four years.

Timetable

The I Share Offer will open at 8.00am on 25 November 2011 and will remain open for acceptance until 5.00pm on 30 March 2012 (unless previously brought forward or extended by the Directors) in respect of the 2011/12 tax year and 3.00pm on 8 June 2012 in respect of the 2012/13 tax year (unless previously brought forward or extended by the Directors, but to no later than 24 November 2012).

Other Information

- Minimum investment per application under the I Share Offer is £5,000.
- excluding the impact of any dilution attributable to the issue of additional Shares under the early subscription incentive arrangements, the total initial expenses of the I Share Offer have been fixed at 5.5% of funds raised and the initial unaudited net asset value of an I Share will be 94.5p.

PART 6: TERMS AND CONDITIONS OF APPLICATION

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

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

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

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

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

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

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

collateral contract between you and the Company which will become binding upon despatch by post or by delivery by hand of your Application Form(s) to the Receiving Agent;

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

- (xv) where applicable, authorise the Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Company;
 - (xvi) declare that the Application Form (or, if more than one, each Application Form) has been completed to the best of your knowledge and is accurate;
 - (xvii) undertake that you will notify the Company if you are not or cease to be either a Qualifying Investor or beneficially entitled to the Offer Shares;
 - (xviii) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring, Offer Shares and that the Offer Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax. Obtaining tax reliefs given under the VCT legislation contained in the Finance Act 1995 is not in itself tax avoidance;
 - (xix) agree that, in respect of those Offer Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the Company instructing the Receiving Agent to enter your name on the share register;
 - (xx) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the Receiving Agent or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the relevant Offer or your application;
 - (xxi) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you warrant that you have complied with all such laws and none of the Company, the Receiving Agent or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
 - (xxii) agree that your Application Form (or, if more than one, each Application Form) is addressed to the Company and to the Sponsor; and
 - (xxiii) warrant that if you sign an Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form.
8. This application is addressed to the Company and the Sponsor. The rights and remedies of the Company and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company with the agreement of the Sponsor.
10. Authorised financial advisers who, acting on behalf of their clients, return valid Application Forms bearing their FSA number and either their stamp or their full address will be entitled to commission on the amount subscribed by the applicant (i.e. excluding the value of any additional Shares issued as a result of the early subscription incentive arrangements or of the waiver of the financial adviser's commission) for the number of Offer Shares allocated for each such Application Form. Such commission will be payable at the rates specified in the paragraph headed "Costs of the offer" in Part 2 of the Prospectus. Authorised financial advisers may agree to waive part or all of their initial commission in respect of an application. If this is the case, then such application will be treated as an application to apply for the number of Offer Shares stated in Box 2 of the Application Form together with a number of additional Offer Shares equivalent to the amount of commission waived at £1 per Share, which waived commission will be applied in paying for such Offer Shares. The Company and/or the Receiving Agent are authorised to amend such Box 2 to include any such additional Offer Shares. Financial advisers should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
11. The section headed "Application Procedure" forms part of these terms and conditions of application.

12. No person receiving a copy of this document or the Prospectus or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required.
13. The Offer Shares have not been and will not be registered under the Securities Act, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction ("the USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
14. The basis of allocation will be determined by the Company in its absolute discretion after consultation with the Sponsor. The right is reserved to reject in whole or in part and scale down and/or ballot any Application or any part thereof including, without limitation applications in respect of which any verification of identity which the Company consider may be required for the purposes of the Money Laundering Regulations 2007 has not been satisfactorily supplied and multiple applications. Dealings prior to the issue of certificates for Offer Shares will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.
15. It is a condition of the relevant 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 2007. The Receiving Agent is entitled to require, at its absolute discretion, verification of identity from any applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to the Receiving Agent to be acting on behalf of some other person. Pending the provision of evidence satisfactory to the Receiving Agent as to the identity of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company may, in its absolute discretion, retain an Application Form lodged by an applicant and/or the cheque or other remittance relating thereto and the Receiving Agent may not enter the applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion, for it or the Receiving Agent to reject any application in respect of which the Receiving Agent considers that, having requested verification of identity it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right, in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which sums were originally debited) and/or to endeavour to procure other subscribers for the Offer Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by it as being required for the purpose of the Money Laundering Regulations 2007.
16. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application 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.

APPLICATION PROCEDURE

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

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

1

SECTION 1

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

2

SECTION 2

Please note that the minimum investment is £5,000. The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 for the tax year 2011/12. Attach your cheque or banker's draft to the relevant Application Form for the total amount of your investment. Please indicate how much of your investment you would like invested in each of the tax years 2011/12 and 2012/12.

Your cheque or banker's draft should be made payable to "Edge VCT Offer Account" and crossed "A/C Payee only". Cheques must be from a recognised UK bank account and your payment must relate solely to this application. The City Partnership (UK) Limited will acknowledge receipt of your application and cheque or banker's draft.

3

SECTION 3

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

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

By signing this form I HEREBY DECLARE THAT:

- (i) I have received the Prospectus dated 24 November 2011 and have read the terms and conditions of application therein and agree to be bound by them;
- (ii) I will be the beneficial owner of the H Shares or I Shares (as the case may be) in the Company issued to me under the relevant Offer;
- (iii) I have read and understood the risk factors set out on pages 8 and 9 of the Prospectus; and
- (iv) to the best of my knowledge and belief, the personal details I have given are correct.

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

4

SECTION 4

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

5

SECTION 5

If you wish your H Shares or I Shares (as the case may be) to be held in CREST immediately on allotment, please provide the further details requested in this section. Please sign, enter your name in block capitals and date your instruction where indicated

6

SECTION 6

If you wish Dividends to be paid to you by direct bank transfer, please complete the details requested in this section. If this section is not completed, Dividends will be paid by cheque.

FREQUENTLY ASKED QUESTIONS

Q: To whom should I make the cheque payable?

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

Q: Where should I send my application?

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

Q: What happens after I invest?

A: Within 3 working days after we receive your application, we will send you confirmation of receipt.

Q: When will my Offer Shares be allotted to me?

A: For those Investors seeking income tax relief for the 2011/12 tax year, Offer Shares will be allotted by no later than 5 April 2012. For those Investors seeking income tax relief for the 2012/13 tax year, Offer Shares will be allotted by no later than 5 working days after the date on which the 2012/13 H Share Offer closes.

Q: When will I receive my share certificate?

A: Unless you have elected for your Offer Shares to be held in CREST immediately on allotment, you should expect to receive your share certificate within 10 working days after the date of allotment.

Q: When will I receive my tax certificate?

A: Unless you have elected for your Offer Shares to be held in CREST immediately on allotment, your tax certificate will be sent to you at the same time as your share certificate. If you have elected for your Offer Shares to be held in CREST immediately on allotment, you should expect to receive your tax certificate within 10 working days after the date of allotment.

Prospective Investors should note that this document does not comprise the Prospectus. Any decision to invest should be based on consideration of the Prospectus as a whole. Copies of the Prospectus may be obtained free of charge either by downloading it from www.edge.uk.com/edgeperformancevct or in hard copy from the offices of Edge Investment Management Limited at 1 Marylebone High Street, London W1U 4LZ, or the offices of Howard Kennedy Corporate Services LLP at 19 Cavendish Square, London W1A 2AW or the Prospectus may be viewed on the National Storage Mechanism (NSM) at www.hemscott.com/nsm.do.

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

APPLICATION FORM FOR H SHARES

EDGE PERFORMANCE VCT PLC

THIS IS THE APPLICATION FORM FOR EDGE PERFORMANCE VCT PLC'S "EVERGREEN" SHARE CLASS. IF YOU WISH TO INVEST IN EDGE PERFORMANCE VCT PLC'S PLANNED RETURN OF CAPITAL SHARE CLASS (I SHARES), PLEASE INSTEAD USE THE ORANGE APPLICATION FORM.

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

The Offer opens for subscription on 25 November 2011 and the first closing date will be 5pm on 5 April 2012 (or such other date as the Directors may determine in their absolute discretion). The final closing date will be 3pm on 8 June 2012 (or such other date as the Directors may determine in their absolute discretion, but no later than 24 November 2012 in any event).

1	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"/> <input type="text"/> <input type="text"/> <input type="text"/>	

Please tick this box if you are, or your spouse or civil partner is, an existing shareholder in Edge Performance VCT plc as at 24 November 2011

2 I offer to subscribe for the following number of H Shares under the Terms and Conditions of the Application as set out in the Prospectus dated 24 November 2011. The Application must be for a minimum of £5,000.

For 2011/12 tax year	For 2012/13 tax year	H Shares at £1 per Share totalling
£	£	£:
NB: No declaration had been made at the date of the Prospectus as to what, if any, tax reliefs will be available to investments made during the tax year 2012/13.		Total per cheque attached
		£:
		Total per Telegraphic Transfer
		£:

3	Signed	Date

4 TO BE COMPLETED BY THE FINANCIAL ADVISER:

Financial Adviser	
Firm Name	
Address	
Address	
Postcode	
Tel	FSA Registration No. and Company Stamp
Fax	
E-mail	

To receive introductory commission tick:

3% (if you do not wish to receive trail commission)

or

2.25% (if you wish to receive annual trail commission of 0.375% for up to four years, and thereafter at 0.25% as set out in Part 2 of the Prospectus)

Insert the amount of initial commission you wish to waive and reinvest in additional H shares for your client (please note this will be deducted from the introductory commission).

If commission is to be paid to an address (eg: head office) other than the address detailed above please complete the boxes below.

Address	
Address	
Postcode	



5

CREST

If you wish your H Shares to be issued electronically to a CREST account, please complete the boxes below.

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

Investor Signature

Date

Print Investor Name

6

If you wish Dividends to be paid to you by bank transfer, please provide the following details of the bank account to which payment should be made

Bank Name

Bank Branch Address

Account Holder Name

Sort Code

Account Number

Your completed Application Form and cheque or banker's draft should be sent to:
The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF

DIRECTORS AND ADVISERS

Directors

Sir Robin Miller (Chairman)
Michael Eaton
David Glick
Frank Presland
Kevin Falconer
Lord Flight

all of

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

Secretary

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

Promoter

RAM Capital Partners LLP
74 Chancery Lane
London WC2 1AD

Investment manager

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

Sponsor

Howard Kennedy Corporate Services LLP
19 Cavendish Square
London W1A 2AW

Legal advisers

Howard Kennedy LLP
19 Cavendish Square
London W1A 2AW

VCT taxation advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Receiving agent

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

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Registrar

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

Bankers

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

For further assistance, please contact



Telephone: 020 3006 7530

E-mail: taxsolutions@ramcapital.co.uk