

EDGE PERFORMANCE RAISES MORE THAN £32M

Entertainment industry investment and advisory group Edge has announced that its specialist entertainment funds Edge Performance VCT (EPVCT) and Edge Performance EIS together raised £32.1m in their latest fundraising round, nearly three times last year's total.

It makes the 2009/2010 fundraising round Edge's most successful yet and brings the total raised by Edge since it launched four years ago to £88m.

This success means Edge has raised the largest VCT fund this year for the entertainment industry, and also catapults EPVCT into second-place in the overall UK VCT fundraising rankings for this year across all industry sectors.

The announcement comes just two weeks after music industry lobbying group UK Music, headed by former Undertone Feargal Sharkey, highlighted access to finance as one of the UK music industry's greatest challenges.

Edge now has £32m more to invest in the entertainment industry, says Edge Group founder David Glick.

"Too many potentially successful businesses in the entertainment industry struggle for want of the investment they need to grow," said Glick. "Edge's success in raising funds for the sector



will allow us to play an increasing role in helping good entrepreneurs and their management teams fulfill their potential."

EPVCT originally set out to offer 10m shares but in February 2010 increased this to 20m and then subsequently to 30m.

Edge benefited from the increased popularity of VCT investments this year, said Glick, but it also increased its market share.

"Key to our success has been the timely, above target, return in June last year of cash to holders of EPVCT's original 2006 Ordinary share issue," he said. "When we started out, investors had long believed that the entertainment business was too risky a business to countenance. By leveraging our industry knowledge and targeting our investments on management teams with

a proven track record we believe we have gone a long way towards reshaping that perception."

Edge's reputation has been built on the quality of its own team of industry heavyweights. Alongside renowned music industry dealmaker Glick, Edge benefits from the skill and experience of impresario Harvey Goldsmith, former Sony Music business affairs head Alasdair George, VCT pioneer Gordon Power, Elton John manager Frank Presland, former EMAP and HMV Group chairman Sir Robin Miller and superstar DJ Pete Tong.

"The entertainment business is a "people business" said Glick "so access to the best people is a key advantage. We believe that our collective background in the entertainment business not only gives us access to better opportunities, but also enables us to evaluate them better than our competitors. This year's fundraising success suggests the investment community agrees with us."

Companies in which Edge Performance VCT has invested have promoted more than 200 live concerts in total since December 2006 featuring artists ranging from Kanye West to Backstreet Boys, Eric Clapton and recent Grammy Award winner Jeff Beck.

Edge fashions a deal for Amy

Edge Legal has acted for superstar Amy Winehouse to strike a deal for an exclusive 17-piece clothing range for iconic UK fashion brand Fred Perry.

The womenswear line came about after Fred Perry executives noticed that Winehouse already wore their clothing onstage.

Said Fred Perry marketing director Richard Martin, "Amy has been wearing Fred Perry for years, so we were aware she was a genuine fan of the brand". Winehouse was fully involved in a number of design meetings to assemble the collection where she helped select styles, fabrics and colours.

Edge was appointed to act for the artist in the Fred Perry negotiations by her manager Raye Cosbert and Al Philp and David Glick negotiated and concluded the deal.

Al Philp said, "It has been exciting working with



one of the UK's biggest artists on what is a ground-breaking deal. Savvy artist managers like Raye Cosbert are increasingly taking the opportunity to move into innovative new areas like this, and we have been pleased to be able to help them make the deal."

The Amy Winehouse for Fred Perry Collection is expected to reach stores in the autumn.

Alexander McQueen

Edge Group founder David Glick has paid tribute to long-time client fashion designer Lee "Alexander" McQueen who was found dead on 11 February 2010 aged 41.

Glick was McQueen's personal lawyer and business advisor for seven years up to his death and is executor of his estate.

Said Glick, "The death of anyone so young is a shock, but this came as a bolt from the blue. Just a couple of days before his death we had spent hours together working on his affairs. His death is a huge loss to the fashion industry, of course. His creative flair was truly astounding. To his friends and family this is a particularly hard loss to bear.

"Despite the tens of thousands of words written about Lee since his death, very often I believe they have failed to capture the real Lee – generous, open and with a wonderful capacity to make mischievous fun.

"All of us at Edge will miss Lee greatly. Our job now is to make sure we follow his wishes and wind up his estate in as smooth and as efficient a way as we can."

Edge Performance VCT invests in hit kids portfolio

Edge Performance VCT has invested in fast-growing children's licensing and TV production company Coolabi whose properties include Bagpuss, The Clangers, Purple Ronnie and Ivor The Engine.

The deal re-unites Edge Investment Management chairman Gordon Power with Coolabi CEO Jeremy Banks who went on to run Chorion, famous for Poirot and Miss Marple, after working with Power at fund manager Pro-Ven.

Power says Coolabi (pronounced cool-a-bye) appealed not just because of its experienced management team – its chairman William Harris took Gullane Entertainment from turnover of £400,000 to more than £50m – but also because of its commitment to creating its own stable of children's characters.

These include girl duo Scarlett & Crimson (pictured right). Coolabi last month announced



that Superdrug is to stock a range of Scarlett & Crimson cosmetics in 400 stores around the UK. "The outlook for Coolabi's new properties looks very promising," says Power.

Serenata to offer Puccini and Pimms on Isle of Purbeck

Edge Legal is to act for boutique festival operator The Classical Festival Company which is set to launch its first event, Serenata, over the forthcoming August Bank Holiday in Dorset.

Driving force behind the company is renowned life coach and TV producer Lesley Malpas.

Her plan for Serenata is to combine the boutique camping elements of the modern festival with an innovative mix of participation – the Serenata Scratch Choir and Orchestra and performances from well-known classical musicians. Edge Legal's Al Philp said, "Serenata is really innovative concept which brings the quality of the boutique festival to the classical music market for the first time."

Serenata is already tipped by the Sunday Times to take the crown of "Britain's poshest festival" from the established Latitude event.

The debt factor proves a positive in mitigating IHT

Debt factoring may seem an unglamorous business but in these times of low interest rates on savings accounts, it can produce attractive returns for investors and structured correctly provides an innovative inheritance tax shelter, writes Edge Investment Management director Sanjay Wadhvani.

The four year freeze on the £325,000 nil rate for inheritance tax announced in the Budget has highlighted the importance of inheritance tax planning.

There are huge sums of money at stake. In 2008 alone HM Revenue & Customs netted £3.8bn from this one tax.

Traditional IHT planning techniques take up to 7 years to become fully effective, which is no good for people who want to know their estate is protected before then.

No wonder there's a flourishing trade in financial products which promise to reduce a taxpayer's IHT liability. Edge Inheritance Tax Service (EITS) offers this through a structure which is eligible for Business Property Relief which means the investments qualify for full

relief from IHT after just two years.

Unfortunately, too many vendors of inheritance tax products fail to realise that the number one priority of an investor seeking to mitigate his or her inheritance tax liability is capital preservation. After all, the very reason a buyer is in the market for an IHT product in the first place is the fact they want to preserve the value of their estate as much as possible. AIM portfolios may escape a potential 40% tax liability after two years, but what good is that if the value of your estate has fallen by 80% in the meantime?

That's why when we at Edge tried to come up with product to help those planning their financial future our number one priority was capital preservation.

The particular vehicle used by EITS is ESM Factoring, a business which will factor debts in the entertainment and leisure industries.

Crucially ESM Factoring targets investment in sectors in which the debt is underpinned by a third party.

For its initial tranche of investments, EITS is focusing on the football market where football transfer fees between Premier League and

Championship football clubs can effectively be underwritten by the respective leagues.

Football clubs rarely receive the full amount of transfer fees upfront, with many millions of pounds typically being paid in stages over one or more years. ESM Factoring effectively buys the right to receive the stage payments of the transfer fee and takes on the obligations of invoicing and collecting those payments. Such deals are made more attractive because under Premier League and Football League rules, if a club defaults on a transfer fee, the leagues may cover the debt by deducting it from the payments due to the club from TV and sponsorship deals.

We are also looking at extending this formula to other sectors which may offer similar kinds of assurance.

In terms of returns we are targeting a minimum 3% annual return to investors, which in the current low interest rate environment, is significantly higher than can be achieved by most savings accounts.

All in all, we believe we have come up with a very strong offer.

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The Edge difference is its unrivalled network of entertainment industry professionals which ensures quality deal flow and industry-leading expertise to evaluate opportunities

Edge Legal offers a highly commercial approach working with clients to develop companies and careers

Edge Media is a specialist corporate finance house with a particular expertise in buying and selling rights catalogues

Edge Investment Management has quickly built a strong reputation in tax efficient investments in the entertainment business.

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