

PROSPECTUS FOR OFFER OF SHARES



EDGE
PERFORMANCE VCT

This document comprises a prospectus of Edge Performance VCT plc (the "Company") dated 24 November 2011 prepared in accordance with the Prospectus Rules made under Part IV of the Financial Services and Markets Act 2000. A copy of this Prospectus has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules.

Copies of this Prospectus may be obtained free of charge either by downloading it from www.edge.uk.com/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 this 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 73 of this Prospectus, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company, 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.

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

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Limited, all of whom are authorised and regulated by the Financial Services Authority, has each given and has not withdrawn its written consent to the issue of this document with the inclusion herein of their names in the form and context in which these are included.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



EDGE PERFORMANCE VCT PLC

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

Offers 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; and

up to 10,000,000 I 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 I 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.

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 (unless previously brought forward or extended by the Directors) in respect of the 2012/13 tax year.

There is no minimum subscription for either Offer to proceed.

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

Application will be made for all of the H Shares (ISIN: GB00B44VMB16) and I Shares (ISIN: GB00B5B6VC05) (issued and to be issued pursuant to the Offers for Subscription) 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 and I Shares will commence within 20 business days of the date of first allotment of the relevant H Shares or I Shares, as applicable.

CONTENTS

	Page
Summary	3
Risk factors	8
Letter from the Chairman	10
Part 1 Information relating to the Company	13
Part 2 Information relating to the Offer Shares and the Offers	28
Part 3 Tax position of Investors and of the Company	31
Part 4 Financial information relating to the Company	35
Part 5 Additional information	42
Part 6 Definitions	59
Part 7 Terms and conditions of application	63
Application Procedure	67
Frequently Asked Questions	68
Application Forms	69
Directors and advisers	73

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 and/or I 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 Offers described in the Prospectus, Edge Performance is, for the first time, providing investors with a choice of two distinct approaches:

- H Shares: an “evergreen” share class, seeking to generate growth and a consistent, long-term and *tax-free* yield for Investors;
- I Shares: seeking to provide Investors with a planned return of capital, a high targeted *tax-free* 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 remaining proceeds of realisations being reinvested, to drive compound growth for the H Shareholders.

The I Shares

- **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).³

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.

³ 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.

- **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 Investor's net cost of investment, assuming income tax relief at 30%) is thereby underpinned.

- **Early return of capital**

The Company intends to return funds to I Shareholders as soon as possible after the end of the minimum holding period required by VCT legislation.

- **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.⁴

- **Leading commercial partners**

Edge Performance intends to invest part of the I Share Fund in Events Companies which have event licensing arrangements with established event promoters. Edge Performance has identified suitable investment opportunities in Events Companies for up to £10m in aggregate, and intends to complete sufficient of those opportunities (having regard to the amounts raised under the I Share Offer and the Company's capital preservation strategy) 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), part of Anschutz Entertainment Group, one of the world's leading sports and entertainment promoters.

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; 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; 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 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.

⁴ 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.

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.

• Non-Qualifying Investments

Initially, the net proceeds of the Offers 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

The Company's current investment policy includes the following:

Edge Performance is seeking to achieve: high targeted returns, downside risk protection and liquidity.

The Company will balance Qualifying Investments with a high level of capital protection with other Qualifying Investments where the potential for significantly higher returns justifies a lower level of capital protection; the intention is that the Investor's risk is thereby minimised, underpinning the return to the Investor of up to 70p per Share (i.e. the Investor's net cost of investment, assuming 30% income tax relief).

To accommodate the different characteristics of the H Share Fund, the Company intends, subject to Shareholder Approval, to amend its policy so that the passage quoted above will apply to all Share Funds save the H Share Fund, and 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 and 1.75% of net asset value attributable to the I Shares.
- Annual administrative services fee of £225,000 (plus VAT) in total (across all Share Funds).
- 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 Offers, such annual operating expenses 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;
- 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.

The Offers

- Up to 10,000,000 H Shares and up to 10,000,000 I Shares are being offered for subscription at 100p per H or I Share (as applicable). If either Offer is, or in the opinion of the Directors is likely to be, over-subscribed, the Directors have discretion to increase the number of Offer Shares that are the subject of that Offer to no more than 30 million H Shares or I Shares (as applicable).
- Minimum investment per application under either Offer is £5,000.
- Authorised financial intermediaries will receive introductory commission of 3%; or 2.25% initial commission and trail commission of:
 - (in the case of the H Share Offer) 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)⁵; or
 - (in the case of the I Share Offer) 0.375% per annum for up to four years.
- 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 applicants who are Existing Shareholders (including spouses and civil partners), a further 0.5% in H Shares.
- 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, successful applicants who are Existing Shareholders (including spouses and civil partners) and whose applications for I Shares are 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 relevant Offer.
- Excluding the impact of any dilution attributable to the issue of additional Shares under the early subscription incentive arrangements, the total initial expenses of each Offer have been fixed at 5.5% of funds raised and the initial unaudited net asset value of an H Share or I Share will be 94.5p.

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

The Offer Shares

The H Share Fund and the I Share Fund will be each administered as a separate investment pool from the existing Share Funds and from each other.

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 Offer 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 Offers.

Expected timetable

Offers open	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)
2011/12 I Share Offer closes	5.00pm on 30 March 2012 (unless previously brought forward or extended by the Directors)
2012/13 I 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

Key risk factors

Prospective investors should consider the following key risks before subscribing for Offer Shares:

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

RISK FACTORS

Prospective Investors should be aware that the value of the 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 Offers for Subscription described in this Prospectus, Edge Performance is, for the first time, providing Investors with a choice of two distinct approaches:

- The H Share, an “evergreen” share class, which seeks to generate growth and a consistent, long-term and *tax-free* yield for Investors;
- The I Share, which seeks to provide Investors with a planned return of capital, a high targeted *tax-free* return and capital preservation strategies to reduce risk.

The investment focus for both share classes 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 investment⁶) 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)⁶, 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.⁷

- **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.

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

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).⁶

- **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.

Consistent with this approach, the Company returned its original Ordinary Share Fund to Ordinary Shareholders in June 2009, a matter of weeks after the end of the minimum VCT holding period which applied to that Fund.

- **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 Shareholders⁸. Since 2007, the Company has paid or declared annual dividends of between 6p and 7p per share to its Ordinary Shareholders and 7p per share to its C, D, E and F Shareholders.

- **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 (having regard to the amounts raised under the I Share Offer and the Company's capital preservation strategy) 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.

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 21 of this Prospectus.

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.

8 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.

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 are 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.

Given the potential for uncertainty currently facing investors until more detail of the new VCT rules is made available, the Company has decided to remove that uncertainty by intending to make the investments in Events Companies described above before the end of the 2011/12 tax year, so that those investments will be made under the current VCT rules.

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 8 and 9 of this document.

Yours sincerely

Sir Robin Miller
Chairman

PART 1: INFORMATION RELATING TO THE COMPANY

Introduction

Using the skills of the Directors and the investment team of the Manager who collectively have a depth of experience in the entertainment 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 Offers 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.

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.

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 investment⁹) 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

⁹ 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.

Investments start to grow.⁹ 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.¹⁰

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.

I Share Fund

The structure of Edge Performance's I Share Fund will be to make Qualifying Investments aimed at underpinning the targeted return to Investors of up to 70p per I Share, in order to minimise the risk to the Investor, while still permitting the Investor to benefit from the attractive returns available in the entertainment and media business, with potential for a significant return on the Investor's gross investment.

The Company intends to invest a portion of the proceeds of the I Share Offer in Events Companies alongside established businesses with expertise in the sector. The Company intends that some of these companies will enter into agreements which will provide for a minimum guaranteed return.

Edge Performance has secured the benefit of an agreement with AEG Live (UK) for events licensing arrangements for a series of new Events Companies. As a consequence, it is the Company's intention to invest in Events Companies up to £10 million (having regard to the amount raised under the I Share Offer, and in line with the Company's capital preservation strategy) from the I Share Fund, with those investments being made immediately following the 2011/12 closing date of the I Share Offer, and before the end of the 2011/12 tax year, and with those Events Companies simultaneously concluding events licensing arrangements with AEG Live (UK).

Qualifying Investments are intended to be spread amongst businesses such as those described above, offering higher minimum contractual returns, with little of Investors' capital at risk, and those with more modest minimum returns but with significantly higher potential returns. The majority of the Qualifying Investments will include some loan finance which should provide additional capital protection.

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.

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 business¹¹. 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 market¹²

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.

¹⁰ 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

¹¹ Source: Bank of England: Trends in Lending

¹² Source: PWC

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.¹²

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.¹³

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.¹⁴ 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.¹⁵

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.¹⁶

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 2012.¹⁷ 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.¹⁸

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.

Music¹⁹

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

13 Source: UK Online Measurement/Nielsen - May 2011

14 Source: Nielsen Social Media Report, Q3 2011

15 Source: Nielsen Social Media Report, Q3 2011

16 Source: PWC

17 Source: Business Insider

18 Source: Guardian, 31 October 2011

19 Source: IFPI Digital Music Report 2011

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.

Advertising²⁰

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 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 2010.²¹ 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.

²⁰ Source: PWC

²¹ Source: Producers Alliance for Cinema and Television

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.²² 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.²³ 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.²⁴

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,²⁵ 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.²⁶ 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.

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,²⁷ 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.²⁸ 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

22 Source: UK Online Measurement/ClickZ - 2010

23 Source: Nielsen Social Media Report, Q3 2011

24 Source: PWC

25 Source: Mind Candy/BBC

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

27 Source: IMF Global Economic Database, September 2011

28 Source: PWC

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, 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 Offers (until they are needed for Qualifying Investments), and up to 30% of the net proceeds over the life of the relevant 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 Offers 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 and I Share Funds (as well as the C, D, E, F and G 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).

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.
- In relation to the I Share Fund, The Manager will receive a performance-related incentive fee equal to 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% of such monies 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.

Life of the Fund

- As an “evergreen” fund, the H Share Fund is not anticipated to have a defined lifespan.
- In relation to the I Share Fund, it is the Company's objective to return funds to I Shareholders as soon as possible after the end of the minimum five year holding period following the last date of allotment of the I Shares, by way of final dividend and/or buy back of the I Shares or otherwise.

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

Financial Highlights

Audited financial information for Edge Performance for the years ended 29 February 2009, 28 February 2010 and 28 February 2011 and the unaudited half-year accounts for the six months ended 31 August 2011 are incorporated by reference in Part 4 of this document. Key financial highlights as extracted from these accounts are as follows:

Capital Values	As at 28 February 2011 (audited)				As at 31 August 2011 (unaudited) - the Company's most recent announced unaudited net asset value				
	C Shares	D Shares	E Shares	F Shares	C Shares	D Shares	E Shares	F Shares	G Shares
Net asset value per share	81.42p	86.46p	84.13p	92.69p	81.14p	85.56p	84.55p	92.70p	92.30p
NAV total return per share	102.42p	100.46p	91.13p	92.69p	102.14p	99.56p	91.55p	92.70p	92.30p
Share price	62.00p	69.50p	75.50p	100.00p	73.00p	76.00p	75.50p	98.00p	100.00p
Net assets, £'000	10,853	16,625	8,256	27,261	10,815	16,453	8,297	27,265	22,295
Qualifying Holdings, £'000	8,487	13,528	1,247	-	8,537	13,467	1,809	-	-

Revenue Returns	Year ended 28 February 2011 (audited)				6 months ended 31 August 2011 (unaudited)				
	C Shares	D Shares	E Shares	F Shares	C Shares	D Shares	E Shares	F Shares	G Shares
Revenue return per share	(0.62)p	0.36p	0.51p	0.84p	(0.02)p	0.44p	1.19p	0.73p	0.38p
Capital return per share	13.25p	7.65p	(1.07)p	(1.54)p	(0.07)p	(1.34)p	(0.78)p	(0.72)p	(1.27)p
Total return per share	12.63p	8.01p	(0.56)p	(0.70)p	(0.09)p	(0.90)p	0.41p	0.01p	(0.89)p

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 Prospectus (£'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 Prospectus (£'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 Prospectus (£'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 Prospectus (£'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. Whilst the characteristics of the I Share pool are broadly the same as those of the C, D, E, F and G Share 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.

Current Investment Policy

The Company's current investment policy is as follows:

Risk Diversification

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

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

Asset Allocation

Up to 30% of each of the C Share, D Share, E Share, F Share and G Share Funds will remain in a range of fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Of the balance of each fund the Company will balance investments with a high level of capital protection, ideally with contractual revenues or capital guarantees from financially sound counter-parties, with other investments where lower capital protection offers significantly higher potential returns.

Through the use of this blended investment strategy:

- the intention is that the Investor's risk is thereby minimised, underpinning the return of the Investor's effective cost of investment of 70p per Share (assuming tax relief at 30%); and
- the targeted tax free return is 130p per 70p invested (assuming tax relief at 30%, equivalent to a return of 160p per 100p invested).

Risk Mitigation

Edge's structure aims to minimise the risk to the investor, whilst still permitting the investor to benefit from attractive returns. The portfolio investments will be made through loan finance as far as is permitted under VCT rules, which should provide additional capital protection.

Borrowings

The Company will not incur borrowings to fund its operations.

VCT Status and Maximum Exposures

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

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

Proposed Investment Policy

The proposed investment policy, which is subject to Shareholder Approval, 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.

- C, D, E, F, G and I Share Funds
Edge Performance is seeking to achieve: high targeted returns, downside risk protection and liquidity.

The Company will balance Qualifying Investments with a high level of capital protection with other Qualifying Investments where the potential for significantly higher returns justifies a lower level of capital protection; the intention is that the Investor's risk is thereby minimised, underpinning the return to the Investor of up to 70p per Share (i.e. the Investor's net cost of Investment, assuming 30% income tax relief).

- H Share Fund

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 investment²⁹) 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.²⁹

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.

In relation to the C, D, E, F, G and I Share Funds, the Company will balance investments with a high level of capital protection, ideally with contractual revenues or capital guarantees from financially sound counter-parties, with other investments where lower capital protection offers significantly higher potential returns. Through the use of this blended investment strategy:

- the intention is that the Investor's risk is thereby minimised, underpinning the return to the Investor of up to 70p per Share (i.e. the Investor's net cost of Investment, assuming 30% income tax relief); and
- the targeted tax-free return is 130p per 70p invested (assuming tax relief at 30%, equivalent to a return of 160p per 100p invested).

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).

²⁹ 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 Offers.

Non – Qualifying Investments

As with the other Share Funds, initially, the net proceeds of the Offers 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.

Details of the Company's non-qualifying investments as at the date of this Prospectus are set out on pages 38 to 41.

How to Invest

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

Forward-Looking Statements

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

PART 2: INFORMATION RELATING TO THE OFFER SHARES AND THE OFFERS

Reasons for Offers 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.

I Share Offer

10,000,000 I Shares are being offered to the UK public at an offer price of 100p per I Share. The I 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 I Share Offer (assuming Maximum Subscription and after expenses, other than the impact of the issue of additional I 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 Offer is not being underwritten. 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.

If 10,000,000 I Shares are issued pursuant to the I 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 I Shares under the early subscription incentive arrangements described below.

If the Directors exercise their discretion to increase the number of I Shares that are the subject of the I 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 I Shares under the early subscription incentive arrangements described below.

Costs of the Offers

The initial costs of each 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:

- in the case of the H Share Offer, 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 year³⁰; or
- in the case of the I Share Offer, at the rate of 0.375% per annum for up to four years on the subscription price of successful applications which are submitted through them and in respect of which the applicant continues to hold H Shares as at 30 April in each year, from 30 April 2013 until (and including) 30 April 2016.

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%. The estimated total expenses of the I Share Offer, including the initial costs referred to above, are 7%.

Timetables

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 I Share Offer will remain open for subscription until 5.00pm on 30 March 2012 (or such other dates as may be determined by the Directors) 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 I Share Offer. The Directors also reserve the right to extend or increase the I Share Offer.

Either Offer may close before the dates stated above if the Maximum Subscription of the relevant 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 Offer 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.

Successful applicants whose applications for I Shares are received:

- by 31 December 2011 will receive 30 additional I Shares for every 1,000 I Shares subscribed for;
- after 31 December 2011 but by 31 January 2012 will receive 20 additional I Shares for every 1,000 I Shares subscribed for;
- after 31 January 2012, but by 29 February 2012 will receive 10 additional I Shares for every 1,000 I Shares subscribed for.

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 20 additional I Shares for every 1,000 I 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 relevant Offer.

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 Offers. 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 Offers 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 Offers 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.

- **H Shares**

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.

- **I Shares**

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

Share buy-back policy

Subject to liquidity, the rules of the UK Listing Authority, the Companies Act and VCT regulations, it is intended that 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 Prospectus, 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: FINANCIAL INFORMATION RELATING TO EDGE PERFORMANCE

The audited statutory accounts of the Company and the unaudited half yearly statements to 31 August 2011 are drawn up under UK Generally Accepted Accounting Practice.

(A) Audited historical financial information for the twelve months ended 28 February 2011

The announcement of the trading results of Edge Performance for the twelve months ended 28 February 2011 was made on 30 June 2011. The annual report, incorporating the audited financial statements for that period, the notes thereto and the Auditors' report thereon, was sent to shareholders on 5 July 2011.

Copies of the annual report of Edge Performance are available free of charge at its registered office or from its website, the address of which is www.edge.uk.com/edgeperformancevct. The announcement of the results of Edge Performance is available on the website of the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews.

The information set out below is incorporated by reference in this Prospectus and is available as indicated below. Information contained in any parts of the annual report and financial statements for the twelve months ended 28 February 2011 which are not so incorporated by reference is, in the Directors' opinion, not of relevance to the Offers:

Information incorporated by reference	Page reference of report for the year ended 28 February 2011
Financial Statements:	
Income statement	29
Reconciliation of movements in shareholders' funds	33
Balance sheet	31
Cash flow statement	34
Notes to the financial statements	35 to 46
Investment Manager's review	8 to 11
Audit of the financial statements:	
Auditors' Report	28

(B) Audited historical financial information for the twelve months ended 28 February 2010

The announcement of the trading results of Edge Performance for the twelve months ended 28 February 2010 was made on 30 June 2010. The annual report, incorporating the audited financial statements for that period, the notes thereto and the Auditors' report thereon, was sent to shareholders on 12 July 2010.

Copies of the annual report of Edge Performance are available free of charge at its registered office or from its website, the address of which is www.edge.uk.com/edgeperformancevct. The announcement of the results of Edge Performance is available on the website of the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews.

The information set out below is incorporated by reference in this Prospectus and is available as indicated below. Information contained in any parts of the annual report and financial statements for the twelve months ended 28 February 2010 which are not so incorporated by reference is, in the Directors' opinion, not of relevance to the Offers:

Information incorporated by reference	Page reference of report for the year ended 28 February 2010
Financial Statements:	
Income statement	25
Reconciliation of movements in shareholders' funds	29
Balance sheet	27
Cash flow statement	30
Notes to the financial statements	31 to 42
Investment Manager's review	7 to 11
Audit of the financial statements:	
Auditors' Report	24

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

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

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

The information set out below is incorporated by reference in this Prospectus and is available as indicated below. Information contained in any parts of the annual report and financial statements for the twelve months ended 28 February 2009 which are not so incorporated by reference is, in the Directors' opinion, not of relevance to the Offers:

Information incorporated by reference	Page reference of report for the year ended 28 February 2009
Financial Statements:	
Income statement	33
Reconciliation of movements in shareholders' funds	37
Balance sheet	35
Cash flow statement	38
Notes to the financial statements	39 to 50
Investment Manager's review	8 to 11
Audit of the financial statements:	
Auditors' Report	31 to 32

(D) Unaudited half yearly statements to 31 August 2011

The half yearly financial statements of Edge Performance for the six months ended 31 August 2011 have not been reviewed or audited.

The unaudited half-year results of Edge Performance for the period ended 31 August 2011 were announced on 21 October 2011 and are incorporated in the half yearly report for that six month period which was sent to Shareholders on 21 October 2011. Copies of the half-year accounts are available free of charge at the registered office of the Company or from its website, the address of which is www.edge.uk.com/edgeperformancevct. The interim announcement is also available on the website of the London Stock Exchange at www.londonstockexchange.com/engb/pricesnews/marketnews.

The information set out below is incorporated by reference in this Prospectus and is available as indicated below. Information contained in any parts of the annual report and financial statements for the six months ended 31 August 2011 which are not so incorporated by reference is, in the Directors' opinion, not of relevance to the Offers:

Information incorporated by reference	Page reference of report for the year ended 31 August 2011
Financial Statements:	
Income statement	11
Reconciliation of movements in shareholders' funds	20
Balance sheet	16
Cash flow statement	22
Notes to the financial statements	23
Investment Manager's review	4 to 6

Investment Portfolio

The tables below set out a comprehensive and meaningful analysis of the Company's entire portfolio as at 24 November 2011 (being the date of publication of this document)

	Equity Holding	Valuation* (£000)
C Share Fund		
VCT Qualifying Investments		
B & W Events Limited		
Ordinary shares	49.00%	461
Loan stock		700
		1,161
Coolabi plc		
Ordinary shares	4.91%	297
Global Dawn Limited		
Ordinary shares	6.88%	522
Preference shares	14.66%	2,779
		3,301
MK Ultrasound Limited		
Ordinary shares	50.00%	382
Loan stock		1,400
		1,782
Saravid Promotions Limited		
Ordinary shares	49.50%	57
Loan stock		1,400
		1,457
South Productions Limited		
Ordinary shares	13.83%	151
Loan stock		387
		538
		8,536

Non-Qualifying Investments

Global Dawn Limited (short-term loan)		501	
Coolabi plc		1	
Cash account		1,596	
			2,098
Total			10,634

D Share Fund**VCT Qualifying Investments**

Challi Productions Limited			
Ordinary shares	49.50%	378	
Loan stock		1,400	
			1,778
Coolabi plc			
Ordinary shares	9.82%		585
Global Dawn Limited			
Ordinary shares	6.88%	522	
Preference shares	14.66%	2,779	
			3,301
HTM Promotions Limited			
Ordinary shares	49.50%	366	
Loan stock		1,400	
			1,766
Granon Entertainment Limited			
Ordinary shares	50.00%	479	
Loan stock		1,215	
			1,694
North Promotions plc			
Ordinary shares	33.33%	565	
Loan stock		1,400	
			1,965
Rose Promotions Limited			
Ordinary shares	38.50%	255	
Loan stock		700	
			955
South Productions Limited			
Ordinary shares	12.50%	135	
Loan stock		350	
			485

TRP 2009 Limited		
Ordinary shares	50.00%	244
Loan stock		700
		944
		13,473

Non-Qualifying Investments

Global Dawn Limited (short-term loan)		453
Cash account		1,291
		1,744
Total		15,217

E Share Fund

VCT Qualifying Investments

Coolabi plc		
Ordinary shares	11.89%	506
Loan stock		56
		562
Rose Promotions Limited		
Ordinary shares	11.50%	90
Loan stock		210
		300
South Productions Limited		
Ordinary shares	23.70%	284
Loan stock		663
		947
North Promotions plc		
Ordinary shares	11.39%	205
Preference shares		477
		682
		2,491

Non-Qualifying Investments

Global Dawn Limited (short-term loan)		1,302
Bank of Scotland		550
Cash Account		844
Centrica plc		364
E.ON International Finance		359
Fonterra Co-op		521
France Telecom		357
J P Morgan Chase & Co		372
Landeskreditbank		558
NRW Bank		503
Prudential plc		508
Rabobank Nederland NV		356
Toyota Credit Canada		504
		7,100
Total		9,591

F Share Fund**VCT Qualifying Investments**

North Promotions plc		
Ordinary shares	5.28%	95
Preference shares		223
		318
		318

Non-Qualifying Investments

Global Dawn Limited (short-term loan)		2,736
Chapman Entertainment (Pavilion) Limited		656
BMW		535
Carrefour SA		928
Cash Account		55
Compagnie De Financement Focnier		925
Fidelity		1,522
GE Capital		536
Henderson Global		225
HM Treasury Stock 2013		900
HM Treasury Stock 2017 1.75%		718
HM Treasury Stock 2017 1.25%		478
HM Treasury Stock 2014		468
HSBC Finance Corporation		1,016
IBKD		275
Instituto de Credit Oficial		900
J P Morgan Chase & Co 2013		956
		23,753
Total		24,071

G Share Fund**Non-Qualifying Investments**

Global Dawn Limited (short-term loan)	530
American Express	725
Anglian Water Services	732
ANZ Banking Group	652
Cades	654
Carrefour SA	722
Cash Account	679
Centrica	706
Coventry Building Society	533
Fidelity	380
Fonterra Co-op	521
GE Capital Corporation	1,236
Henderson Global	83
HM Treasury Stock 2013	338
HM Treasury Stock 2017 1.75%	269
HM Treasury Stock 2017 1.25%	179
HM Treasury Stock 2014	176
HSBC Finance Corporation	711
JP Morgan Liquidity Funds	1,295
JP Morgan Chase Bank 2016	728
JP Morgan Chase Bank 2013	638
Kreditanstalt Fuer Wiederaufbau	527
Lloyds (Money Market)	1,286
M & G	168
Morgan Stanley	1,194
Nationwide Building Society	521
Pimco	84
Principal Financial Group	705
Province of Ontario	500
Rabobank Nederland NV 2014	721
Rabobank Nederland NV 2015	652
Royal Bank of Scotland	522
RWE Finance	726
Total Capital	505
Toyota Credit Canada	504
Total	21,099

* Except where noted below, all valuations of Qualifying Investments are as at 31 October 2011 - source: the Company's unaudited management accounts for the period ended 31 October 2011.

Except where noted below, since 31 October 2011, there has been no material change in the valuation of any investment in the Company's investment portfolio.

As at 31 October 2011, the E Share Fund held £562,114 in nominal value of convertible loan notes in Coolabi plc. On 10 November 2011, the Company converted £505,902 nominal value of those loan notes to ordinary shares in Coolabi plc.

All companies in which Qualifying Investments have been made are based in the United Kingdom. Coolabi plc is listed on AIM; all other investments are unquoted.

The above information is unaudited and has been sourced from the Company.

Further details of the Company's Qualifying Investments, including the commercial sector of each company, are set out in Part 1 of this document.

PART 5: ADDITIONAL INFORMATION

1. Incorporation and general

- (a) The Company, whose legal and financial name is Edge Performance VCT plc, was incorporated and registered in England and Wales on 8 September 2005 with registered number 05558025 as a public company with limited liability under the Companies Act 1985 and the Offer Shares are created under the Companies Act. The Company was founded by David Glick. Its registered office and its principal place of business is at 1 Marylebone High Street, London W1U 4LZ; its telephone number is 020 7317 1300. It is domiciled in the United Kingdom.
- (b) The Company's principal object is to carry on the business of a venture capital trust company.
- (c) The Company does not have any subsidiaries.
- (d) The Manager was, until 16 November 2006, a subsidiary of Edge Performance when Edge Music Limited, a company now wholly owned by David Glick and Kate Glick, exercised an option to acquire the Company's interest in the Manager. Until that time the Company held a 51% interest in the Manager with David Glick holding the remaining 49%. This option was granted by the Company to Edge Music Limited on 3 February 2006 and was exercisable in the event that the Manager became authorised to carry out investment business by the FSA. David Glick's total direct and indirect holding in the Manager is 69.76% and Kate Glick's is 30.24%. The Manager received such authorisation on 31 October 2006. In accordance with the terms of the option instrument, Edge Music Limited paid £1 to exercise the option. The Manager was established to provide investment management services. Edge Investment Management Limited was incorporated and registered in England on 13 July 2005 and operates as a limited company with registered number 05507396. Its principal place of business and registered office is at 1 Marylebone High Street, London W1U 4LZ; its telephone number is 020 7317 1300. Edge Investment Management Limited is authorised and regulated by the Financial Services Authority (FSA number: 455446).
- (e) The principal legislation under which the Company operates and under which the Offer Shares have been created is the Companies Act and the regulations made thereunder. The Company is not regulated to conduct investment business under the Financial Services and Markets Act 2000 and is not regulated or authorised by the FSA.

2. Share capital

- (a) The Company was incorporated with an authorised share capital of £30,050,000 divided into 60,000,000 ordinary shares of 50p each and 50,000 redeemable non-voting preference shares of £1 each (the "Redeemable Shares"). Two ordinary shares of 50p each were issued, fully paid-up, to David Glick and Kate Glick.
- (b) The Company allotted 49,999 Redeemable Shares on incorporation of which one-quarter was paid-up. The Redeemable Shares of the Company were redeemed on 19 October 2006.
- (c) The authorised and issued fully paid up share capital of the Company at the date of this document and the issued fully paid up share capital of the Company as it is expected to be on Admission assuming Maximum Subscription (but before taking into account the impact of the waiver of commission by subscribers' financial advisers and the early subscription terms described on page 29), is set out below:

As at the date of this document	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
Ordinary Shares	300,000,000	£30,000,000	-	-
C Shares	25,000,000	£2,500,000	13,294,697	£1,329,470
D Shares	60,000,000	£6,000,000	19,228,838	£1,922,884
E Shares	50,000,000	£5,000,000	9,813,732	£981,373
F Shares	60,000,000	£6,000,000	29,411,437	£2,941,144
G Shares	60,000,000	£6,000,000	24,153,303	£2,415,330
Deferred Shares	120,000,000	£12,000,000	-	-

As at the date of Admission (assuming Maximum Subscription)	Issued and fully paid	
	Number	Amount
Ordinary Shares	-	-
C Shares	13,294,697	£1,329,470
D Shares	19,228,838	£1,922,884
E Shares	9,813,732	£981,373
F Shares	29,411,437	£2,941,144
G Shares	24,153,303	£2,415,330
H Shares	10,000,000	£1,000,000
I Shares	10,000,000	£1,000,000
Deferred Shares	-	-

Subject to Shareholder Approval, the Company will be dispensing with an authorised share capital, as it is no longer required to have one under the Companies Act.

- (d) So far as the Company is aware, as at the date of this document, the only parties directly or indirectly interested in 3% or more of the issued share capital of the Company are:
- (i) UBS Private Banking Nominees Limited, which holds, as nominee for third parties, a total of 5,343,859 Shares, representing 5.57% of the issued share capital of the Company as at the date of this document; and
 - (ii) Chase Nominees Limited, which holds, as nominee for third parties, a total of 6,211,000 Shares, representing 6.48% of the issued share capital of the Company as at the date of this document.
- So far as the Company is aware no other person will be directly or indirectly interested in 3% or more of the issued share capital of the Company immediately following Admission.
- (e) Save as disclosed in this paragraph 2, since the date of their incorporation no share or loan capital of the Company has been issued or agreed to be issued or (except pursuant to the Offers) is now proposed to be issued, for cash or any other consideration and no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (f) At an extraordinary general meeting of the Company on 6 December 2005, pursuant to ordinary resolutions, each issued and unissued ordinary share of 50p each was sub-divided into 5 Ordinary Shares of 10p each.
- (g) At an extraordinary general meeting of the Company held on 15 November 2006, pursuant to special resolutions:
- (i) the authorised share capital of the Company was increased from £30,050,000 to £32,030,100 by the creation of 19,800,000 C Shares and 1,000 Deferred Shares; and
 - (ii) new Articles of Association were approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association;
- (h) At an extraordinary general meeting of the Company held on 5 November 2007, pursuant to special resolutions:
- (i) the authorised share capital of the Company was increased from £32,030,100 to £40,500,000 by the creation of 5,200,000 C Shares, 60,000,000 D Shares and 19,999,000 Deferred Shares; and
 - (ii) new Articles of Association were adopted in substitution for and to the exclusion of all existing Articles of Association.
- (i) At a general meeting of the Company held on 14 January 2009, pursuant to special resolutions:
- (i) the authorised share capital of the Company was increased from £40,500,000 to £48,000,000 by the creation of 50,000,000 E Shares and 25,000,000 Deferred Shares; and
 - (ii) new Articles of Association were adopted in substitution for and to the exclusion of all existing Articles of Association.
- (j) At a general meeting of the Company held on 16 December 2009, pursuant to special resolutions:
- (i) the authorised share capital of the Company was increased from £48,000,000 to £55,500,000 by the creation of 50 million F Shares and the creation of a further 25 million Deferred Shares; and

- (ii) new Articles of Association were adopted in substitution for and to the exclusion of all existing Articles of Association.
- (k) At a general meeting of the Company held on 15 March 2010, pursuant to a special resolution, the authorised share capital of the Company was increased from £55,500,000 to £57,500,000 by the creation of a further 10,000,000 F Shares and a further 10,000,000 Deferred Shares.
- (l) At a general meeting of the Company held on 24 November 2010, pursuant to special resolutions:
 - (i) the authorised share capital of the Company was increased from £57,500,000 to £67,500,000 by the creation of 60 million H Shares and the creation of a further 40 million Deferred Shares; and
 - (ii) new Articles of Association were adopted in substitution for and to the exclusion of all existing Articles of Association.
- (m) At a general meeting of the Company to be held on 22 December 2011, the following resolutions will be proposed:
 - (i) to approve the creation of the H Shares and the I Shares;
 - (ii) to authorise the Directors to allot up to 30 million H Shares, and up to 10% of the issued H Share capital following the final closing date of the H Share Offer;
 - (iii) to authorise the Directors to allot up to 30 million I Shares, and up to 10% of the issued I Share capital following the final closing date of the I Share Offer;
 - (iv) to approve the new investment policy of the Company;
 - (v) to approve the entering into of a new discretionary management agreement between the Company and the Manager;
 - (vi) to approve the entering into of a new offer agreement between (1) the Company, (2) the Directors, (3) the Manager and (4) Howard Kennedy Corporate Services LLP;
 - (vii) to authorise the Directors to allot H Shares and I Shares as if Section 561 of the Companies Act (statutory pre-emption rights) did not apply, with such authorisation expiring on the later of 15 months from the date of the passing of the Resolution and the conclusion of the Company's 2012 annual general meeting;
 - (viii) to cancel the share premium accounts arising on the issue of H Shares and I Shares from time to time;
 - (ix) to adopt new Articles of Association in substitution for and to the exclusion of all existing Articles of Association; and
 - (x) to authorise the Company for the purposes of Section 701 of the Companies Act to make one or more market purchases (as defined in Section 693 of the Companies Act) of H Shares and I Shares.
- (n) The H Shares, on Admission, will rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the H Share capital of the Company. The I Shares, on Admission, will rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the I Share capital of the Company.
- (o) At an extraordinary general meeting of the Company held on 26 June 2007, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the Ordinary Shares and the C Shares be cancelled. Such High Court approval was granted on 12 September 2007. At an extraordinary general meeting of the Company held on 5 November 2007, it was resolved that subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the D Shares be cancelled. Such High Court approval was granted on 15 October 2008. At a general meeting of the Company held on 14 January 2009, it was resolved that subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the E Shares be cancelled. Such High Court approval was granted on 9 December 2009. At a general meeting of the Company held on 16 December 2009, it was resolved that subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the F Shares be cancelled. Such High Court approval was obtained on 15 September 2010. At a general meeting of the Company held on 24 November 2010, it was resolved that subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the G Shares be cancelled. Such High Court approval was obtained on 19 October 2011.
- (p) The Ordinary Shares, the C Shares, the D Shares, the E Shares, the F Shares, the G Shares, the H Shares and the I Shares are in registered form and capable of being held in certificated and uncertificated form.

None of the Offer Shares is being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Offer. The Offer Shares to be issued pursuant to the Offer are being issued at a price of 100p per share, representing a premium of 90p over the nominal value of 10p each.

- (q) None of the C Shares, D Shares, E Shares, F Shares, G Shares, H Shares or I Shares confers special rights on any major shareholder.
- (r) The Company is subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 560 of the Companies Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to any shares which the Company proposes to issue which are not subject to the disapplication referred to in paragraph 2(m) above.

3. Memorandum and articles of association

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

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

(a) *Voting rights*

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

(b) *Variation of rights*

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

(c) *Alteration of capital*

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

(d) *Transfer of shares*

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

(e) *Dividends*

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

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

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

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

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

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

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

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

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

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

(f) *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such member (and the holding represents more than 0.25% of the issued shares of that class) has been duly served with notice under section 793 of the Companies Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then the Directors may, in their absolute discretion refuse to register a transfer in respect of the shares which are the subject of such notice. Also, where the holding represents more than 0.25% of the issued shares of that class, the payment of dividends may be withheld. In addition, if a member or any other person appearing to be interested in shares held by such member has been duly served with notice under section 793 of the Companies Act and is in default in supplying the Company within 14 days (or such longer period as may be specified in such notice) or if a member has any cash or other sum payable by him to the Company payable but unpaid, such member shall not, unless the Directors determine otherwise, be entitled to be present or vote at general meetings of the Company.

(g) *Conversion of Ordinary Shares*

The Ordinary Shares are convertible on a specified date, into such number of C Shares ("Conversion C Shares") and Deferred Shares as is determined by reference to the ratio of the net asset value ("NAV") per Ordinary Share to the NAV per C Share (the "conversion ratio") on the relevant date ("conversion"). Upon completion of the conversion, the aggregate number of Conversion C Shares shall equal the number of

Ordinary Shares in issue on the relevant date multiplied by the conversion ratio, and each Ordinary Share which does not convert into a Conversion C Share converts into one Deferred Share. The Conversion C Shares rank *pari passu* with the C Shares.

(h) *Conversion of C Shares*

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

(i) *Conversion of D Shares*

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

(j) *Conversion of E Shares*

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

(k) *Conversion of F Shares*

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

(l) *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, (1) the holders of Ordinary Shares are entitled to share in any surplus assets pro rata to the amount paid up on their Ordinary Shares, (2) the holder of C Shares are entitled to share in any surplus assets pro rata to the amount paid up on their C Shares, (3) the holders of D Shares are entitled to share in any surplus assets pro rata to the amount paid up on their D Shares, (4) the holders of E Shares are entitled to share in any surplus assets pro rata to the amount paid up on their E Shares, (5) the holders of F Shares are entitled to share in any surplus assets pro rata to the amount paid up on their F Shares and (6) the holders of G Shares are entitled to share in any surplus assets pro rata to the amount paid up on their G Shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator, with the authority of an extraordinary resolution, may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(m) *Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Shares. In certain circumstances, the Company’s shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory

pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(n) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 551 of the Companies Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed a sum equivalent to 50% of the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

(o) *Duration of the Company*

The Directors shall put an ordinary resolution to the annual general meeting of the Company in 2017 and, if passed, to every fifth subsequent annual general meeting, proposing that the Company should continue as a VCT for a further five year period. If any such resolution is not passed, the Directors shall draw up proposals for the re-organisation, reconstruction or voluntary winding up of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors on a date not more than four months after such annual general meeting. Implementation of the proposals will require the approval of members by special resolution.

(p) *Interests of Directors*

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

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

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

- (v) any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; or
- (vi) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

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

(q) *Remuneration of Directors*

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

(r) *Retirement of Directors*

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

(s) *General meetings*

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

4. Directors' and other interests

- (a) As at the date of this document, the Directors are interested in Shares as noted below, all such Shares being beneficially owned:

	C Shares	% of issued C Share capital	D Shares	% of issued D Share capital	E Shares	% of issued E Share capital	F Shares	% of issued F Share capital	G Shares	% of issued G Share capital
Michael Eaton	-	-	-	-	-	-	-	-	-	-
David Glick	101,500	0.76%	21,200	0.11%	-	-	-	-	21,600	0.09%
Robin Miller	-	-	53,000	0.28%	-	-	-	-	16,050	0.07%
Frank Presland	10,300	0.08%	10,600	0.06%	10,500	0.11%	-	-	-	-
Kevin Falconer	-	-	-	-	-	-	-	-	-	-
Lord Flight	-	-	-	-	-	-	-	-	46,800	0.05%

Note: the G Shares shown above for Lord Flight include 20,800 G Shares held by his wife, Lady Flight

- (b) Save as disclosed in paragraph 4(a) above, no Director has, or will have following the Offer, any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of section 252 of the Companies Act) have any such interests, whether beneficial or non-beneficial.

- (c) Each of the Directors has a letter of appointment from the Company. The current fees, term and notice periods of the Directors are as follows:

Director	Date of letter	Fees per annum	Initial Term	Notice period	Other
Robin Miller	18 January 2006	£20,000	3 years from 18 January 2006	6 months	Robin Miller's services are provided by Robin Miller Consultants Limited and he is entitled to a performance-related bonus (see note below)
Michael Eaton	18 January 2006	£15,000	Rolling	6 months	Michael Eaton's services are provided by MusicLore Limited
Frank Presland	18 January 2006	£15,000	Rolling	6 months	-
Kevin Falconer	19 January 2011	£17,500	Rolling	6 months	-
Lord Flight	12 September 2011	£15,000	Rolling	6 months	-
David Glick	18 January 2006	£15,000	3 years from 18 January 2006	6 months	David Glick's services are provided by Edge Media Services Limited

The total fees paid by the Company to or in respect of individual Directors (including any benefits in kind and performance fees but excluding any national insurance contributions and Value Added Tax) for the financial year ended 28 February 2011 was:

Robin Miller	£20,000*
Michael Eaton	£15,000
Julian Paul (deceased)	£17,500***
Frank Presland	£15,000
Kevin Falconer	£1,685
David Glick	£15,000
Lord Flight	£0**
Total	£84,185

* Under his letter of appointment, Robin Miller is entitled to receive a performance fee equal to 1% in respect of the C Shares, the D Shares, the E Shares, the F Shares, the G Shares, the H Shares and the I Shares, calculated on the same basis in each instance as the performance fee payable to the Manager, as summarised in paragraph 5(a) below.

** Lord Flight was appointed with effect from 5 September 2011, and consequently received no fees during the year ended 28 February 2011.

*** The Company entered into a consultancy agreement with Julian Paul & Co. dated 29 June 2009. Under this agreement, Julian Paul & Co (wholly owned by Julian Paul) agreed to provide consultancy services to the Company in respect of the appraisal of investment proposals and other advice with effect from 1 May 2009. The consideration payable to Julian Paul & Co. was £5,000 per annum plus VAT. Julian Paul was a director of the Company until his death on 17 March 2011.

No pension, retirement or similar benefits are, to date, payable to the Directors. None of the Directors has any service agreement with the Company. No amounts have been set aside by the Company for pensions, retirement or similar benefits.

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

	Current	Past
Michael Eaton	Bushbranch Incorporated Bushbranch Limited Chelsea Arts Club Limited Cordings Holdings Limited Crossroads Concert LLC Crossroads Inc. Drumlin Incorporated Duck Records Limited	Funtastic UK Limited James & Hodder (Holdings) Limited Lupfaw 318 Limited Pegasus Wireless Corporation Prebendal Holdings Limited Prebendal Properties Long Crendon Limited Prebendal Properties Surbiton Limited STDB Travel Limited

	E.C. Music Limited	The Writing Room Limited
	E.C. Productions Limited	
	Marshbrook Limited	
	MusicLore Limited	
David Glick	David Glick Limited	1967 Limited
	Edge Encore VCT plc	Hallco 1194 Limited
	Edge Group Limited	Hungry Management Limited
	Edge Investment Management Limited	In Tandem Promotions Limited
	Edge Legal Limited	LC Presents Limited
	Edge Media Activities Limited	Lupfaw 318 Limited
	Edge Media Limited	Martha & George Productions Limited
	Edge Media Management Limited	My Brother Promotions Limited
	Edge Media Services Limited	Songs on Fire Limited
	Edge Media Solutions Limited	
	Edge Music Limited	
	Edge Performance VCT 2 plc	
	Edge Solicitors Limited	
	Global Dawn Limited	
	Sculpt The Future Foundation Limited	
Sir Robin Miller	BikesportNews.com Limited	4 Ventures Limited
	Getmemedia.com	Arts Alliance Media Limited
	The Golf Foundation Limited	Aspermont UK Limited
	IBIS Media VCT 1 plc	BSN Web Limited
	Premier Sports Holdings Plc	Channel Four Television Company Limited
	Racing Post Extra Limited	Clarion Events Limited
	Riders for Health	Classic Copyright (Holdings) Limited
	Robin Miller Consultants Limited	Complete Leisure Group Limited
	Stradbrook Acquisitions Limited	Entertainment Rights plc
	Time Out Group HC Limited	HMV Group plc
		IBIS Media VCT 2 plc
		International Bikesport News.com Limited
		Maple Tree Consultancy Limited
		Mecom Group Plc
		Mining Communications Limited
		Premier Sports Holdings plc
		The Press Standards Board of Finance Limited
		Setanta Sports Holdings Limited
		The World Professional Billiards and Snooker Association
Frank Presland	Big Pig Music Limited	Bondi Touring Limited
	Bona Productions Limited	Deskline Limited
	Captain Fantastic Enterprises Limited	Hammersmith Ventures Limited
	Edge Encore VCT plc	HST Billy Elliot (Overseas) Limited
	The Elton John Aids Foundation	HST Global (Overseas) Limited
	Elton John.com Inc.	HST Lion King (Overseas) Limited
	Elton John.com Limited	HST Publishing (Overseas) Limited
	Elton John's UK Charitable Foundation	HST Publishing Limited
	FGP Music Limited	HST Recording (Overseas) Limited
	Happenstance Limited	HST Recording Limited

	HST Billy Elliot Limited	HST Theatrical (Overseas) Limited
	HST Global Limited	HST Theatrical Limited
	HST Lion King Limited	The Sanctuary Group Limited
	HST Management Limited	Twenty First Artists Inc.
	HST Publishing Limited	Twenty-First Artists Limited
	HST Recording Limited	Twenty-First Artists Management Limited
	HST Theatrical Limited	Vicarage Road Music Limited
	HST Touring Limited	WAB Billy Elliot Limited
	J Bond: Inc.	WAB Global Limited
	J Bond: LLP	WAB Lion King Limited
	Rocket Music Entertainment Group LLP	WAB Publishing Limited
	Rocket Music Limited	WAB Recording Limited
	The Rocket Record Company Limited	WAB Theatrical Limited
	Rocket Television Limited	
	WAB Blythe Limited	
	WAB Management Limited	
	WAB Sovereign Limited	
	WAB Topco Limited	
	William A Bong Limited	
Kevin Falconer	Audiotube Limited	I-Kew Limited
	Cherwell Film LLP	Imagine Homes Limited
	La Compagnie Africaine Limited	London and North Western Railway Company
	Orwell Films LLP	Railfleet Services Limited
	Pete Waterman Entertainment Limited	
	Stuart Films LLP	
Lord Flight	AIT Trading Limited	Chromogenex PLC
	Arden Partners EBT Limited	Ferranti Limited
	Arden Partners plc	Halliday Flight Halliday Limited
	Aurora Investment Trust plc	Investec Global Strategy Fund Limited (Guernsey)
	CIM Investment Management Limited	Panmure Gordon & Co PLC
	CorporActive Fund (Cayman)	Pension Corporation LLP
	Flight & Barr Limited	Reenergy Group Plc
	Downing Structured Opportunities VCT 1 plc	Speymill PLC
	Flight & Partners Limited	Speymill Property Group (UK) Limited
	Gulf Overseas Investment Fund Limited	Thinc Destini Limited
	Investec Asset Management Limited	Westcliff Capital Limited (Guernsey)
	Loudwater Trust Limited (Guernsey)	
	Marechale Capital Limited	
	Metro Bank plc	
	The EIS Association Limited	

David Glick is a director and shareholder of the Manager, which is a party to the contracts, details of which are summarised in paragraph 5, and copies of which are available for inspection at the registered office of the Company. David Glick will not vote on any Board matter where he has a conflict of interest. Other than this, none of the Directors or any member of their respective immediate families has or has had an interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company since its incorporation. Save in respect of David Glick, there are no conflicts of interest between any Director or any member of the Company's administrative, management and supervisory bodies and his duties to the Company and his private interests and/or duties he may also have. There are no family relationships between the Directors as at the date of this document.

- (e) Robin Miller was appointed as a non-executive director of Entertainment Rights Plc on 21 July 2008, and resigned on 1 April 2009. The company went into pre-pack administration on 1 April 2009, with gross liabilities estimated at £177 million, of which approximately £60 million was discharged during the course of the administration. The company was dissolved on 30 December 2010.
- Robin Miller was appointed as non-executive chairman of Setanta Sports Holdings Limited on 20 April 2009. The company went into receivership on 23 June 2009, with the net liabilities of the Setanta group of companies at that time estimated to be approximately £328 million.
- Kevin Falconer was appointed as a non-executive director of Imagine Homes Limited on 28 July 2006 and resigned on 3 September 2007. The company was solvent at the time of his resignation; however as a consequence of subsequent contraction in the property market and falling property prices, the company went into administration on 19 May 2009.
- Frank Presland was appointed as a director of Hammersmith Ventures Limited on 21 August 2008. The company went into members' voluntary liquidation on 31 March 2009.
- (f) Save as disclosed in (e) above, no Director or founder of the Company within the previous five years:
- (i) has any convictions in relation to fraudulent offences; or
 - (ii) has been associated with any bankruptcies, receiverships or liquidations while acting in the capacity of a member of the administrative, management or supervisory body of a company or as a partner or as a senior manager of such a company; or
 - (iii) has had any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
 - (iv) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (g) So far as the Directors are aware, following the Offer, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. None of the Shareholders have voting rights different from other Shareholders.
- (h) There are no loans made or guarantees granted or provided by the Company to or for the benefit of any Director.
- (i) Other than David Glick's interest in the transaction described in paragraph 1 (d) above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.
- (j) Rule 5 of the Disclosure Rules and Transparency Rules requires a Shareholder to notify the Company of the percentage of its Shares it holds if such percentage reaches, exceeds or falls below three per cent. or subsequent one per cent. thresholds. None of the Directors nor any members of their respective families has any private interest which is or has the potential of being a conflict in relation to their duties to the Company.
- (k) Julian Paul was a director of the Company until his death on 17 March 2011.

5. Material contracts

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

- (a) The Company entered into an agreement dated 3 February 2006 with the Manager, which has responsibility for the management of the Company's portfolio of investments. The agreement has been varied and replaced several times to allow for the management of the Company's portfolio of investments represented by the Ordinary, C, D, E, F and G Share classes. The agreement now continues for a period ending 5 years from admission of the G Shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter. On 24 November 2011, and subject to Shareholder Approval, the agreement was again replaced with a new agreement continuing for an initial period ending 5 years from Admission and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter. The Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the C Shares, D Shares, E Shares F Shares, G Shares and I Shares, in each case plus VAT (if applicable); (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares plus VAT (if applicable), and (c) a performance fee which is outlined in more detail below. Annual running costs of the Company will include, amongst other things, the management fees described above (excluding the performance fee described below), the administrative services (fee described below), Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the Shareholders.

Unless otherwise agreed from time to time between the Company and the Manager, the Manager will be responsible for external costs, such as legal and accounting fees, incurred in relation to the negotiation and (if applicable) completion of all Qualifying Investments. The Manager retains the right to charge arrangement, monitoring, syndication, exit and directors' fees to the businesses in which the Company invests. Such charges are in line with industry practice and typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Manager will normally nominate one of its directors to act as a director of each investee company.

In respect of each class of Shares separately (save the H Shares), once total paid or declared Dividends have reached £1.00 per C Share, D Share, E Share, F Share, G Share or I Share (as the case may be) all further amounts which, in the opinion of the Board are available to be distributed as Dividends, will be paid as to 80% as a Dividend to C Shareholders, D Shareholders, E Shareholders, F Shareholders, G Shareholders or I Shareholders (as the case may be), and 19% to the Manager by way of performance fee. Once total paid or declared Dividends have reached £1.20 per C Share, D Share, E Share, F Share, G Share or I Share (as the case may be) all further amounts which, in the opinion of the Board are available to be distributed as Dividends, will be paid as to 70% as a Dividend to C Shareholders, D Shareholders, E Shareholders, F Shareholders, G Shareholders or I Shareholders (as the case may be), and 29% to the Manager by way of performance fee.

In respect of the H Shares, once and for so long as cumulative Dividends paid or declared equal or exceed an average of 7p per H Share per annum, the Manager will receive a performance fee equal to 19% of the net asset value per H Share in excess of £1.00. Once and for so long as cumulative Dividends paid or declared equal or exceed an average of 14p per H Share per annum, the Manager will receive a performance fee equal to 29% of the net asset value per H Share in excess of £1.00. That calculation will be made on a six-monthly basis, by reference to the Company's published annual report and financial statements and the Company's published half-yearly financial statements.

The performance fees described above are to be paid in cash and can be assigned by the Manager to some or all of the investment team.

- (b) On 12 November 2009, the Company entered into an agreement with the Manager, under which the Manager agreed to provide administrative services to the Company in respect of the C, D, E and F Share Funds. That agreement was replaced on 19 October 2010, to extend to the G Share Fund. On 24 November 2011 that agreement was further replaced with a new agreement between the Company and the Manager continuing for an initial period ending 5 years from Admission and may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter. Under this agreement, the Manager will receive an annual fee of £225,000 (plus VAT, if applicable) in total (across all Share Funds), to be adjusted annually by reference to the movement in the Retail Prices Index.
- (c) On 17 September 2009, the Company entered into an agreement with the Manager and RAM Capital Partners whereby RAM Capital Partners agreed to act as promoter of the 2009 Offer. For its services under this agreement, RAM Capital Partners was paid a fee of 1% of the first £10 million of funds raised under the 2009 Offer and 2% of all funds raised under the 2009 Offer in excess of £10 million.

- (d) On 12 November 2009, the Company entered into an agreement with the Directors, the Manager and Howard Kennedy (the "2009 Offer Agreement"), whereby (amongst other things) Howard Kennedy agreed to act as sponsor to the 2009 Offer. Under the 2009 Offer Agreement, as consideration for its services to the Company, the Manager received a fee of 5.5% of the aggregate value of the gross proceeds of the 2009 Offer, out of which the sponsor's fees and RAM Capital Partners fee, together with all other costs of the 2009 Offer (other than costs attributable to the issue of additional F Shares under early subscription incentive arrangements), were discharged.
- (e) On 6 October 2010, the Company entered into an agreement with the Manager and RAM Capital Partners whereby RAM Capital Partners agreed to act as promoter of the 2010 Offer. For its services under this agreement, RAM Capital Partners was paid a fee of 1% of the first £10 million of funds raised under the 2010 Offer, 1.5% of the second £10 million of funds raised under the 2010 Offer and 2% of funds raised under the 2010 Offer in excess of £20 million.
- (f) On 19 October 2010, the Company entered into an agreement with the Directors, the Manager and Howard Kennedy (the "2010 Offer Agreement"), whereby (amongst other things) Howard Kennedy agreed to act as sponsor to the 2010 Offer. Under the 2010 Offer Agreement, as consideration for its services to the Company, the Manager received a fee of 5.5% of the aggregate value of the gross proceeds of the 2010 Offer, out of which the sponsor's fees and RAM Capital Partners fee, together with all other costs of the 2009 Offer (other than costs attributable to the issue of additional G Shares under early subscription incentive arrangements), were discharged.
- (g) On 18 October 2011, the Company entered into an agreement with the Manager and RAM Capital Partners whereby RAM Capital Partners has agreed to act as promoter of the Offers. For its services under this agreement, RAM Capital Partners is to be paid a fee of: 1% of the first £7 million of aggregate funds raised under the Offers; 1.25% of the second £7 million of aggregate funds raised under the Offers; 1.5% of the third £7 million of aggregate funds raised under the Offers; and 1.75% of aggregate funds raised under the Offers in excess of £21 million.
- (h) On 24 November 2011, and subject to Shareholder Approval, the Company entered into an agreement with the Directors, the Manager and the Sponsor (the "Offer Agreement"), whereby (amongst other things) the Sponsor has agreed to act as sponsor to the Offers. Under the Offer Agreement, which may be terminated by the Sponsor in certain circumstances of breach, the Company and the Directors have given certain warranties to the Sponsor. Claims for breach of warranty will be subject to various caps. The Company has also agreed to indemnify the Sponsor in respect of its role as sponsor under the Offer Agreement. The Offer Agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs. As consideration for its services to the Company, the Manager shall receive a fee of 5.5% of the aggregate value of the gross proceeds of the Offers, out of which the Manager will pay or reimburse the Sponsor's fees and RAM Capital Partners' fee, together with all other costs of the Offers (other than costs attributable to the issue of additional H or I Shares under early subscription incentive arrangements, and any trail commission payable to authorised financial intermediaries after the end of the four year period referred to below). The Manager will also receive an annual fee equal to 0.375% of the gross proceeds of the Offers per annum for a period of four years, out of which all trail commission payable to authorised financial intermediaries during that four year period will be discharged.

6. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this document, which may have, or have had in the recent past significant effects on the Company's financial position or profitability.

7. The Listing Rules and VCT compliance

- (a) A detailed description of the investment policy which will be pursued by the Company is set out in Part 1. The Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with this published investment policy. The investment policy is in line with Chapter 15 of the Listing Rules and Part 6, ITA. In accordance with the Listing Rules, a material change in the investment policy of the Company will only be effected with Shareholder approval. The Company will not conduct any trading activity which is significant in the context of its group (if any) as a whole. In accordance with the Listing Rules, no more than 10%, in aggregate, of the value of the total

assets of the Company at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds have themselves published investment policies which permit them to invest more than 15% of their total assets in other listed closed-ended investment funds.

- (b) The UK Listing Authority requires that the Board must be able to demonstrate that it will act independently of the Manager. In particular, a majority of the Board (including the Chairman) must not be:
 - (a) directors, employees, partners, officers or professional advisers of or to, the Manager or any other company in the same group as the Manager; or
 - (b) directors, employees or professional advisers of or to any other VCT managed by the Manager or any other company in the same group as the Manager.
- (c) In order to obtain venture capital trust status, a company must be approved by HM Revenue & Customs. The conditions which must be satisfied to obtain such status are set out in Section (B) of Part 3. Should the Company's venture capital trust status be lost under section 274 ITA, then the FSA will be notified as soon as possible.
- (d) The Company has retained PricewaterhouseCoopers LLP to advise on VCT taxation matters on an ongoing basis.

8. General

- (a) There has been no significant change in the financial or trading position of the Company since 31 August 2011, the date to which the most recently published unaudited financial information of the Company was made up.
- (b) The Directors believe that the Offers have the potential to constitute a significant gross change in the VCT. This could include an increase in the net assets of the Company of an amount that is equal to the net proceeds it receives under the Offers. If the Offers are both fully subscribed, an increase in net assets would have certain consequences, including increasing the Company's earnings, increasing the size and range of investments the Company could undertake, and increasing the number of investments the Company would be required to make in order to meet the VCT eligibility rules.
- (c) The Company has formed an audit committee, a nomination committee and a remuneration committee. The members of these committees are:

Committee	Members
Audit	Kevin Falconer (Chairman), Michael Eaton and Lord Flight
Nomination	Robin Miller (Chairman) and Michael Eaton
Remuneration	Robin Miller (Chairman) and Michael Eaton

The duties of the audit committee include reviewing the half yearly and annual accounts, the system of internal controls, the terms of appointment of the auditors and their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice a year. The nomination committee reviews potential appointments to the Board. The remuneration committee meets at least annually and reviews the appropriateness of the terms of appointment of the directors and senior employees and consultants of the Manager.

- (d) As at the date of this document, the Company complies with the Corporate Governance Code and was compliant during the last financial year.
- (e) The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.

- (f) The capitalisation and indebtedness of the Company as at 31 August 2011 was:

	£000
Total current debt	(1,134)
Total non-current debt	Nil
Shareholders equity	
- Share capital	9,590
- Reserves	75,534
Total	85,124
Cash at bank	515
Liquidity funds & corporate bonds	53,004

Source: Unaudited half yearly statements to 31 August 2011 as incorporated by reference in Part 4 of this document

There has been no significant change in the capitalisation or indebtedness of the Company which has occurred since 31 August 2011, the date to which the financial information incorporated by reference in Part 4 of this document has been prepared.

- (g) The total expenses of and incidental to the Offers (including irrecoverable VAT but excluding any costs attributable to the issue of additional H and I Shares under early subscription incentive arrangements) will be met by the Manager from the fees payable to the Manager by the Company under the terms of the Offer Agreement described in paragraph 5(h). Any expenses of and incidental to the Offers in excess of the amount of such fees will be borne by the Manager.
- (h) The Company's registrar and paying agent for the payment of dividends is The City Partnership (UK) Limited.
- (i) The Company is not regulated by a particular regulatory authority but by virtue of the fact that it is a VCT it will be subject to the regulations of HM Revenue and Customs, the Companies Act, the UK Listing Authority and other relevant regulations and legislation.
- (j) A typical investor for whom the Offers are designed is a member of the public (a retail investor) who is a UK income taxpayer, aged 18 years or over, with an investment range of between £5,000 and £200,000 in any one tax year, who is interested in gaining exposure to the live events market in a tax-efficient manner. Such an investor will typically be attracted to a fund specialising in a single sector as opposed to a more widely diversified fund.
- (k) The Board will be responsible for the determination and calculation of the net asset value of the Company which will be undertaken bi-annually and included in the announcement of annual and half-year results of the Company. All unquoted investments will be valued in accordance with IPEVC Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter are carried at fair value. Any Aim or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange. The net asset value of the Company will be audited annually by the Company's auditors, Grant Thornton UK LLP who are registered as auditors by the Institute of Chartered Accountants of England and Wales. Grant Thornton were appointed in place of Scott-Moncrieff, the Company's previous auditors at the Company's annual general meeting on 24 August 2011, with effect from the end of that meeting.
- (l) The Company has entered into certain related party transactions during the period covered by the financial information set out in Part 4 of this document. Specifically, Edge Investment Management Limited is a related party insofar as it receives fees in respect of investment management activities and administration services as described in paragraphs 5(a) and 5(b) of this Part 5. In addition, the Company has entered into various offer agreements, pursuant to which Edge Investment Management Limited has received various fees for services to the Company, described in paragraphs 5(d) and 5(f) of this Part 5, and the new Offer Agreement which is described in paragraph 5(h) of this Part 5. In addition, the Company entered into the arrangements detailed at paragraph 4(c) of this Part 5, dealing with the payment by the Company of sums to Robin Miller Consultants Limited and Julian Paul & Co in respect of the provision of consultancy services. The Company has not entered into any other related party transactions during the three years ended 28 February 2011 and up to the date of this document.

- (m) The Company Secretary of the Company will hold any certificates of title relating to investments made by the Company. The independent manager of fixed income securities will be responsible for holding such investments on behalf of the Company.
- (n) The Prospectus contains statements of belief made by the Manager. Such statements are included, in the form and context in which they appear, with the consent of the Manager, who has authorised and takes responsibility for such statements of belief under rule 5.5.3(2)(f) of the Prospectus Rules. To the best of the knowledge and belief of the Manager (which has taken all reasonable care to ensure that such is the case), such statements of belief are in accordance with the facts and do not omit anything likely to affect their import.

9. Documents available for inspection

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

- (a) the Memorandum and Articles of Association of the Company;
- (b) the letters of appointment referred to in paragraph 4(c) above; and
- (c) the financial information for the years ended 29 February 2009, 28 February 2010 and 28 February 2011, and the six months ended 31 August 2011, included by reference in Part 4 of this document.

PART 6: 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 73 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 this document, is the beneficial owner of any Shares, or who, as at the date of this document, 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 this document
“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 this document
“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”	this document dated 24 November 2011
“Prospectus Rules”	the prospectus rules issued by the FSA
“PWC”	PricewaterhouseCoopers LLP: where PWC is referred to as the source of data in this Prospectus, 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

“2009 Offer”

the offer for subscription of up to 30 million F Shares of 10p each made pursuant to a prospectus dated 13 November 2009, as amended by a supplementary prospectus dated 9 March 2010

“2010” Offer

the offer for subscription of up to 30 million G Shares of 10p each made pursuant to a prospectus dated 19 October 2010

PART 7: TERMS AND CONDITIONS OF APPLICATION

1. Save where the context otherwise requires, words and expressions defined in this document have the same meanings when used in the Application Form and explanatory notes in relation thereto. The section headed "Application Procedure" forms part of these terms and conditions of application.
2. The contract created by the acceptance of an application under the 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 this 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 this 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 this 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 this Prospectus and accordingly you agree that no person responsible solely or jointly for this 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 this 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 this 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 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: Which application form should I complete?

A: *If you wish to subscribe for H Shares, complete the green form on pages 69 and 70. If you wish to subscribe for I Shares, complete the orange form on pages 71 and 72.*

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 Offers close.*

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.*

**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	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Date of birth (dd/mm/yy)

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

APPLICATION FORM FOR I SHARES EDGE PERFORMANCE VCT PLC

THIS IS THE APPLICATION FORM FOR EDGE PERFORMANCE VCT PLC'S PLANNED RETURN OF CAPITAL SHARE CLASS. IF YOU WISH TO INVEST IN EDGE PERFORMANCE VCT PLC'S "EVERGREEN" SHARE CLASS (H SHARES), PLEASE INSTEAD USE THE GREEN 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 30 March 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	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Date of birth (dd/mm/yy)

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 I 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	I 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		
Email		

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 as set out in Part 2 of the Prospectus)

Insert the amount of initial commission you wish to waive and reinvest in additional I 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 I 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 Facsimile

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