EDGE
PERFORMANCE VCT

EDGE PERFORMANCE VCT PUBLIC LIMITED COMPANY

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

Edge Performance VCT Public Limited Company
Incorporated in England and Wales
with registration number 5558025

Contents

Financial Summary

2018

Year ended 28 February	2018 H	2018 I	2018 Total
Net assets £'000	6,551	33,892	40,443
Net asset value per Share, p	62.25	46.36	n/a
Net asset value total return per Share, p*	76.25	81.36	n/a
Investment income £'000	30	289	319
Return before tax £'000			
- Revenue	(89)	(307)	(396)
- Capital	110	1,450	1,560
- Total	21	1,143	1,164
Return per Share, p**			
- Revenue	(0.87)	(0.42)	n/a
- Capital	1.05	1.98	n/a
- Total	0.18	1.56	n/a
Dividend per Share paid/recommended in the year, p			
- Revenue	-	-	n/a
- Capital	-	7.0[1]	n/a
- Total	-	7.0	n/a
Share price at end of year, p	40.50	27.40	n/a

* i.e. net asset value per share plus total dividends paid per share to date. See note 16

** i.e. return for the year over the weighted average number of shares. See note 10

[1] Reflects the interim dividends of 7.0p declared on 18 August 2016, prior to the share conversion as detailed in note 15 on page 52, paid on 7 April 2017 to G & I shareholders as shown in the Company's register of members at the close of business on 26 August 2016.

2017

Year ended 28 February	2017 H	2017 I	2017 Total
Net assets £'000	6,530	35,537	42,067
Net asset value per Share, p	62.05	48.61[3]	n/a
Net asset value total return per Share, p*	76.05	76.61[3]	n/a
Investment income £'000	39	806	845
Return before tax £'000			
- Revenue	(80)	171	91
- Capital	141	(4,559)	(4,418)
- Total	61	(4,388)	(4,327)
Return per Share, p**			
- Revenue	(0.62)	0.19	n/a
- Capital	1.37	(6.21)	n/a
- Total	0.75	(6.02)	n/a
Dividend per Share paid/recommended in respect of the year, p			
- Revenue	-	-	n/a
- Capital	3.5	7.0[1][2]	n/a
- Total	3.5	7.0	n/a
Share price at end of year, p	48.5	30.5	n/a

* i.e. net asset value per share plus total dividends paid per share to date. See note 16

** i.e. return for the year over the weighted average number of shares. See note 10

[1] reflects the interim dividend of 7.0p per I Share paid on 12 August 2016 to holders of I Shares only, prior to the share conversion as detailed in note 15 on page 52.

[2] prior to the share conversion as detailed in note 15 on page 52, interim dividends of 7.0p were declared on 18 August 2016, payable to G & I shareholders as shown in the Company's register of members at the close of business on 26 August 2016. These have not been reflected in the schedule above.

[3] these figures do not take into consideration the interim dividends declared as noted above [2] and paid in April 2017. Net asset value total return per share reflects the net asset value per share plus dividends paid to holders of the I Shares prior to the share conversions.

Investment Policy

Investment Policy

Edge Performance VCT was set up to offer 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 described below.

The full text of the Company's investment policy can be found at https://edge.uk.com/edge-performance-funds/#governance.

H Share Fund

With the "evergreen" H Share Fund, Edge Performance VCT is seeking to achieve an annual yield for investors, growth, risk reduction and liquidity.

The Company is targeting building to a consistent tax-free annual dividend yield for investors. To align the interests of the Investment Manager, Edge Investments, with this objective, the Investment Manager's performance fee is payable only if cumulative dividends are at least 7p per H Share per year on average and the net asset value per H Share grows.

The Company will invest at least 70% of the H Share Fund in VCT-qualifying investments which the Company believes are capable of generating an appropriate level of growth or return.

The Company intends that the majority of any gain made from the realisation of VCT-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 VCT-qualifying investments, in order to drive compound growth for the H shareholders.

I Share Fund

All of Edge Performance VCT's "planned exit" share classes (namely C Shares, D Shares, E Shares, F Shares, G Shares and I Shares) were consolidated into a single enlarged I Share Fund in September 2016.

Through a blend of fixed income securities, cash and near-cash, VCT-qualifying investments with a high level of underpinning and other VCT investments intended to achieve growth, the Company is looking to provide shareholders with significant capital preservation coupled with the potential for upside from the growth investments.

Most of the Company's higher-underpinned VCT-qualifying investments have now been realised; the last of them are expected to be realised in mid-2018.

The Company is therefore now seeking to maximise returns for I Shareholders within a reasonable timescale having regard to the market positions of its remaining portfolio companies.

Asset Allocation

VCT-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.

In instances where more than one of the Company's Share Funds invest in a given portfolio business, the Company will, where practicable, arrange or rearrange the structure of the investment, so that each of the participating Share Funds holds, pro-rata to the amount invested by it, the same investment instruments. This approach is intended to ensure that, where the value of a portfolio business changes, that change is reflected, proportionately, to the same extent across all of the participating Share Funds, where appropriate.

Borrowings

Although Edge Performance VCT's articles of association allow the Company to incur borrowings to fund its operations, it currently has no intention to do so.

VCT Status and Maximum Exposures

Edge Performance VCT 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 'VCT value' of the Company's total investments can be held in a single company or group (other than a VCT). The Company will not commit more than 15% to a single company or group even in the event of an increase in the limit imposed by VCT rules.

Chairman's Statement

The year ended 28 February 2018 has been a period of improving progress for Edge Performance VCT and its investee businesses.

Investment activity

While the I Share Fund is fully invested, a total of £545,000 from the H Share Fund was invested during the year in audioBoom plc (£500,000) and Antidote Productions Ltd (£45,000). The latter investment was made pursuant to the co-investment arrangement which the Company has with Edge Creative Enterprise Fund. A number of other opportunities for the H Share Fund, which has £2 million available for VCT-qualifying investments, are being pursued.

The Company now hold interests across a broad range of the creative industries sector including children's entertainment, digital marketing, book publishing, games monetisation tools, TV production, distribution of digital audio and user-generated video content. Details of our largest portfolio holdings are contained in the Investment Manager's review on pages 9 to 11.

Coolabi Group continues to develop strong brands focused on the children's and family entertainment sector. The company monetises this through various media channels, including video, books and games, and from a programme under which those brands are licensed for the manufacture and sale of toys and other merchandise by third parties across the world. In the course of the financial year under review, Coolabi secured significant new banking facilities, and as a consequence is well positioned to take advantage of a number of the opportunities in its pipeline, including a new digital hub and a new app to sit alongside its popular Beast Quest book series, and the commissioning of further series of its existing children's television titles. In the meantime, investor appetite for businesses in the sector has strengthened over the past year, which has driven the £2.9 million (10.6%) increase in the value of Edge Performance VCT's holding in Coolabi.

While Intent HQ continues to make progress in securing a wider customer base, it needed to secure further loan funding from its main investor, which resulted in a reduction of monies attributable to Intent HQ's shareholders. As a consequence, the valuation of Edge Performance VCT's investment in Intent HQ Holdings has reduced by £211,000 (10.9%).

Mirriad Advertising plc listed on the AIM segment of the London Stock Exchange on 9 December 2017, successfully raising £26.2m of new equity. While the share price at listing was reflective of the Company's valuation of its holding at 31 August 2017, Mirriad's share price has drifted down on very small volumes of shares in the post-admission market. This has resulted in a £197,000 (c19%) reduction in the value of the Company's holding in Mirriad).

deltaDNA has made good progress in all areas of its business in the last 12 months, but until the recovery is fully evidenced the Board and Investment Manager have decided to hold the value of the investment unchanged at £1m.

In April 2017 the Company invested £500,000 in audioBoom plc. The company is currently subject to a reverse takeover from Triton, an American-headquartered company specialising in audio streaming and metrics, with revenues and EBITDA for the 9 months to September 2017 of $29.8m and $10.7m respectively. In accordance with IPEVC guidelines the valuation of Edge Performance VCT's holding is based on the closing bid price when trading was suspended as a consequence of the announcement of the takeover, meaning that the value of the Company's holding has increased to £718,000.

In summary, a £2.9m increase in the valuation of the Company's largest underlying asset, Coolabi, and smaller movements in the value of the other venture investments have resulted in an overall uplift in the value of the growth portfolio of £3.4m. After running costs and dividends of £2.8m paid during the year, the overall net asset value of the Company fell by £1.6m to £40.4m.

Fundraising

On 16 January 2018, the Company opened a non-prospectus top-up offer for subscription for H Shares. That offer closed on 5 April 2018, after the end of the year under review, raising £644,500 of additional capital (before expenses).

Management Performance Incentive

In August 2016, the Board announced that it would undertake a review of the Investment Manager's performance incentive fee (or "carried interest") arrangement in relation to the I Share Fund, and that any alternative arrangement would be put to shareholders for approval. Over the past two years, the Board has taken advice from experts in the field of performance-related incentives, and commissioned a report from the firm Willis Towers Watson. The Board has now completed that review and has recommended a new arrangement which Willis Tower Watson has confirmed is in line with market practice, and on which shareholders will be asked to vote at the general meeting of the Company to be held on 11 June 2018. Shareholders will be sent a circular and a notice convening that general meeting.

Digital Communication

The articles of association of Edge Performance VCT provide authority to use electronic means to convey information to shareholders, including, but not limited to, supplying documents or information to shareholders by making them available on a website.

Increased use of electronic communications would deliver savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to shareholders in a convenient form. The reduced use of paper would also have environmental benefits.

In the next few months, therefore, the Company will write to shareholders to enquire if they would like to take this opportunity to receive future communications from the Company electronically. Participating shareholders would receive notifications by email (where an email address has been provided), or by letter, that shareholder information such as Annual Reports, notices of shareholder meetings and other documents required to be made available to shareholders had been published on the Company's website at www.edge.uk.com. The notification would give details of (i) the place on the website where the documents or information may be accessed and (ii) how to access them. Participating shareholders would no longer automatically receive such documents or information by post.

Shareholders would still have the right to request hard copy versions of shareholder information and to opt out of electronic communications and change their communication election at any time in the future by writing to the Company Secretary, The City Partnership, or online by using the link on the Company's website. However, the Company is keen that as many shareholders as possible avail themselves of this opportunity to move to a more administratively cost-effective and environmentally friendly means of communication, and recommend it to shareholders.

Dividends

In April 2017, a dividend of 7p per share was paid to the holders of each G and I Share as held prior to the capital simplification exercise undertaken in September 2016. These dividends brought the total distributions made by Edge Performance VCT to shareholders since its inception to more than £56.8 million.

No dividends were declared in the year ended 28 February 2018.

Annual General Meeting

The Company's 2018 AGM will be held at 10.00 am on 11 June 2018. Notice of the meeting, together with a description of the business to be conducted, can be found towards the end of this annual report.

Outlook

The Investment Manager has strengthened its team and I am encouraged by their progress in managing the existing portfolio and seeking out new opportunities. The volume and, more importantly, quality of the current deal flow will present opportunities for the remaining available money in the H Share Fund, plus the allocation from the recent non-prospectus offer, to provide the ammunition for strong capital appreciation.

As ever, I thank you for your continued support of the Company.

Sir Robin Miller
Chairman

15 May 2018

The Directors and Investment Manager

The collective experience of the Directors and the Investment Manager's team - which covers VCT fund management, venture capital, investment banking, live event promotion, corporate finance, private equity, artist management, law, accountancy, tax and deal structuring skills - is employed in the selection and management of the Company's investments.

As at the date of this report, the Company has the following Directors, all non-executive, who are responsible for overseeing investment policy and have overall responsibility for the Company's activities. The Directors are, with the exception of David Glick, independent of the Investment Manager.

Directors

Sir Robin Miller
(Chairman of Edge Performance VCT)

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

Lord Flight

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

Terry Back

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

Investment Manager

David Glick

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

A former solicitor, David co-founded Eatons, a leading music and entertainment law firm, in 1990; in 2000, Eatons merged with law firm Mishcon de Reya where he became head of the entertainment and media group.

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

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

He is the founder of Edge Performance VCT.

The investment team members of the Investment Manager, who, other than Ken Okoroafor and Niall Santamaria, are all members of its investment committee, are listed below:

Charles Miller Smith
(Chairman of Edge Investments and Chairman of the investment committee)

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

Gordon Power
(Director of Edge Investments and investment committee member)

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

Harvey Goldsmith CBE
(Director of Edge Investments and investment committee member)

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

David Glick
(CEO of Edge Investments and investment committee member)

See above.

Ken Okoroafor ACA
(CFO of Edge Investments)

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

Steven Carle
(CIO of Edge Performance VCT plc and investment committee member)

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

Niall Santamaria CFA
Investment Manager

Niall has been working for media and creative industries companies for over a decade. Prior to Edge he worked for Exodus Ventures, a specialist in the high-growth early-phase digital media sector, where he served as an investor, board member, strategic and corporate finance advisor. Before that he was at the Top Right Group (formerly EMAP), supporting on growth strategies, acquisitions and sales and marketing optimisation; OC&C Strategy Consultants, working predominantly in their media practice; and has advised several start-ups on their growth plans. He is a CFA charter holder and has completed an MBA at the London Business School.

Investment Manager's Review

In relation to the Company's "planned exit" I Share class, the Investment Manager has employed a "blended" investment strategy, under which the share class's VCT-qualifying portfolio entails a mix of:

- investments in businesses with a high level of underpinning of the amount invested by the Company; and
- investments in businesses which have the potential for significant growth.

In relation to the Company's "evergreen" H Share class, the Company will continue to make Qualifying Investments in the creative industries, and in particular in entertainment and media, and enabling technologies for the sector, which the Investment Manager believes have the potential for profitability and growth, in order to generate growth and a consistent yield for shareholders.

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

Whereas the H Share fund continues to make investments, the I Share fund has no reinvestment mandate.

Dividends

An important component of this overall strategy is the payment of dividends, and the timely distribution to shareholders of the proceeds of realisations of the Company's VCT-qualifying investments. The Company has distributed more than £56 million in total to shareholders since it began in 2006.

Portfolio investments made during the year

audioBoom plc

In April 2017, Edge Performance VCT invested £500,000 from the H Share Fund in audioBoom plc, a business involved in the creation, distribution and monetisation of digital audio content (i.e. podcasts).

Antidote Productions

Pursuant to its co-investment arrangement with the Edge Creative Enterprise Fund, in the final quarter of 2017, Edge Performance VCT invested £45,000 in Antidote Productions Limited. Antidote is an independent TV production company, producing programmes for a range of customers in the factual and factual-entertainment genres.

Portfolio investments realised during the year

During the year, the Company realised eight higher-underpinned investments held by the I Share fund, Black Sheep Music Limited, E7 Live Limited, Grove Music Limited, La Cage Productions Limited, MM Promotions Limited, Ramble On Limited, Two Bridges Live Limited and UltraNation Limited, for a total of £5.5m, with part of the proceeds of these realisations reflected in the dividends of 7p per G Share and 7p per I Share paid by the Company in April 2017.

Existing portfolio investments

Coolabi Group Limited

Coolabi specialises in the ownership, development, creative management and exploitation of high quality children's and family intellectual property assets. Coolabi's portfolio includes TV properties such as Poppy Cat, the "new" incarnation of Clangers, and Scream Street; and book properties such as Warriors, Beast Quest, Magic Animal Friends, Seekers and Survivors. Brand management is at the heart of Coolabi's strategy, entailing establishing a property in a given medium or channel (typically books or TV) usually in a "home" territory, and then moving that property into other channels (such as film, digital, games and licensing & merchandising and into other geographical territories.

Building successful brands is not something which happens overnight and Coolabi has deployed significant cash and managerial effort in doing so in the period since Edge Performance VCT first invested. This continued in the year under review, although a significant step forward in its ability to fund its pipeline of opportunities was achieved by the completion of new banking arrangements with Santander. These new arrangements not only increased the absolute amount of available facilities to the company by almost £6m but with an improved repayment profile, the total cash benefit was c£8m. This will enable the company to make investments in its pipeline of opportunities, including a new Digital Hub which will be a focal point for the hugely popular Warriors series; a new Beast Quest app being developed with Animoca; and funding for new series of Coolabi's highly rated children's TV shows. The success of these investments should in turn give rise to improved licensing and merchandising revenues.

The company's book division continues to make good progress. There is evidence of a "next generation" of Warriors fans emerging which bodes very well for this highly successful book franchise. In addition, eight new book projects have been sold this year, including the first Young Adult project from its Dovetail subsidiary, a new series of the previously very successful Animal Ark, and a new Daisy Meadows series.

Clangers and Scream Street continue to perform very well in their respective broadcast slots in the UK. Clangers – a second series of which began broadcasting on CBeebies in late 2017 - consistently rates in the top 3 most viewed shows amongst its pre-school audience over two years from launch. The extent of Clangers' TV success should not be underestimated; Coolabi management has indicated that more than 60% of all children in the UK under 4 years old have seen a Clangers show.

Scream Street also rates very highly in its age slot, again consistently within the top 3 most viewed shows.

The period marks a significant increase in the company's digital exploitation initiatives, many of which are expected to start having a positive impact in the coming year.

A new Beast Quest console game was launched internationally in March, supported by a great deal of marketing activity.

A new Beast Quest app is in development with Animoca and Coolabi is working with Wildbrain to elevate the online awareness of its Clangers channel internationally.

A new Warriors digital hub will launch this year.

An encouraging development in the past 12 months has been the discussions with various Chinese companies who are showing significant interest in a number of Coolabi's book and TV properties. While discussions are at a nascent stage, the scale of the opportunity represented by the Chinese market could be transformational for Coolabi.

Given these developments, the Investment Manager remains firm in its belief that there is scope for significant growth in the business over the coming few years. An exit (other than in response to an unsolicited approach) remains unlikely in the short term, with 2020 a more likely timeframe.

Intent HQ Holdings Limited

Intent HQ's technology seeks to provide an important missing link in online and mobile marketing and advertising – a highly predictive human profile of each visitor to a company's website. This means that Intent HQ's customers can use data voluntarily provided by their users to enable one-to-one personalisation of their offers and content. This information can be used to enhance the commercial value of the visitor through greater user engagement, more effective content marketing and higher value advertising. In the current landscape where there are concerns about use of people's data, Intent HQ's management has confirmed that the company's technology and service are wholly General Data Protection Regulation (GDPR) compliant.

The Investment Manager believes that Intent HQ's prospects continue to improve, and the relationship with its largest customer has strengthened with the signing of a new contract. Expanding beyond this customer remains the key challenge, and there is now increasing evidence of a solid pipeline.

In the year under review, Intent HQ secured a further investment of £2m from one of its existing investors. As a consequence of the new funding raised (which ranks ahead of Edge Performance VCT's investment), the value of Edge Performance VCT's investment in Intent HQ was reduced by £212,000 (c11%).

deltaDNA Limited

deltaDNA's business is centred on data analytics to help games developers improve the gaming experience of their users through real time interventions, thereby driving increased player acquisition, retention and lifetime value. The business also has a self-serve ad mediation capacity where revenues are now beginning to show signs of growth.

While the company remains loss-making as it continues to develop its market proposition, the scale of these losses has reduced significantly over the past 12 months, and the company is now nearing sustainable profit and cashflow generation. The Investment Manager remains cautiously optimistic about the prospects for the company, and believes that an upwards revaluation of Edge Performance VCT's holding in deltaDNA may be expected in the next year.

Mirriad Advertising plc

The Investment Manager's previously expressed cautious optimism about the prospects for Mirriad was borne out when the company successfully listed on the AIM segment of the London Stock Exchange in December 2017, raising £26.2m at a post-money valuation of £63.2m. Although Edge Performance VCT's holding in Mirriad was diluted as a consequence of the listing, the business is now well funded to capitalise on the market opportunity which remains as relevant and exciting as ever.

audioBoom plc

Since the Company invested in the digital audio platform business audioBoom in April 2017, the metrics of the business have been very strong. In its financial year ended November 2017, unique file requests at 696 million were up 60% year-on-year; monthly unique viewers were up 50% to 89 million; and available advertising impressions were up by 740% to 2 billion. This represents performance ahead of market expectations when Edge Performance VCT invested. On 13 February 2018, the company announced a proposed £134m acquisition of Triton Digital Canada Inc, with a target fundraising of £155m. As a consequence of what is effectively a reverse takeover of audioBoom, trading in its shares was suspended with a share price of 3.6p per share, representing a

44% premium to the price at which Edge Performance VCT invested.

Significant VCT-qualifying investments

The Company and the Investment Manager apply internal diversification guidelines, under which no Share Fund will ordinarily invest in any single business more than 15% of the net proceeds of offers for subscription for shares in that particular class. However, distributions to shareholders and movements in portfolio valuations can give rise to the potential for the value of a given investment subsequently to exceed 15% of the relevant Share Fund's assets. These factors have resulted in the Company's investments in Coolabi Group Limited and deltaDNA Limited, based on the valuations of those holdings as at 28 February 2018, now exceeding 15% of the net assets of certain Share Funds.

Portfolio performance

As at 28 February 2018, the NAV total return per Share of each of the Share Funds stood at:

H Share Fund:
76.25p (76.05p as at 28 February 2017)

I Share Fund:
81.36p (76.61p as at 28 February 2017)

Non-qualifying investments

Initially, the net proceeds of each of the Company's offers for subscription for shares are invested in various fixed income securities, cash and cash equivalent assets. Subsequently, up to 30% of each Share Fund will be maintained in such investments whilst the balance is reinvested in VCT-qualifying investments.

As at the end of year under review, the non-qualifying liquidity portfolios were all managed in conjunction with Metro Bank.

During the year, the return on these funds averaged 0.1%, reflecting the continuing prevailing low yield environment.

As at 28 February 2018, the value of the non-qualifying liquidity portfolio was as follows:

Share Fund	Value (£'000)
H	311
I	1,691
	2,002

Fundraising

In January 2018, the Company opened a non-prospectus top-up offer for subscription for H Shares. That offer closed in April 2018, after the end of the year under review, resulting in the issue of 1,069,446 new H Shares and raising £644,500 (before expenses).

Future realisation of portfolio investments

The remaining higher-underpinned investments in the I Share fund are expected to be realised in mid-2018.

As regards the three principal privately-held growth investment portfolio companies (Coolabi, Intent HQ and deltaDNA), the Investment Manager remains of the view that the coming year is unlikely to be the optimal time to look to sell these investments. Consequently, no exit is currently envisaged in relation to these investments in the next 12 months. An exit from Coolabi before mid-2020 at the earliest is unlikely (save only in response to an unsolicited approach).

The investments in both Newsflare and Antidote productions are both relatively new and into early stage businesses which are some way from being in a position to consider a realisation.

Outlook

As at the year end, the H Share Fund had some £1.6m available for VCT-qualifying investments. This has increased to £2m as a consequence of the successful non-prospectus offer described above. The co-investment arrangement with Edge Creative Enterprise Fund and the pipeline of quality opportunities which the Investment Manager is seeing as a consequence gives the Investment Manager confidence in the prospects for future investments.

The Investment Manager considers the year ended 28 February 2018 to be one of real progress across the portfolio. The uplift in the Coolabi valuation is both encouraging for shareholders and indicative of market appetite for quality assets in the media and entertainment sector. The Investment Manager remains confident in its assessment that Coolabi is, and will soon demonstrate that it is, such a quality asset.

As ever, the Investment Manager's focus for the I Share portfolio continues to be on working with the investee companies in the portfolio towards achieving growth and value whilst considering strategies and opportunities for exit; the focus for the H Share fund continues to be identifying, selecting and making VCT-qualifying investments in the creative industries and enabling technologies, which the Investment Manager believes have the potential for profitability and growth.

Edge Investments Limited
Investment Manager

15 May 2018

As at 28 February 2018, the Company's investment portfolio was as follows:

	Nature of business	Cost £'000	Valuation £'000	Basis of Valuation	Equity Holding (voting rights) %
Coolabi Group Limited	Children's content production and exploitation	16,563	30,218	Market multiple	50.00
Intent HQ Holdings Limited	Data analytics	13,525	1,717	Third party transaction	13.00
deltaDNA Limited	Behavioural analytics for electronic games	1,000	1,000	Third party transaction, discounted	12.50
Mirriad Advertising plc	Digital product placement	520	829	Bid price	1.70
Real Gone Gigs Limited	Live event promotion	906	809	NAV	49.97
SEL Live Entertainment Limited	Live event promotion	906	809	NAV	49.97
Alchemy Live Limited	Live event promotion	906	804	NAV	49.97
Axis Live Entertainment Limited	Live event promotion	906	804	NAV	49.97
Audioboom plc	Digital audio content (ie podcasts) across multiple devices	500	718	Bid price	2.15
Done & Dusted Live Limited	Live event promotion	679	583	NAV	49.97
Newsflare Limited	Live event promotion	144	259	Cost	1.53
Antidote Productions Limited	Producer of TV programmes in the factual genre	45	45	Cost	2.00
Handmade Mobile Entertainment Limited	Mobile application development	2,000	-	Write off	13.10
Lean Forward Limited	Online gambling	500	-	Write off	4.15
		39,100	**38,595**		

The investments are allocated across the share classes as follows:

H Share Portfolio	2018 Cost £'000	2018 Valuation £'000	2018 % of net assets by value	2017 Cost £'000	2017 Valuation £'000	2017 % of net assets by value
Qualifying investments						
Coolabi Group Limited	500	1,192	18.2	500	1,049	16.1
deltaDNA Limited	1,000	1,000	15.3	1,000	1,000	15.3
Intent HQ Holdings Limited	161	162	2.4	161	182	2.8
Lean Forward Limited	500	-	-	500	-	-
Mirriad Advertising Limited	470	777	11.9	470	962	14.7
Newsflare Limited	144	259	4.0	144	144	2.2
Audioboom Limited	500	718	11.0	-	-	-
Antidote Productions Limited	45	45	0.6	-	-	-
Total qualifying investments	**3,320**	**4,153**	**63.4**	**2,775**	**3,337**	**51.1**
Non-qualifying investments						
Coolabi Group Limited	303	303	4.6	303	303	4.6
Total non-qualifying investments	**303**	**303**	**4.6**	**303**	**303**	**4.6**
Total fixed asset investments	**3,623**	**4,456**	**68.0**	**3,078**	**3,640**	**55.7**
Net current assets		2,095	32.0		2,890	44.3
Net assets		**6,551**	**100.0**		**6,530**	**100.0**

I Share Portfolio	2018 Cost £'000	2018 Valuation £'000	2018 % of net assets by value	2017 Cost £'000	2017 Valuation £'000	2017 % of net assets by value
Qualifying investments						
Alchemy Live Limited	906	804	2.4	906	808	2.3
Axis Live Entertainment Limited	906	804	2.4	906	808	2.3
Black Sheep Music Limited	-	-	-	816	683	1.9
Coolabi Group Limited	14,888	27,426	80.9	14,888	24,671	69.5
Done & Dusted Live Limited	679	582	1.7	679	586	1.7
E7 Live Limited	-	-	-	816	688	1.9
Grove Music Limited	-	-	-	816	688	1.9
Handmade Mobile Entertainment Limited	2,000	-	-	2,000	-	-
Intent HQ Holdings Limited	8,617	1,555	4.6	8,617	1,746	4.9
La Cage Productions Limited	-	-	-	816	688	1.9
Mirriad Advertising Limited	50	52	0.1	50	64	0.2
MM Promotions Limited	-	-	-	816	683	1.9
Ramble On Limited	-	-	-	816	688	1.9
Real Gone Gigs Limited	906	809	2.4	906	811	2.3
SEL Live Entertainment Limited	906	809	2.4	906	808	2.3
Two Bridges Live Limited	-	-	-	816	684	1.9
UltraNation Limited	-	-	-	816	686	1.9
Total qualifying investments	**29,858**	**32,841**	**96.9**	**36,386**	**35,790**	**100.7**
Non-qualifying investments						
Coolabi Group Limited	672	1,098	3.2	872	1,298	3.7
W P Acquisitions Limited	200	200	0.6			
Intent HQ Holdings Limited	4,747	-	-	4,747	-	-
Total non-qualifying investments	**5,619**	**1,298**	**3.8**	**5,619**	**1,298**	**3.7**
Total fixed asset investments	**35,477**	**34,139**	**100.7**	**42,005**	**37,088**	**104.4**
Net current assets		(248)	(0.7)		(1,551)	(4.4)
Net assets		**33,891**	**100.0**		**35,537**	**100.0**

Income recognised in the year

Income recognised in the year was derived from debt instruments held in the following companies.

	£'000
Alchemy Live Limited	3
Axis Live Entertainment Limited	3
Coolabi Group Limited	294
Done & Dusted Live Limited	2
Liquidity funds	11
Real Gone Gigs Limited	3
SEL Live Entertainment Limited	3
	319

Investment Portfolio

An overview of the Company's ten largest (by valuation) venture VCT-qualifying investments is provided below:

Coolabi Group Limited

Cost (£'000):	16,563
Valuation (£'000):	30,218
Basis of valuation:	Market multiple of EBITDA
Equity holding:	50.0% of voting rights

The value has increased by 10.6% (£2.9m) compared to 28 February 2017 and 31 August 2017. This reflects the fact that the mean of the comparable sector price earnings ratios has increased from 19.56 to 22.27 over the last year.

The business of Coolabi Group is covered on page 9.

In its audited financial statements for the year ended 31 March 2017, Coolabi Group reported revenues of £8.1 million and EBITDA of £3.3 million. The net liabilities of the group at that date were £5.9 million after taking into account amounts due to Edge Performance VCT on redemption of the preference shares and loan notes which it holds in Coolabi Group.

Intent HQ Holdings Limited

Cost (£'000):	13,525
Valuation (£'000):	1,717
Basis of valuation:	Price of third party investment
Equity holding:	13% of voting rights

The business of Intent HQ Holdings is described on page 10.

deltaDNA Limited

Cost (£'000):	1,000
Valuation (£'000):	1,000
Basis of valuation:	Price of recent third party investment, discounted
Equity holding:	12.5% of voting rights

The business of deltaDNA is described on page 10.

Mirriad Advertising PLC

Cost (£'000):	520
Valuation (£'000):	829
Basis of valuation:	Closing bid price at balance sheet date
Equity holding:	1.7%

The business of Mirriad Advertising Limited is described on page 10.

SEL Entertainment Limited

Cost of investment (£'000):	906
Valuation of investment (£'000):	809
Basis of valuation:	Net asset value
Equity holding:	49.97% of voting rights

SEL is in the business of concert promotion. The founder of SEL Entertainment, Richard Baskind, is an experienced media and entertainment lawyer and a partner at London based media law firm Simons Muirhead & Burton. He has been a lawyer in the music and wider entertainment industries for over 15 years with a diverse range of clients, including global recording artists, songwriters and producers, record labels, music publishers and industry executives.

In the period the company promoted events by Sampha.

In the year ended 31 March 2017, the company reported revenues of £289k and EBITDA of (£25k).

Real Gone Gigs Limited

Cost of investment (£'000):	906
Valuation of investment (£'000):	809
Basis of valuation:	Net asset value
Equity holding:	49.97% of voting rights

Real Gone Gigs is in the business of concert promotion. Adam Hollywood, the founder of Real Gone Gigs, has spent virtually his whole career in the UK entertainment industry. Starting in the early 1980s as a journalist at The Economist he then moved to The Sun/News of the World, where he was Entertainment Manager.

In 1986, he took up a marketing position at Epic Records, which at that time was label home to Michael Jackson, George Michael, Sade and Luther Vandross amongst many other globally established performers. In 1990, he moved into television marketing with the fledgling BSB TV, prior to being asked to join successful independent record label Telstar Records, as creative director.

In 2001, he joined Warner Bros Records, first as marketing director, and subsequently as General Manager, where he was responsible for marketing and promotion campaigns for acts such as Madonna, Green Day, Muse and Michael Bublé.

Since 2008, he has been working at Smile Entertainment and Portobello Records, specialising in providing marketing, creative and live music services to customers.

In the period the company promoted events by Elbow.

In the year ended 28 February 2017, the company reported revenues of £368k and EBITDA of (£41k).

Axis Live Entertainment Limited

Cost of investment (£'000):	906
Valuation of investment (£'000):	804
Basis of valuation:	Net asset value
Equity holding:	49.97% of voting rights

Axis Live Entertainment is in the business of concert promotion. Axis Live Entertainment was established by Jeremy Pearce, who has been involved in many aspects of the music industry since 1975, first at United Artists and then CBS Records International in Paris, with operational and profit responsibility for eight CBS Songs affiliates in Europe. In 1987, he returned to CBS Records (later Sony Music), where he established its Licensed Repertoire Division, which entered into partnerships with independent record companies; as a result, Sony Music acquired rights to several of the most important independent acts of the time, including Suede, Oasis, Teenage Fanclub, Primal Scream and Gypsy Kings.

In 1996, he left Sony to establish V2 Music, the vehicle for Richard Branson's re-entry into the music business. Amongst the acts signed to V2 during his time there were Stereophonics, Tom Jones, Moby and Underworld. Since leaving V2 in 2002, he has carried on business as an artist manager and independent music publisher.

Concerts promoted by Axis Live Entertainment included shows by Highly Suspect.

In the year ended 28 February 2017, the company reported revenues of £540k and EBITDA of (£28k).

Alchemy Live Limited

Cost of investment (£'000):	906
Valuation of investment (£'000):	804
Basis of valuation:	Net asset value
Equity holding:	49.97% of voting rights

Alchemy Live is in the business of concert promotion. Robert Horsfall, the founder of Alchemy Live Limited has been a music industry lawyer for over 30 years. Initially a solicitor at Theodore Goddard, and subsequently at specialist entertainment law firm, Lee and Thompson, he has represented a range of clients in the music sector, including independent record companies, music publishers, managers, promoters, agents, performers and writers. In the late 1980s, he became Director of Business Affairs at London Records and London Music, part of the PolyGram (now Universal Music) Group, where London's signed roster of acts included New Order, Happy Mondays, Shakespeare's Sister, All Saints and Fine Young Cannibals.

In 2008, he founded Sound Advice, providing legal, financial, management and live tour management services to clients; artists represented by Sound Advice have included Yusuf Islam/Cat Stevens and James Morrison.

Events promoted by Alchemy Live have included shows by Jagwar Ma.

In the year ended 28 February 2017, the company reported revenues of £385k and EBITDA of (£29k).

audioBoom PLC

Cost (£'000):	500
Valuation (£'000):	718
Basis of valuation:	Closing bid price[1] at balance sheet date
Equity holding:	2.15%

The business of audioBoom is described on page 10.

Done & Dusted Live Limited

Cost of investment (£'000):	679
Valuation of investment (£'000):	582
Basis of valuation:	Net asset value
Equity holding:	49.97% of voting rights

Done & Dusted Live is in the business of live event promotion. Miller Williams, the founder of Done & Dusted Live has over 20 years of music publishing and record label experience working with hit songwriters and artists.

Following a position as International Marketing Manager at BMG Records UK he moved to become Creative Manager at Sony/ATV in 1993. In 2000, he joined Global Talent Publishing as Managing Director signing artists such as Ellie Goulding, Corrinne Bailey Rae and Justin Hayward Young of The Vaccines. Since 2012 he has been working as Senior Vice President Creative at Kobalt Music Group working variously across A&R, collaborations and music marketing.

Events promoted included a concert by The Who.

In the year ended 31 March 2017, the company reported revenues of £353k and EBITDA of (£31k).

1 Trading was suspended on 13 February 2018 following announcement of the proposed reverse takeover of Triton Digital Canada Inc.

This report has been prepared by the Directors in accordance with the requirements of Section 414C of the Companies Act 2006. The Directors consider that the annual report and accounts of the Company for the year ended 28 February 2018 as a whole is fair, balanced and understandable and provides the information necessary for the members of the Company to assess the Company's position and performance, business model and strategy.

The Company's independent auditor is required by law to report on whether the information given within the strategic report is consistent with the financial statements. The auditor's report is set out on pages 32 to 35.

Investment Strategy

Edge, using the skills of the Directors and the investment team of the Investment Manager who collectively have a depth of sector experience in the entertainment industry, seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns; and
- liquidity.

Further detail of the Company's investment policy is given on page 3.

The Directors do not foresee any major changes in the activity undertaken by the Company in the foreseeable future. The Company's priorities in the short and medium term are (i) continuing to satisfy the requirement under VCT rules that, in respect of funds which are three or more years old, at least 70% by value of its investments are in shares or securities comprised in VCT-qualifying holdings and (ii) closely monitoring the performance of the investment portfolios with the aim of maximising their performance, and (iii) identifying suitable realisation opportunities.

Results and Dividends

A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's statement (page 4) and the Investment Manager's review (pages 9 to 11). Details of the venture capital investments made by the Company are given in the investment portfolios (pages 12 to 15) and the venture capital investments report (pages 16 to 18). A summary of the Company's key financial measures is given on pages 1 and 2. Details of important events occurring after the balance sheet date can be found in note 18 to the financial statements, on page 56.

The net asset value total return per Share comprises the net asset value per Share plus cumulative dividends paid per Share. Net asset value is calculated at least quarterly with investments valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. During the year under review, the Company's net asset value total returns per Share changed as shown in the table on page 11.

Over the same period, the FT All Share Media Index rose by 7.5%. Graphs comparing, for each of the Company's share classes, the Share price total return, the net asset value total return per Share and the total return from a notional investment of 100p in the FT All Share Media Index over the period from 5 April 2013 to 28 February 2018 are presented on page 27.

As shown in the Company's statement of comprehensive income on page 36, the Company's returns per share in the year ended 28 February 2018 were:

	H Share Fund	I Share Fund
Revenue return per share, pence	(0.87)	(0.42)
Capital return per share, pence	1.05	1.98
Total return per share, pence	0.18	1.56

Comparatives for year ended 28 February 2017 were:

	H Share Fund	I Share Fund
Revenue return per share, pence	(0.62)	(0.19)
Capital return per share, pence	1.37	(6.21)
Total return per share, pence	0.75	(6.02)

Interim dividends in respect of the year ended 28 February 2017 of 7.0p per G Share and 7.0p per I Share were paid on 7 April 2017, based on the original share class holdings prior to the conversion.

Principal Risks and Uncertainties

The Board has adopted a risk management programme whereby it continually identifies the principal risks faced by the Company and reviews both the nature and effectiveness of the internal controls adopted to protect the Company from such risks as far as is possible.

The Board believes that the principal risks to which the Company is exposed are:

- economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely;
- investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, and taking investment decisions without having undertaken sufficiently robust due diligence;
- financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting; and
- regulatory – failure to comply with any of the regulations to which the Company is subject which include the provisions of the Companies Act 2006, the Listing Rules, applicable Accounting Standards and VCT rules.

Further information about the Company's internal controls is given in the statement of corporate governance on pages 28 to 30.

Risk management and internal control

As required by the AIC Code of Corporate Governance (the "AIC Code") the Directors carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

Changes in legislation

Proposed legislation set out in the Finance Bill (No.2) 2017-19, published on 1 December 2017 and Guidance Notes issued by HMRC on 4 December 2017 introduce a "principles based approach" which HMRC will use to determine the VCT qualifying status of an investment. What, if any, impact those changes may have on the Company's future investment activity cannot be determined at the present time.

Total expense ratio and relevant total running costs

The total expense ratio, calculated as the year's expenses (as disclosed in the statement of comprehensive income and accounting, save for the exclusions noted below) divided by the closing net asset value for the year, was 3.4%. Under the terms of the investment management agreement, the running costs of the Company (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.75% of the net asset value of the Company. Any excess will be paid by the Investment Manager. During the year ended 28 February 2018, the Investment Manager recovered £151,000 (2017: £91,900) of the £315,800 excess repaid in respect of the year ended 29 February 2016.

Statement on long-term viability

As required by the Listing Rules, the Directors have assessed the prospects of the Company for the period to 28 February 2021 taking into account the Company's current position and principal risks, and are of the opinion that, at the time of approving the financial statements there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over that period.

The Directors consider that for the purpose of this exercise, it is not practical or meaningful to look forward over a period of more than three years. In making their assessment, the Directors have taken into account the nature of the Company's business and investment policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of non-qualifying investments, as well as future fundraising, investment opportunities and the payment of dividends to shareholders.

Share price discount policy

The Company has a share buy-back facility, under which the price at which the Company will buy back shares will be no lower than at a 10% discount to the prevailing NAV, subject to Directors' discretion. The Company will be asking shareholders at this year's annual general meeting to extend the facility for the Company to purchase shares in the market for cancellation. The Directors have decided to suspend the Company's share-buy-back facility until such time as the market prices and the net asset values per share of the Company's shares are sufficiently close to ensure that operation of the Company's policy would be consistent with the terms of the resolution to be put to the 2018 annual general meeting. Shareholders should note that if they sell their shares within five years of subscription they forfeit any tax relief obtained. Shareholders who are considering selling shares should contact The City Partnership on 0131 243 7210.

Environmental, social, employee and human rights issues

The Company had no employees during the year and the Company has four male non-executive Directors. The Board recognises the requirement to detail information about any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. The Company, being an externally managed investment company with no employees, has no policies in relation to social, community and human rights issues.

Gender diversity

The Board has considered the recommendations of the UK Corporate Governance Code (the "UK Code") concerning gender diversity and welcomes initiatives at increasing diversity generally. The Board believes, however, that all appointments should be made on merit rather than positive discrimination. The policy of the Board is that maintaining an appropriate balance around the board table through a diverse mix of skills, experience, knowledge and background is of paramount importance and gender diversity is a significant element of this.

Future prospects

The H Share Fund has about £2m to invest in VCT-qualifying investments over the coming years. The continuing difficulties encountered by small – and medium-sized businesses in securing bank financing, coupled with the Investment Manager's and Board's extensive range of contacts within the creative industries sector, mean that current deal flow is of a sufficient quality and at a sufficient level that the Investment Manager anticipates being able to invest those additional funds in suitable new VCT qualifying investments within a relatively short period of time.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

15 May 2018

Directors' Report

The Statement of Corporate Governance forms part of the Directors' Report.

Directors

The Directors who have served throughout the year under review and who continue to serve are Sir Robin Miller, Lord Flight and David Glick.

In accordance with the AIC Code any Director who has served for more than nine years will stand for re-election annually therefore a resolution to re-elect Sir Robin Miller is included in the Notice of Annual General Meeting. Following a performance evaluation, the Directors are satisfied that Sir Robin Miller's performance continues to be effective, and that he has demonstrated commitment to his roles including devoting time for meetings of the Board and relevant Board committees, and other duties, the Board therefore recommends he be re-elected as a Director at the AGM.

Terry Back was appointed to the Board on 17 August 2017 and in accordance with the articles of association of the Company will be proposed for election by shareholders at the AGM to be held on 11 June 2018.

David Glick is also a director of the Investment Manager and is therefore required by the Listing Rules to submit himself for re-election on an annual basis by the shareholders. The Company's 2018 annual general meeting will therefore also consider a proposal for his re-election as a Director.

Brief biographical information on the Directors is shown on pages 6 and 7.

In accordance with the independence provisions of the Listing Rules, and in particular rule 15.2.12A, the Company should have a majority of the Board who are not also directors of another company managed by the Investment Manager. The Board fully complies with this obligation.

Share capital

The Company operates a policy of buying back shares for cancellation. During the year, no shares were bought back at the request of the relevant shareholders.

As at 28 February 2018, the issued share capital of the Company was as follows:

Share Class	Number of Shares in issue
H	10,522,984
I	73,103,650
Total	**83,626,634**

At a general meeting of the Company, every shareholder has one vote on a show of hands, and on a poll, one vote for each share held.

On a winding-up or return of capital, the assets of the Company attributable to a particular share class shall be distributed rateably among shareholders according to the number of shares held in that class.

Investment management agreement

On 15 January 2018, the Company entered into an agreement with the Investment Manager to manage and promote the non-prospectus top-up offer for subscription for H Shares which opened on 16 January 2018 and closed on 5 April 2018. Under that agreement, the Investment Manager is entitled to an initial fee of 5% of the aggregate value of the gross proceeds of the offer and an annual fee equal to 0.25% of the gross proceeds of the offer for a period of 4 years.

On 8 November 2013, the Company entered into an investment management agreement with the Investment Manager. The appointment is for an initial period ended on 11 April 2018 (ending on 11 April 2019 in respect only of the H Share Fund) 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 the terms of the investment management agreement, the Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the I Shares, 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.

Unless otherwise agreed from time to time between the Company and the Investment Manager, the Investment 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 VCT-qualifying investments. The Investment 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 the arrangement fees typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Investment Manager will normally nominate one of its directors to act as a director of each investee company.

In August 2016, the Board announced that it would, in due course, undertake a wider review of the Company's future performance and consider implementing an alternative performance incentive fee scheme in respect of the I Share Fund, if appropriate, which will be subject to shareholder approval. The Investment Manager has been fully supportive of this process.

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 Investment Manager will receive an annual 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 Investment Manager will receive an annual 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.

In respect of share buy-backs undertaken in relation to some, but not all, shareholders, the Investment Manager will be entitled to a performance fee in respect of such distributions, to the extent that the proceeds of those buy-backs results in the cumulative amount paid to the relevant shareholders exceeding an applicable hurdle or threshold as set out above.

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

A performance fee of 1% (calculated on the same basis as the Investment Manager's performance fee) is also payable to Robin Miller Consultants Limited.

Administrative services agreement

On 18 February 2013, the Company entered into an administrative services agreement with the Investment Manager, under which the Investment Manager has agreed to provide administrative services to the Company. Under this agreement, the Investment Manager will receive a fixed fee of £275,000 per annum (plus VAT, if applicable), such fee to be adjusted annually by reference to the movement in the Retail Prices Index in the second and subsequent years of the appointment. The appointment is for an initial period ending on 11 April 2018 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.

Investment Manager's engagement

The Board is responsible to Shareholders for the proper management of the Company and for determining the Company's investment policy. Investment and divestment opportunities are originated, negotiated and decided on by the Investment Manager. Company secretarial and accountancy services are provided to the Company by, respectively, The City Partnership (UK) Limited and HW Fisher & Company.

In reviewing the work of the Investment Manager, the Board looks to be satisfied that:

- the Company's investment policy is being followed;
- each investment or divestment decision is subjected to rigorous due diligence;
- risk is further mitigated by investing across a sufficiently diverse range of businesses and by maintaining a balance between equity and loan stock exposure; and
- the portfolio will meet the HMRC VCT conditions.

Based on that review, the Board is of the opinion that the continued appointment of the Investment Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

In consideration of the Company's financial performance, the Board, taking account of the comparatively long term nature of the Company's investments, pays particular attention to net asset value total return per Share, total expense ratio and performance against the FT All Share Media Index (which is considered to be the most appropriate broad equity market index for comparative purposes).

Annual running costs

If the annual running costs of the Company in any year exceed 3.75% of the net assets of the Company, the Investment Manager will be responsible for the excess. For these purposes, annual running costs of the Company include, amongst other things, the annual management fees described above, the administrative services fee described above, Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with shareholders, but exclude irrecoverable VAT, trail commission payable to financial intermediaries, the Investment Manager's performance fee described above and the cost of significant corporate activity.

Global greenhouse gas emissions

The Company has no direct greenhouse gas emissions to report from its operations, being an externally managed investment company.

Substantial shareholdings

So far as the Company is aware, as at 28 February 2018 and as the date of this report, the only persons who, directly or indirectly, have an interest of 3% or more of the Company's issued share capital or voting rights are set out below:

Name	Shares held as at 28 February 2018	% of issued Shares as at 28 February 2018	Shares held as at the date of this report	% of issued Shares as at the date of this report
Luna Nominees Limited	6,984,474	8.4	6,984,474	8.25
UBS Private Banking Nominees Ltd	5,145,145	6.2	5,145,145	6.07
CGWL Nominees Limited	4,913,118	5.9	4,913,118	5.80

Accountability and audit

The statement of directors' responsibilities is set out on page 31 of this report. The independent auditor's report is set out on pages 32 to 35 of this report. The Directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditor are unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that auditors are aware of that information.

Independent auditor

Grant Thornton UK LLP has expressed its willingness to continue in office as auditor to the Company and resolutions proposing the reappointment and authorising the Directors to determine the remuneration for the ensuring year will be put to shareholders at the Company's 2018 annual general meeting.

2018 Annual General Meeting

The Company's 2018 annual general meeting will be held at 10.00 am on 11 June 2018 at the offices of Howard Kennedy LLP, No. 1 London Bridge, London SE1 9BG. Notices of the annual general meeting and of separate meetings of the holders of each class of share, together with explanatory notes of the business of the annual general meeting, can be found on pages 57 to 64.

By Order of the Board

The City Partnership (UK) Limited
Company Secretary

15 May 2018

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and The Large and Medium sized Company and Groups (Accounts and Reports) (Amendments) Regulations 2013 (the "Regulations"). An ordinary resolution for the approval of the Directors' Remuneration Report will be proposed at the 2018 annual general meeting.

The Company's auditor, Grant Thornton UK LLP, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Its report is set out on pages 32 to 35.

Annual statement from the Chairman of the Company

There have been no changes to Directors' remuneration in the year to 28 February 2018, the Directors fees have been set at the same level since November 2010. Directors' fees are reviewed annually and are set by the Board to attract individuals with the appropriate range of skills and experience. In determining the level of fees their duties and responsibilities are considered, together with the level of time commitment required in preparing for and attending meetings. The remit of the remuneration committee is included in the statement of corporate governance on pages 28 to 30.

The Board carried out a performance evaluation of the Board, committees and individual Directors during the year. Due to the size of the Company, the fact that the majority of the Directors are independent non-executive Directors and the costs involved, external facilitators are not used in the evaluation of the Board. The Directors concluded that the balance of skills and Directors is appropriate and all Directors contribute fully to discussion in an open, constructive and objective way. The size and composition of the Board and its committees are considered adequate for the governance of the Company.

Remuneration committee

During the year under review, the members of the Company's remuneration committee, a fully constituted board committee, were Sir Robin Miller and Terry Back. The committee's primary function is to determine each Director's remuneration. The committee did not meet in the year ended 28 February 2018. The committee has not received any advice or services from any person in respect of the Directors' remuneration during the year under review.

Directors' remuneration policy

The remuneration committee considers that Directors' fees should reflect the time commitment required and the high level of responsibility borne by Directors and should be broadly comparable to the fees paid by similar companies.

At a general meeting held on 24 November 2010, it was resolved that the maximum aggregate amount which may be paid out of the funds of the Company as fees to Directors of the Company who are not managing or executive Directors is:

- in respect of the Company's financial year ending 28 February 2011, £110,000 (exclusive of VAT); and
- in respect of each subsequent accounting period of the Company, the maximum amount applicable to the immediately preceding accounting period of the Company, increased by the percentage increase (if any) during such preceding accounting period in the general index of retail prices for all the items (RP02) published by the Office for National Statistics (exclusive of VAT).

The Company operates performance-related incentive schemes from which two Directors, Sir Robin Miller and David Glick, may benefit. Details of the schemes are set out below and on pages 22 to 46.

Under the scheme, the performance fee payable to the Investment Manager is to be paid in cash and can be assigned by the Investment Manager to some or all of the Investment Manager's investment team. David Glick will benefit through his shareholding in the Investment Manager.

Under the letter of appointment between the Company and Robin Miller Consultants Limited, Robin Miller Consultants Limited is entitled, in respect of the H Share fund, to receive a performance fee of 1% (calculated on the same basis as the Investment Manager's performance fee). Sir Robin Miller will benefit through his shareholding in Robin Miller Consultants Limited.

It is the intention of the Board that, unless any revision to this policy is deemed necessary, this policy will continue to apply in the forthcoming and subsequent financial years. The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

This policy was approved by the members at the 2017 AGM, it is intended that this policy will continue for the year ending 28 February 2018 and subsequent years. In accordance with the Regulations, an ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

Directors' Annual Report on Remuneration

All of the Directors are non-executive and therefore there is no Chief Executive Officer ("CEO"). The Company does not have any employees. In the absence of a CEO or employees, there is no CEO or employee information to disclose.

Terms of Appointment

The Company's articles of association provide that the Directors shall retire and be subject to re-election at least every three years. None of the Directors has a service contract with the Company. On being appointed, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the Company on the expiry of six months' notice in writing given by the Director or the Company, as the case may be.

Directors' Fees for the year (audited)

The fees payable to individual Directors in respect of the year ended 28 February 2018 are shown in the table below (net of VAT & employer's National Insurance contributions). Sir Robin Miller's fees were paid to Robin Miller Consultants Limited in consideration for his services.

Director	Total fee paid for year ended 28 February 2018 £	Annual fee £	Total fee paid for year ended 28 February 2017 £	Annual fee £
Sir Robin Miller (chairman)	20,000	20,000	20,000	20,000
Kevin Falconer (previously audit committee chairman)*	7,867	17,500	17,500	17,500
Terry Back (audit committee chairman)**	8,841	17,500	-	-
David Glick	15,000	15,000	15,000	15,000
Lord Flight	15,000	15,000	15,000	15,000

* Kevin Falconer retired from the Board on 17 August 2017

** Terry Back was appointed as a Director on 17 August 2017

No performance fees were paid to Robin Miller Consultants Limited during the year ended 28 February 2018.

No taxable benefits were paid to the Directors, no pension related benefits were paid to the Directors and no money or other assets were received or receivable to the Directors for the relevant financial year. No payments were made to past Directors or any payments made for loss of office.

Relative importance of spend on pay

The table below shows the remuneration paid to Directors and shareholder distributions in the year to 28 February 2018 and the prior year:

	Percentage increase/ (decrease)	2018 £'000	2017 £'000
Total dividend paid to shareholders	89.4	2,788	1,473
Shares bought back from shareholders	-	-	-
Total Directors' fees	(1.2)	66.7	67.5

Directors' shareholdings (audited)

The interests of the current Directors and their connected persons in the share capital of the Company as at 28 February 2018 are shown below.

	No of H Shares as at 28 February 2018	Percentage holding %	No of I Shares as at 28 February 2018	Percentage holding %
Sir Robin Miller	-	-	50,091	0.07
Terry Back	-	-	-	-
Lord Flight	-	-	62,042	0.08
David Glick	167,424	1.59	130,491	0.18

The I Shares shown above as held by Lord Flight include 28,774 I Shares held by his wife, Lady Flight.

Comparative shareholdings as at 28 February 2017 are noted below:

	No of H Shares as at 28 February 2017	Percentage holding %	No of I Shares as at 28 February 2017	Percentage holding %
Sir Robin Miller	-	-	50,091	0.07
Terry Back	-	-	-	-
Lord Flight	-	-	62,042	0.08
David Glick	167,424	1.59	130,091	0.18

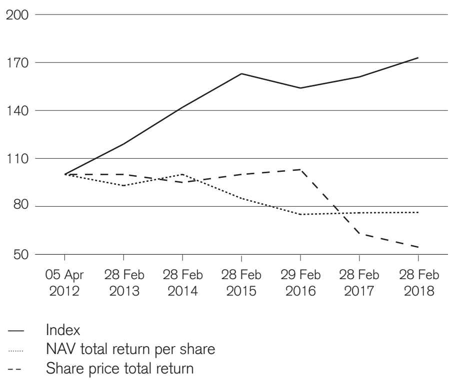
There have been no changes in the holdings of the Directors between 28 February 2018 and the date of this report. The Company has not set out any formal requirements or guidelines for a Director to own shares in the Company.

Company Performance

The graphs below compare the share price total returns for the H and I Shares and the net asset value total returns per share for the H and I Shares with the total returns from a notional investment of 100p in the FT All Share Media Index over the same periods. This index is considered to be the most appropriate broad equity market index for comparative purposes.

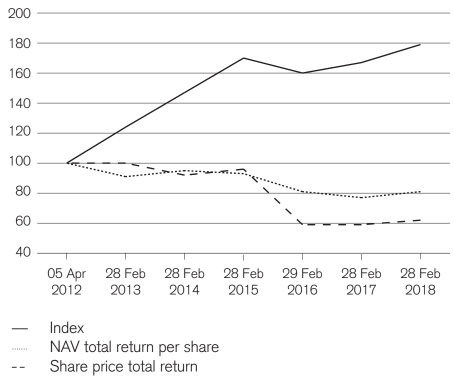
H Shares

Period from 5 April 2012 to 28 February 2018



I Shares

Period from 5 April 2012 to 28 February 2018



The share price total return and net asset value total return per share comprise the Share price and net asset value per Share respectively together with the cumulative dividends paid.

At the last AGM held on 17 August 2017, 89.9% of shareholders voted for, 10.1% voted against and 334,156 shares were withheld in respect of the resolution approving the Directors' Remuneration Report and 89.0% voted for, 11.0% voted against and 238,099 shares were withheld in respect of the resolution approving the Directors' remuneration policy. An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the forthcoming AGM.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

15 May 2018

Statement of Corporate Governance

This statement forms part of the Directors' Report

Statement of compliance

The Directors confirm that the Company has taken appropriate action to enable it to comply with the principles of the UK Code.

As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the UK Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the UK Code were complied with throughout the period ended 28 February 2018.

All Directors have rolling term appointments with a six month notice period. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive Director. When a new Director is appointed, he or she is offered an induction programme arranged with the Investment Manager.

Board of Directors

The Company has a board of four non-executive Directors, three of whom are considered to be independent. The remaining Director, David Glick, is also a director of the Investment Manager. The Company has no staff.

Two of the Directors have signed letters confirming the terms of their appointment as non-executive Directors with effect from 18 January 2006; one Director has signed such a letter with effect from 18 October 2011; the fourth Director has signed such a letter with effect from 17 August 2017. The Board does not believe that length of service will necessarily compromise the independence or effectiveness of Directors and no limit has been placed on the overall length of service. The Board considers that such continuity and experience can be of significant benefit to the Company and its shareholders. However, in accordance with corporate governance best practice, any Director who has served for more than nine years will be subject to annual re-election annually; therefore a resolution to re-elect Sir Robin Miller is included in the notice of annual general meeting.

Terry Back was appointed to the Board on 17 August 2017 and a resolution to approve his election as a Director will be included in the Notice of AGM to be held on 11 June 2018.

In accordance with the Company's articles each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Company's solicitors, the Company's VCT status adviser, the company secretary and the Investment Manager. The Board has direct access to corporate governance advice and compliance services through the company secretary, who is responsible for ensuring that Board procedures are followed and compliance requirements are met.

All Directors may take independent professional advice in furtherance of their duties as necessary. Any newly appointed Director will be given a comprehensive introduction to the Company's business including meeting the Company's advisers.

When Directors have concerns that cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in a board minute. On resignation, a Director who has any such concerns is encouraged to provide a written statement to the Chairman, for circulation to the Board.

The Board is responsible to shareholders for the proper management of the Company and aims to meet at least quarterly. It has formally adopted a schedule of matters which must be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. The chairman together with the company secretary establishes the agenda for each board meeting and all necessary papers are distributed in advance of the meetings. The Board considers all matters not included within the remits of the board committees.

All the Directors are equally responsible for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

Board committees

There are three board committees: an audit committee, a remuneration committee and a nomination committee. Copies of their terms of reference are available from the company secretary.

Audit committee

The audit committee comprises at least two independent Directors. The members of the audit committee are Terry Back (chairman) and Lord Flight. In accordance with the UK Code, at least one member of the Audit Committee has recent and relevant financial experience. A quorum is two members of the committee.

Written terms of reference have been constituted for the audit committee and include the following key duties:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent Directors, or by the board itself, to review the Company's internal control and risk management systems;
- to make recommendations to the board, for it to put to shareholders in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

During the year ended 28 February 2018, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the final annual report and financial statements, the half-yearly report and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system;
- meeting with the external auditor and reviewing its findings; and
- reviewing the performance of the Investment Manager and making recommendations to the Board.

The significant issue addressed by the audit committee in relation to the financial statements was the valuation of the Company's unquoted investments. The valuation methodologies employed by the Manager were reviewed and reference was made to both the external auditor and the International Private Equity and Venture Capital Guidelines; and the valuations determined by the Investment Manager were examined against financial and performance information concerning the companies in which investments were held.

The audit committee has managed the relationship with the external auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the audit committee considered the auditor's technical knowledge and that they have a clear understanding of the business of the Company; that the audit team is appropriately resources; that the auditor provided a clear explanation of the scope and strategy of the audit and that the auditor maintained independence and objectivity. As part of the review of auditor effectiveness and independence, Grant Thornton UK LLP has confirmed that it is independent of the Company and has complied with applicable international standards on auditing. Grant Thornton UK LLP has held office as auditor since August 2011 when a tender was last conducted. In accordance with professional guidelines the engagement partner is rotated after at most five years and the current partner started working with the Company for the audit of the financial year ended 28 February 2017.

Remuneration Committee

This is a fully constituted board committee established primarily to determine each Director's remuneration. The committee shall comprise at least two independent Directors. The members of the committee are Sir Robin Miller and Terry Back. A quorum is two members of the committee.

Nomination Committee

This is a fully constituted board committee established primarily to identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise and to monitor and review the effectiveness and performance of individual Directors. The committee comprises at least two members, no less than one of whom shall be an independent Director. The members of the committee are Sir Robin Miller and Lord Flight. A quorum is two members of the committee.

In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board. The Nomination Committee also considers the annual re-election of Directors. When recommending new candidates to the Board the Directors draw on their extensive business experience and range of contacts to identify suitable candidates. The use of formal advertisements and external consultants is not considered cost-effective given the size of the Company.

During the year ended 28 February 2018, there were:

- 4 board meetings convened to consider general business
- 2 meetings of the audit committee
- no meetings of the remuneration committee
- no meetings of the nomination committee

Attendance at Board and committee meetings

The Directors' attendance at the board meetings convened to consider general business and at committee meetings is noted below.

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Sir Robin Miller	4	n/a	No meeting in year	No meeting in year
Terry Back*	2	1		
Kevin Falconer*	2	1	n/a	n/a
Lord Flight	4	2	n/a	n/a
David Glick	4	n/a	n/a	n/a

* Kevin Falconer resigned as a Director and Terry Back was appointed as a Director on 17 August 2017.

Relations with shareholders

The Board welcomes the views of shareholders and puts a premium on effective communication with the Company's members.

All written communication with shareholders is reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved.

Shareholders are encouraged to attend the Company's general meetings where the Directors and representatives of the Company's advisers will be available to answer any questions members may have. The Board also communicates with shareholders through interim and annual reports which will include a chairman's statement and an investment manager's report both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

Internal Control

The Board has established an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information on which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature provide only reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include regular reviews of both the financial results and investment performance.

The Board has delegated to third parties the provision of: investment management services; legal and VCT status advisory services; day-to-day accounting, company secretarial and administration services; and share registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Manager. Ad hoc reports and information are supplied to the Board as required. The Board keeps under review the terms of the agreement with the Investment Manager.

Review of Internal Control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review covers a consideration of the significant risks in each of five areas: statutory and regulatory compliance, financial reporting, investment strategy, investment performance and reputation.

Each risk is considered with regard to the likelihood of occurrence, the probable impact on the Company and the controls exercised at source, through reporting and at Board level.

The Board is satisfied with the effectiveness of the Company's controls.

Internal Audit

The Company does not have an independent internal audit function. Such a function is thought by the Board to be unnecessary at this time given the size of the Company and the nature of its business. However, the audit committee considers annually whether an independent internal audit function should be introduced and reports its conclusions to the Board.

Going concern

The Company's major cash flows are within the Company's control (namely investment additions and dividends) or are reasonably predictable (namely the operating expenses). The Company is able to forecast cash inflows comprising proceeds from investments to a reasonable degree. Thus the Directors believe it is appropriate to continue to apply the going concern basis in preparing the financial statements.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

15 May 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether all applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and statement of corporate governance which comply with the law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by Grant Thornton UK LLP as independent auditor of the Company does not involve consideration of the maintenance and integrity of the website and accordingly Grant Thornton UK LLP accepts no responsibility for any changes which may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Sir Robin Miller
Chairman

15 May 2018

Our opinion on the financial statements is unmodified

We have audited the financial statements of Edge Performance VCT plc (the 'Company') for the year ended 28 February 2018 which comprises the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

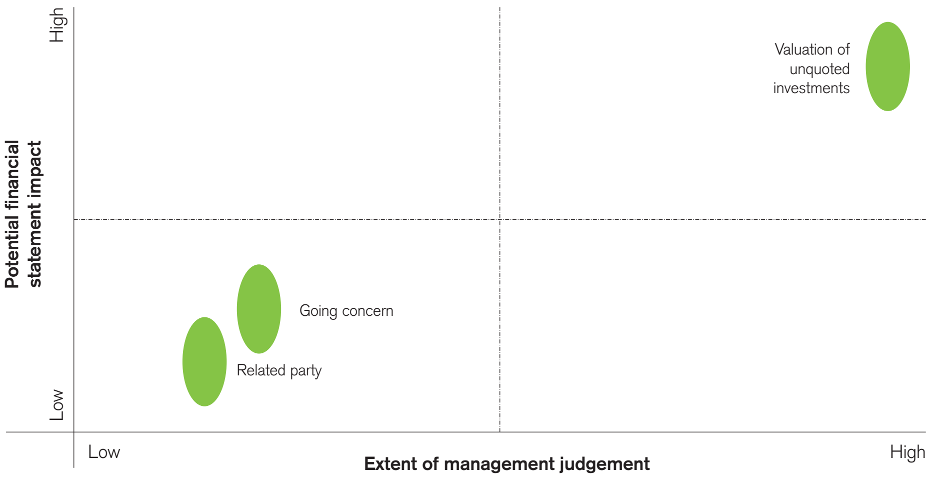
- the disclosures in the annual report set out on page 20 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation, set out on page 20 of the annual report, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement, set out on page 20 of the financial statements, about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation, set out on page 20 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

- Overall materiality: £406,000, which represents 1% of the company's total assets
- Key audit matters were identified as the valuation of unquoted investments
- Our audit approach was a risk based substantive audit focused on investment valuation at the year end. There was no significant change in our approach from the prior year.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of unquoted investments Unquoted investments are the largest asset class in the financial statements (comprising 96% of the Company's total assets) and are measured at fair value through profit or loss. The valuation approach used is a combination of net asset value, price of a recent third party transaction, market multiple and cost. Measurement of the fair value of an unquoted investment is subjective and includes significant assumptions. We therefore identified the valuation of unquoted investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • acquiring an understanding of how the valuations were performed by obtaining the underlying valuation assessments from the investment manager and evaluating their approach with reference to the International Private Equity and Venture Capital guidelines; • obtaining an understanding of the performance of investee companies through consideration of signed financial statements or recent management accounts, the key factors affecting valuation in the industries they operate in and any specific company issues which may impact on their valuations through discussions with the investment manager; • obtaining supporting transaction documentation such as share subscription agreements where fair value is determined based on the most recent transaction and assessing whether this supports the basis of investment valuation : • obtaining investment agreements and share certificates for any new investments made during the year and assessing whether they support valuations made at cost; and • obtaining key underlying financial data inputs to investee company management information and independent market data and testing the arithmetic accuracy of the valuation calculations. The Company's accounting policy on fixed asset investments, including the valuation of unquoted investments is set out in note 3(a) to the financial statements and related disclosures are included in Note 11. The Audit Committee identified valuation of unquoted investments as a significant issue in its report on page 29, where the Audit Committee also described the action that it has taken to address this issue. **Key observations** Our testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year end.

Matters on which we are required to report by exception

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

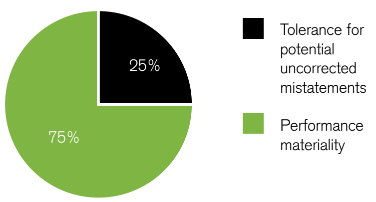
We determined materiality for the audit of the financial statements as a whole to be £406,000 which is 1% of total assets. This benchmark is considered the most appropriate because, in our view, it is a key driver of the Company's performance.

Materiality for the current year is lower than the level that we determined for the year ended 28 February 2017 to reflect the reduction in total assets compared to the prior year.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



We also determine a lower level of specific materiality for the management fee of £28,000 and related party transactions at £1,000 based on our assessment of risks and relevance to the users of financial statements.

We determined the threshold at which we will communicate misstatements to the audit committee to be £20,200. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third party service providers. Therefore our audit work was focused on:

- Obtaining an understanding of, and evaluating, relevant internal controls at the Company's third-party service providers. This included an evaluation of the internal control, design and operating effectiveness of internal controls at the relevant third-party service providers; and
- Performing substantive testing by obtaining direct confirmations on existence, ownership and valuation of the investments; and agreeing the investment income to an independent source for completeness and occurrence.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 42 to 56, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 31 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on pages 28 and 29 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 28 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Our opinions on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the shareholders on 24 August 2011. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Andrew Heffron

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

15 May 2018

Statement of Comprehensive Income

for the year ended 28 February 2018

	Note	Year ended 28 February 2018 Revenue £'000	Capital £'000	Total £'000	Year ended 28 February 2017 Revenue £'000	Capital £'000	Total £'000
Losses/gains on valuation of investments at fair value through profit or loss	11	-	2,516	2,516	-	(3,422)	(3,422)
Income	4	319	-	319	845	-	845
Investment Manager's fees	5	(228)	(688)	(916)	(241)	(724)	(965)
Other expenses	6	(487)	(268)	(755)	(513)	(272)	(785)
Return before tax		(396)	1,560	1,164	91	(4,418)	(4,327)
Tax	8	-	-	-	(19)	19	-
Return for the financial year		(396)	1,560	1,164	72	(4,399)	(4,327)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders		(396)	1,560	1,164	72	(4,399)	(4,327)
Return per Share							
Return per H Share	10	(0.87)p	1.05p	0.18p	(0.62)p	1.37p	0.75p
Return per I Share	10	(0.42)p	1.98p	1.56p	0.19p	(6.21)p	(6.03)p

The total column of this statement represents the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The accompanying notes on pages 42 to 56 are an integral part of the financial statements.

Statement of Comprehensive Income

for the year ended 28 February 2018

Unaudited Non-Statutory Analysis between the H and I Share Funds

			H Share Fund			I Share Fund
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses/gains on valuation of investments at fair value through profit or loss	-	250	250	-	2,266	2,266
Income	30	-	30	289	-	289
Investment Manager's fees	(33)	(104)	(137)	(195)	(584)	(779)
Other expenses	(86)	(36)	(122)	(401)	(232)	(633)
Return before tax	(89)	110	21	(307)	1,450	1,143
Tax	-	-	-	-	-	-
Return for the financial year	(89)	110	21	(307)	1,450	1,143
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders	(89)	110	21	(307)	1,450	1,143
Return per Share	(0.87)p	1.05p	0.18p	(0.42)p	1.98p	1.56p

Balance Sheet
as at 28 February 2018

Company Registration No: 05558025 (England and Wales)

	Note	As at 28 February 2018 £'000	As at 28 February 2017 £'000
Fixed assets			
Fixed assets			
Investments at fair value through profit or loss	3 & 11	38,595	40,728
Current assets			
Debtors	13	21	110
Bank deposits	3	2,002	1,233
Cash at bank	3	32	101
		2,055	**1,444**
Creditors: amounts falling due within one year	14	(207)	(105)
Net current assets		1,848	1,339
Net assets		**40,443**	**42,067**
Capital and reserves			
Called up share capital	15	8,363	8,363
Share premium account		2,834	2,834
Special reserve		45,229	48,017
Capital redemption reserve		4,115	4,115
Capital Reserve		(27,038)	(28,598)
Revenue reserves		6,940	7,336
		40,443	**42,067**
Net asset value per H Share, pence	16	62.25	62.05
Net asset value per I Share, pence	16	46.36	48.61

The accompanying notes on pages 42 to 56 are an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 15 May 2018 and signed on their behalf by:

Sir Robin Miller
Director

David Glick
Director

Balance Sheet

for the year ended 28 February 2018

Unaudited Non-Statutory Analysis between the H and I Share Funds

as at 28 February 2018

Company Registration No: 05558025 (England and Wales)

	H Share Fund £'000	I Share Fund £'000
Fixed assets		
Investments at fair value through profit or loss	4,456	34,139
Current assets		
Debtors	485	(464)
Bank deposits	311	1,691
Cash at bank	1,219	(1,187)
	2,015	40
Creditors: amounts falling due within one year	80	(287)
Net current assets	2,095	(247)
Net assets	6,551	33,892
Capital and reserves		
Called up share capital	1,052	7,311
Share premium account	2,763	71
Special reserve	4,386	40,843
Capital redemption reserve	-	4,115
Realised capital reserve	(2,065)	(14,843)
Unrealised capital reserve	615	(10,745)
Revenue reserves	(200)	7,140
	6,551	33,892
Net asset value per H Share, pence	62.25	
Net asset value per I Share, pence		46.36

Statement of Changes in Equity
for the year ended 28 February 2018

	Called up equity share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £000	Capital reserve £'000	Revenue reserves £'000	Total £'000
At 1 March 2016	11,803	2,834	49,490	675	(24,199)	7,264	47,867
Share issues	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Dividends paid	-	-	(1,473)	-	-	-	(1,473)
Comprehensive income for the year	-	-	-	-	(4,399)	72	(4,327)
Cancellation of deferred shares[1]	(3,440)	-	-	3,440	-	-	-
At 28 February 2017	**8,363**	**2,834**	**48,017**	**4,115**	**(28,598)**	**7,336**	**42,067**
Share issues	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Dividends paid	-	-	(2,788)	-	-	-	(2,788)
Comprehensive income for the year	-	-	-	-	1,560	(396)	1,164
At 28 February 2018	**8,363**	**2,834**	**45,229**	**4,115**	**(27,038)**	**6,940**	**40,443**

[1] reflects the share conversion as detailed in note 15 on page 52.

Distributable reserves comprise: the special reserve; the revenue reserve; and capital reserves attributable to realised profits.

Called up equity share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. The special reserve was created on cancellation of the share premium account in respect of shares issued and is primarily used for the distribution of dividends. The capital redemption reserve maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It cannot be used to fund share repurchases and it is not distributable by way of dividend.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve. When an investment is sold any balance held on the capital reserve (unrealised) is transferred to the capital reserve (realised).

Statement of Cash Flows

for the year ended 28 February 2018

	Note	Year ended 28 February 2018 £'000	£'000	Year ended 28 February 2017 £'000	£'000
Cash flows from operating activities					
Profit/(Loss) for the year		1,164		(4,327)	
Adjustments for:					
Realised/Unrealised losses on investments held at fair value through the profit or loss		(2,516)		3,056	
Accrued income		(309)		(397)	
(Increase)/decrease in other debtors and prepayments		89		295	
Increase/(decrease) in other creditors and accruals		102		(32)	
Cash generated from operating activities			(1,470)		(1,405)
Tax paid			-		-
Net cash generated from operating activities			(1,470)		(1,405)
Cash flows from investing activities					
Sales of investments held at fair value		-		-	
Purchases of investments held at fair value		(545)		(144)	
Capitalised deal costs		15		-	
Loans repaid		5,488		-	
Net cash from investing activities			4,958		(144)
Cash flows from financing activities					
Issue of ordinary share capital		-		-	
Unpaid share capital paid down		-		-	
Dividends paid		(2,788)		(1,473)	
Share issue expense		-		-	
Net cash used in financing activities			(2,788)		(1,473)
Net decrease in cash			700		(3,022)
Reconciliation of cash and cash equivalents					
(Decrease)/Increase in cash			700		(3,022)
Opening cash and cash equivalents position			1,334		4,356
Closing cash and cash equivalents position			2,034		1,334
Cash and cash equivalents					
Bank deposits			2,002		1,233
Cash at bank			32		101
			2,034		**1,334**

The accompanying notes on pages 42 to 56 are an integral part of the financial statements.

1. General information

Edge Performance VCT Public Limited Company is a venture capital trust company domiciled in the United Kingdom and incorporated in England in 2005. The address of its registered office is 1 Marylebone High Street, London, W1U 4LZ. The ordinary shares of the Company are listed on the Premium Segment of the London Stock Exchange.

Key sources of estimation uncertainty

Many of the Company's financial instruments are measured at fair value in the balance sheet and it is usually possible to determine their fair values within a reasonable range of estimates.

Fair value is derived for the majority of the Company's financial instruments, such as unlisted securities, using valuation techniques, as recommended by International Private Equity and Venture Capital Valuation Guidelines (IPEVC). Fair value estimates are made at a specific point in time, based on information about the financial instrument and market conditions. These estimates are subjective in nature and involve uncertainties and matters of significant judgements (e.g. interest rates, volatility, estimated cash flows) and therefore cannot be determined with precision. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a observable market for the investments existed. As such, the degree of judgement exercised in determining fair value is greatest for investments whose fair value cannot be determined by using observable measures such as market prices or models.

2. Statement of compliance

Basis of Accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), with the Companies Act 2006 and the 2014 Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (revised 2017)'.

The Company is not an investment company as defined by section 833 of the Companies Act 2006. Investment company status was revoked by the Company in September 2007.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Going Concern

At the time of approving the financial statements, the Directors believe the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore adopted the going concern basis of accounting in preparing the financial statements.

3. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

a) Fixed asset investments

Purchases or sales of investments are recognised at the date of the transaction.

All investments are valued at fair value by the Company using methodology that is consistent with the International Private Equity and Venture Capital Valuation Guidelines (IPEVC) from time to time.

During the year, the Company acquired an investment listed on the Alternative Investment Market and a previously unquoted investment was listed on the Alternative Investment Market.

Unquoted investments made within the last twelve months are valued at cost except where there is any material change or event which has a bearing on the value of the investee company (such as, for example, a significant amount of new investment made in the investee company by a third party), in which case an appropriate revaluation is made.

3. **Accounting policies (continued)**

a) **Fixed asset investments (continued)**

Subsequently, unquoted investments will be valued by the most recent material arm's-length transaction by an unconnected third party in the shares or other securities of an investee company. In the absence of such a transaction, the investment will be valued as follows:

- Where the investee company is in the early stage of development, the investment will normally continue to be valued at cost.
- Where the investee company is well established after one year from the date of investment, the shares or securities may be valued by applying a suitable price-earnings ratio to that company's historical post-tax earnings or, where more appropriate, to that company's earnings before interest, tax, depreciation and amortisation ("EBITDA"). The ratio used is based on a comparable listed company or sector, where available, but discounted to reflect lack of liquidity in the shares or securities concerned; where no suitable comparable listed company or sector data is available, comparable data from transactions in unquoted shares or securities may be used. Alternative methods of valuation may be applied if they are considered more appropriate, for example: a suitable ratio applied to historic revenues, forecast revenues, forecast post tax earnings, forecast EBITDA or discounted projected cash flows; net asset value.
- Fixed asset loan investments are recognised at their fair value, normally determined on the basis of the expected future cash flows, discounted at the investee company's weighted cost of capital.

The value of portfolio investments at the balance sheet date was derived as follows:

	Valuation (£,000)	2018 Valuation type as % of total value	Valuation (£,000)	2017 Valuation type as % of total value
Net asset value	3,809	9.9%	9,309	22.9%
Price of recent third party transaction	3,264	8.5%	2,955	7.2%
Market multiple	30,218	78.3%	27,320	67.1%
Cost	1,304	3.3%	1,144	2.8%
	38,595	**100.0%**	**40,728**	**100.0%**

In accordance with the 2014 SORP, the revenue return on shares for a fixed amount and debt securities is based on the coupon payable by the instrument adjusted to spread any discount or premium on purchase or redemption over its remaining life. However, where a redemption premium is payable, the return has been adjusted so that the amount recognised in revenue is in line with reasonable commercial expectations. Any adjustment is recognised in capital within net gains and losses on investments. The amount of redemption premium recognised in revenue is in line with reasonable commercial expectations of interest chargeable on similar commercial debt.

Gains and losses arising from changes in the fair value of the investments are included as a capital item in the statement of comprehensive income for the relevant period.

The Company's interests in associates are held as part of an investment portfolio (as defined by FRS 102). They have therefore been treated in the same way as other investee companies and are measured at fair value using a consistent methodology to the rest of the Company's portfolio as permitted by the SORP (paragraph 32).

b) **Current asset investments**

Investments in interest-bearing deposits are classified as current asset investments as they are investments held for the short term. Income from these investments is recognised using the effective interest method.

c) **Income**

Interest income on loan stock and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful. Where the terms of unquoted loan stocks only require interest or redemption premium to be paid on redemption, the interest and redemption premium is recognised once redemption is reasonably certain.

Dividends receivable on listed equity shares are recognised on the ex-dividend date.

d) Expenses

All expenses (inclusive of VAT where appropriate) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment and with the exception that 75% of the fees payable to the Investment Manager are charged against capital. Other administrative fees and expenses are allocated based on the net asset value of each Share Fund.

Direct issue costs are deducted from the share premium account.

e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

f) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

3. Accounting policies (continued)

g) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

h) Taxation

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of difference items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended in the SORP.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Statement of Comprehensive Income and a corresponding amount is charged against the revenue column. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

i) Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Unrelieved tax losses and other deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to retain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

4. Income

	2018 £'000	2017 £'000
Interest receivable		
- from cash and interest-bearing deposits	9	17
- from fixed asset investment loan notes	310	828
	319	**845**

5. Investment Manager's fees

	2018 £'000	2017 £'000
Edge Investments – annual management fee	**916**	**965**

The Company entered into an agreement dated 3 February 2006 with the Investment Manager, which has responsibility for the management of the Company's portfolio of investments. The agreement has been replaced with a new agreement on a number of successive occasions, most recently on 8 November 2013 (with effect from 1 March 2014). Under the terms of the agreement entered into on 8 November 2013, the Investment Manager was appointed for an initial period ended on 11 April 2018 (ending on 11 April 2019 in respect only of the H Share Fund), and continuing thereafter until terminated by either the Company or the Investment Manager, by giving no less than 12 months' notice.

Management fees

The Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the I Shares 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.

The Investment Manager will be responsible for external costs, such as legal and accounting fees, incurred on all transactions that do not proceed to completion. The Investment 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 Investment Manager will normally nominate one of its directors to act as a director of each company.

Annual running costs of the Company will include, inter alia, the management fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the shareholders. Total annual running costs of the Company (excluding the Investment Manager's performance incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) have been capped at 3.75% of the net asset value of the Company with any excess being borne by the Investment Manager.

Performance related incentive fee

In respect of each class of Shares separately (save the H Shares), once total paid or declared dividends have reached £1.00 per I Share 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 I shareholders, and 19% to the Investment Manager by way of performance fee. Once total paid or declared dividends have reached £1.20 per I Share 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 I shareholders, and 29% to the Investment Manager by way of performance fee. In August 2016, Board announced that it would undertake a review of the Investment Manager's performance incentive fee (or "carried interest") arrangement in relation to the I Share fund, and that any alternative arrangement would be put to shareholders for approval.

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 Investment 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 Investment 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 Investment Manager to some or all the investment team. There was no performance fee payable in the year.

6. Other expenses

	2018 £'000	2017 £'000
Directors' remuneration (including VAT & NI)	65	69
Company secretarial & accountancy fees	75	86
Administration fees (payable to the Investment Manager)	298	301
Audit fees – for audit services	44	78
VCT status adviser fees	5	13
Printing & stationery	41	42
Other costs	119	92
Irrecoverable VAT	108	104
	755	**785**

The Company has no employees.

7. Directors' fees

Amounts paid and payable to third parties for the services of (net of VAT):

	2018 £'000	2017 £'000
Sir Robin Miller	20.0	20.0
David Glick	15.0	15.0
Kevin Falconer*	7.9	17.5
Lord Flight	15.0	15.0
Terry Back**	8.9	-
Employers NI	2.0	2.0
	68.8	**69.5**

* Kevin Falconer retired from the Board on 17 August 2017

** Terry Back joined the Board on 17 August 2017

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the fee-earning Directors are non-executive, the other disclosures required by the Listing Rules are not relevant.

8. Tax on ordinary activities

a) Analysis of tax charge

	2018 £'000	2017 £'000
Revenue charge	-	19
Credited to capital return	-	(19)
Current and total tax charge (note (b))	-	-
Total current and prior year tax	-	-

b) Factors affecting tax charge for the year

	2018 £'000	2017 £'000
Total return on ordinary activities before tax	1,164	(4,327)
Total return on ordinary activities before tax multiplied		
by standard rate of corporation tax of 19.08% (2017: 20.00%)	222	(865)
Effects of:		
Less: non-taxable income	-	-
Add: unrealised losses/(gains)	(675)	164
Add: non-taxable realised losses/(gains)	195	520
Relieved/unrelieved expenses	183	181
Movement in revenue tax losses	75	-
Tax charge for year (note (a))	-	-

Tax relief relating to investment management fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a venture capital trust.

There is no potential liability to deferred tax (2017: nil). Deferred tax liabilities where material are recognised using the enacted rate of 17% (2017: 17%) as timing differences are not expected to reverse until subsequent to this change of tax rate. There is an unrecognised deferred tax asset of £563,593 (2017: £332,881) based on losses carried forward of £3,315,252.

Finance Act 2016 as substantively enacted on 15 September 2016 provides that the headline rate of corporation tax for the Financial Year commencing 1 April 2017 will be 19% and that the rate from 1 April 2020 will be 17%.

9. Dividends paid and proposed

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year	**2,788**	**1,473**

During the year ended 28 February 2017, the Directors approved interim dividends of 7.0p per G share and 7.0p per I share, based on the original share class holdings prior to the conversion as detailed in note 15 on page 52. The record and payments dates for the dividends were 26 August 2016 and 7 April 2017 respectively.

The Directors do not recommend any payment of final dividends in respect of the year ended 28 February 2018.

The total dividend payable in respect of the financial year is set out below.

	2018 £'000	2017 £'000
Interim dividend – nil per G Share (2017: 7p)	-	1,683*
Interim dividend – nil per H Share (2017: 3.5p)	-	369
Interim dividend – nil per I Share (2017: 14p)	-	2,208*
Totals	**-**	**4,260**

* reflects the interim dividend of 7p per I share, which had record and payment dates of 22 July 2016 and 12 August 2016 respectively; and the interim dividends declared on 18 August 2016 of 7p per share, payable to G & I shareholders as shown in the Company's register of members at the close of business on 26 August 2016.

10. Return per Share

	Revenue	Capital	2018 Total	Revenue	Capital	2017 Total
Return per H Share	(0.87)p	1.05p	0.18p	(0.62)p	1.37p	0.75p
Return per I Share	(0.42)p	1.98p	1.56p	0.19p	(6.21)p	(6.02)p

Basic revenue return per H Share is based on the net loss after taxation of £91,190 (2017: loss of £65,181) and on 10,522,984 (2017: 10,522,984) H Shares, being the weighted average number of H Shares* in issue during the period from 1 March 2017 to 28 February 2018. Basic capital return per H Share is based on the net capital gain after taxation of £110,577 (2017: gain of £144,546) and on 10,522,984 (2017: 10,522,984) H Shares, being the weighted average number of H Shares* in issue during the period from 1 March 2017 to 28 February 2018. The total return per H Share is based on the net gain after taxation of £19,387 (2017: gain of £79,365) and on 10,522,984 (2017: 10,522,984) H Shares, being the basic revenue return per share plus capital return per share. During the year ended 28 February 2018, no H Shares were issued and thus the weighted average number of shares for the year ended 28 February 2018 represents the total number of shares issued as at 28 February 2018.

Basic revenue return per I Share is based on the net loss after taxation of £307,632 (2017: gain of £137,226) and on 73,103,650 (2017: 73,103,650) I Shares, being the weighted average number of I Shares* in issue during the period from 1 March 2017 to 28 February 2018. Basic capital return per I Share is based on the net capital gain after taxation of £1,447,603 (2017: loss of £4,543,457) and on 73,103,650 (2017: 73,103,650) I Shares, being the weighted average number of I Shares in issue during the period from 1 March 2017 to 28 February 2018. The total return per I Share is based on the net gain after taxation of £1,139,971 (2017: loss of £4,406,231) and on 73,103,650 (2017: 73,103,650) I Shares, being the basic revenue return per share plus capital return per share. During the year ended 28 February 2018, no I Shares were issued and thus the weighted average number of shares for the year ended 28 February 2018 represents the total number of shares issued as at 28 February 2018.

* The weighted average number of shares is the number of shares at the beginning of the period, adjusted by the number of shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

11. Investments

Movements in investments during the year are summarised as follows:

	Venture capital Level 1 - quoted £'000	Venture capital Level 3 - unquoted £'000	Venture Capital Total £'000
Book cost at 28 February 2017	-	44,582	44,583
Unrealised gains, capitalised interest and accrued interest at 28 February 2017	-	(3,855)	(3,855)
Valuation at 28 February 2017	-	40,728	40,728
Movements in the year:			
- Purchases at cost	500	45	545
- Disposals – proceeds	-	(5,488)	(5,488)
- Net realised gains/(losses)	-	(1,024)	(1,024)
- Accrued interest	-	309	309
- Accrued interest repaid	-	(15)	(15)
- Transfer at cost	520	(520)	-
Movement in unrealised gains/(losses)	527	3,013	3,540
Valuation at 28 February 2018	**1,547**	**37,048**	**38,595**
Comprising:			
- Book cost at 28 February 2018	1,020	38,080	39,100
- Unrealised gains and accrued interest at 28 February 2018	527	(1,032)	(505)
Valuation at 28 February 2018	**1,547**	**37,048**	**38,595**

During the year, the following disposals of loans and unquoted shares were considered material:

	Cost (Loans) £'000	Cost (Unquoted shares) £'000	Carrying value at 1 March 2017 £'000	Net disposal proceeds £'000	Realised loss £'000
Black Sheep Music Limited	516	300	683	(816)	132
UltraNation Limited	516	300	686	(816)	130
Grove Music Limited	516	300	687	(816)	129
Ramble On Limited	516	300	688	(816)	128
La Cage Productions Limited	516	300	688	(816)	128
MM Promotions Limited	516	300	683	(816)	133
Two Bridges Live Limited	516	300	684	(816)	131
E7 Live Limited	516	300	688	(816)	128

11. Investments (continued)

During the year, the following changes in valuation of unquoted shares were considered material:

	Carrying value at 1 March 2017 £'000	Increase in valuation £'000	Carrying value at 28 March 2018 £'000
Coolabi Group Limited	27,320	2,898	30,218

Movements in investments during the year ended 28 February 2017 are summarised as follows:

	Venture capital Level c (ii) - unquoted £'000
Book cost at 29 February 2016	47,537
Unrealised gains, capitalised interest and accrued interest at 28 February 2015	(4,297)
Valuation at 29 February 2016	43,240
Movements in the year:	
- Purchases at cost	144
- Disposals – proceeds	-
- Net realised gains/(losses)	(2,602)
- Accrued interest	766
- Accrued interest repaid	
Movement in unrealised gains/(losses)	(820)
Valuation at 28 February 2017	**40,728**
Comprising:	
- Book cost at 28 February 2017	44,583
- Unrealised gains and accrued interest at 28 February 2017	(3,855)
Valuation at 28 February 2017	40,728

Reconciliation of losses on valuation of investments at fair value through profit or loss:

	2018 £'000	2017 £'000
Net realised losses	(1,024)	(2,602)
Net unrealised gains/(losses)	3,540	(820)
	2,516	**(3,422)**

During the year, the Company incurred disposal transaction costs of £nil (2017: £nil). The Company also incurred acquisition transaction costs of £nil (2017: £nil)

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using the following three level fair value measurement hierarchy:

Quoted market prices in active markets – "Level 1"

Level 1: quoted prices in active markets for identical assets that the entity can access at the measurement date. A quoted marked price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure the fair value.

A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the current bid price. These instruments are included in level 1 and are classified as held at fair value through profit or loss.

Valued using models with observable market parameters – "Level 2"

Level 2: inputs other than quoted market prices included within level 1 that are observable, either directly or indirectly. Where quoted prices are not available, the price of a recent transaction for an identical asset, providing there has been no significant change in economic circumstances or a significant lapse in time since the transaction took place, is used to determine the fair value. The Company holds no such investments.

Valued using models unobservable market parameters – "Level 3"

Level 3: unobservable inputs. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available. Fair values are not traded in an active market and the fair value is determined by using valuation techniques such as recent third-party transactions or earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The majority if the Company's fixed asset investments fall into this category.

There have been no transfers between these classifications in the year (2017: none). The change in fair value for the current and previous year is recognised through the statement of comprehensive income.

12. Significant interests

As at 28 February 2018, the Company held significant investments, amounting to 3% or more of the equity capital, in the following companies:

Company	Equity investment (ordinary shares) £	Equity investment (preference shares) £	of investee company's total equity, (voting rights) %
Alchemy Live Limited	700,000	-	49.97
Axis Live Entertainment Limited	700,000	-	49.97
Coolabi Group Limited	5,881,663	8,107,349	50.00
deltaDNA Limited	1,000,000	-	12.50
Done & Dusted Live Limited	525,000	-	49.97
Handmade Mobile Entertainment Limited	600,000	1,400,000	13.10
Intent HQ Holdings Limited	6,709,011	-	13.00
Lean Forward Limited	500,000	-	4.15
Real Gone Gigs Limited	700,000	-	49.97
SEL Live Entertainment Limited	700,000	-	49.97

13. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts due from the Investment Manager	-	64
Prepayments and other debtors	21	46
	21	**110**

14. Creditors: Amounts Falling Due Within One Year

	2018 £'000	2017 £'000
Other creditors and accruals	207	105
	207	**105**

15. Called-up Share Capital

Allotted, called-up and fully paid:

		Number of shares	
As at 28 February 2018:	H Shares	I Shares	Total Shares
Brought forward	10,522,984	73,103,650	83,626,634
Ordinary shares issued in the year	-	-	-
Carried forward	10,522,984	73,103,650	83,626,634

		Nominal value £'000	
As at 28 February 2018:	H Shares	I Shares	Total Shares
Brought forward	1,052	7,311	8,363
Ordinary shares issued in the year	-	-	-
Carried forward	1,052	7,311	8,363

All issued shares have a nominal value of 10p each. At the balance sheet date, 11,000 I shares remained allotted, called-up and unpaid at a value of £11,000.

		Number of shares	
As at 28 February 2017:	H Shares	I Shares	Total Shares
Brought forward	10,522,984	15,766,414*	26,289,398
Ordinary shares resulting from conversion in the year	-	57,337,236	57,337,236
Carried forward	10,522,984	73,103,650	83,626,634

		Nominal value £'000	
As at 28 February 2017:	H Shares	I Shares	Total Shares
Brought forward	1,052	1,577*	2,629
Ordinary shares issued in the year	-	5,734	5,734
Carried forward	1,052	7,311	8,363

* reflects the combined share capital of the C, D, E, F, G & I Share classes

On 19 August 2016, the Company announced that the Board had resolved to invoke the provisions of the Company's articles of association regarding conversion of shares, such that all C Shares, D Shares, E Shares, F Shares and G Shares in the capital of the Company would be converted to I Shares on 16 September 2016, such conversion to be calculated by reference to the net asset value per share of each relevant share class as at 19 August 2016 and the shareholdings reflected on the register of members of the Company as at close of business on 26 August 2016 (the "Conversion").

15. Called-up Share Capital (continued)

The Conversion took place on 16 September 2016, as a consequence of which all C Shares, D Shares, E Shares, F Shares and G Shares were converted to I Shares and deferred shares as follows:

Share class	Number of shares prior to conversion	Number of I Shares following conversion	Number of deferred shares following conversion
C	9,330,098	804,063	8,526,035
D	19,172,500	9,376,860	9,795,640
E	9,801,952	6,140,817	3,661,135
F	29,379,532	20,226,139	9,153,393
G	24,056,803	20,789,357	3,267,446
Totals	**91,740,885**	**57,337,236**	**34,403,649**

In accordance with the Company's articles of association, the 34,403,649 deferred shares referred to above were repurchased for an aggregate consideration of 1 penny for every 1,000,000 deferred shares by the Company immediately following the Conversion and subsequently cancelled.

Prior to the conversion, the share capital was set out as per below:

	C Shares	D Shares	E Shares	F Shares	G Shares	H Shares	I Shares
Number of Shares	9,330,098	19,172,500	9,801,952	29,379,532	24,056,803	10,523,184	15,766,414

	C Shares	D Shares	E Shares	F Shares	G Shares	H Shares	I Shares
Nominal value £'000	933	1,917	980	2,938	2,406	1,052	1,577

16. Net asset value per Share

The net asset values per Share at the year end were as follows:

	2018 Net asset values attributable			2017 Net asset values attributable		
	Net assets	Net assets per Share	Net asset total return per share	Net assets	Net assets per share	Net asset total return per share
H Shares	£6.6m	62.25p	76.25	£6.5m	62.05p	76.05p
I Shares	£33.9m	46.36p	81.36	£35.5m	48.61p	76.61p

Net asset value per Share is based on net assets at the year end and on the number of shares in each class in issue at the year end, as shown in note 10.

Net asset value per H Share is based on the total net assets of £6,551,301 (2017: £6,532,972) and on 10,522,984 (2017: 10,522,984) H Shares being the total number of H Shares in issue at 28 February 2018.

Net asset value per I Share is based on the total net assets of £33,890,817 (2017: £35,537,411) and on 73,103,650 (2017: 73,103,650) I Shares being the total number of I Shares in issue at 28 February 2018.

Net asset value total return per Share is based on the net asset value per Share plus total dividends paid per share to date.

Net asset value total return per H Share is based on the net asset value per share of 62.25p (2017: 62.05p) plus total dividends per H share paid to date of 14p (2017: 14p).

Net asset value total return per I Share is based on the net asset value per share of 46.36p (2017: 62.05p) plus total dividends per I share paid to date of 35p (2017: 27p).

17. Financial instruments

The Company's principal financial instruments comprise:

- Equity and loan stock
- Cash balances and liquid resources

Investments are made in a combination of equity and loans. Surplus funds are held in a mix of current accounts and interest-bearing deposit accounts. It is not the Company's policy to trade in financial instruments or derivatives.

Fixed asset investments are valued at fair value as detailed in note 3a.

The Company held the following categories of financial instruments at 28 February 2018:

	2018 (Cost) £'000	2018 (Fair value) £'000	2017 (Cost) £'000	2017 (Fair value) £'000
Assets at fair value through profit or loss	39,100	38,595	44,583	40,728
Cash and cash equivalents	2,034	2,034	1,334	1,334
Totals	**41,134**	**40,629**	**45,917**	**42,062**

Unquoted investments account for 96% of the investment portfolio (2017: 100%). Quoted investments account for 4% of the investment portfolio (2017: 0%). The investment portfolio has a 100% concentration of risk towards small UK-based, sterling denominated companies and represents 95% (2017: 96%) of net assets at the year end.

Current asset investments are interest-bearing deposits which represent 5.0% (2017: 2.9%) of net assets at the year end.

The main risks arising from the Company's financial instruments are credit risk, market price risk, interest rate risk and liquidity risk. All assets and liabilities are denominated in sterling; hence there is no currency risk.

Credit risk

Credit risk is the risk that a counterparty will default on its obligation, resulting to a financial loss to the Company. The Investment Manager monitors credit risk on an ongoing basis. The carrying amounts of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 28 February 2018, the Company's financial assets exposed to credit risk amounted to the following:

	2018 £'000	2017 £'000
Investments in fixed rate instruments	976	5,103
Investments in floating rate instruments	11,775	11,775
Interest-bearing deposits	2,002	1,233
Cash at bank	32	101
Interest, dividends and other receivables	**20**	**113**

Credit risk on unquoted loan stock held within unlisted investments are considered in conjunction with the associated equity investment in the portfolio and considered to be part of market price risk as disclosed later in this note. It is estimated that if 10% of the Company's interest income for the year were not received, this would decrease the profit before tax for the year of £1.2 million to a profit before tax for the year of £1.1 million.

The cash at bank and interest-bearing deposits held by the Company are managed by Metro Bank. The Board monitors the Company's risk by reviewing the internal control reports of this bank. Should the credit quality or the financial position of the bank deteriorate significantly, the Investment Manager will seek to move the cash holdings to another bank.

At 28 February 2018, all loans were held at fair value. No loan is past its repayment date; nor is any interest past its payment date.

Market price risk

The Board manages the market risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk and by ensuring full and timely access to relevant information from the Investment Manager. The Board reviews investment performance and financial results, as well as compliance with the Company's investment objectives. The Board also seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities which are sufficient to meet any funding commitments which may arise. The Company does not use derivative instruments to hedge against market risk.

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would decrease the profit before tax for the year by £3.7 million and reduce the Company's net assets by the same amount.

Interest rate risk

Some of the Company's financial assets are interest-bearing, some of which are at fixed rates and some at variable rates. As a result, the Company is exposed to interest rate risk due to fluctuations in prevailing levels of market interest rates. The Board seeks to mitigate this risk through regular monitoring of the Company's interest-bearing investments. The Company does not use derivative instruments to hedge against interest rate risk. However, the effect of those interest rate changes is not materially significant.

Fixed rate

Due to the complexity of the instruments and the uncertainty surrounding time of realisation, the weighted average time for which the rate is fixed has not been calculated.

	£000	2018 Weighted average interest rate	£000	2016 Weighted average interest rate
Loan stock	976	6%	5,103	6%

Floating rate

The Company holds the majority of its cash balances in interest-bearing deposit accounts. The benchmark rate which determines the interest payments received on interest-bearing cash and cash equivalent balances is the bank base rate which was 0.5% at 28 February 2018 (2017: 0.25%).

	2018 £'000	2017 £'000
Short term loans and security deposits	2,268	2,268
Loan notes	1,400	1,400
Preference shares	8,107	8,107
Interest-bearing deposits	2,002	1,233
Cash at bank	32	101

The weighted average interest rate applied during the year was 4.0% (2017: 4.2%).

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies which the Company holds are not traded and thus are not readily realisable. At times, the Company may be unable to realise its investments at their carrying values because of an absence of willing buyers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. To counter such liquidity risk, sufficient cash and money market funds are held to meet running costs and other commitments. The Company invests its surplus funds in high quality interest-bearing deposits which are all accessible on an immediate basis.

It is estimated that should the Company have to sell 10% of its investments at only 90% of their carrying values in order to find a buyer, additional losses totalling £3.3 million would have to be recognised. Had this happened during the year to 28 February 2018, the profit before tax for the year of £1.2 million would have decreased to a loss before tax for the year of £2.2 million. Liquidity risk is mitigated by the Company's intention to complete its investment strategy and sell investments at planned intervals rather than as a matter of necessity.

17. Financial instruments (continued)

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, satisfy the relevant HMRC requirements and provide at least adequate returns for shareholders.

As a VCT, the Company must have, within three years of raising its capital, and must thereafter continue to have, at least 70% by value of its investments in VCT-qualifying holdings which are a relatively high-risk asset class of small UK companies. In satisfying this requirement, the Company's capital management scope is restricted. Subject to this restriction and to any further restrictions imposed by VCT rules, the Company may adjust dividends, return capital to shareholders, issue new Shares or sell assets to maintain the level of liquidity to remain a going concern.

18. Post Balance Sheet Events

The Company's H share offer closed on the 5 April 2018 – A total of 1.07m H shares were issued for £644,500 (before expenses).

19. Geographical Analysis

The operations of the Company are wholly in the United Kingdom.

20. Contingencies, Guarantees and Financial Commitments

Under the terms of the Investment Management agreement between the Company and the Investment Manager, where the total expense ratio of the Fund exceeds a costs cap of 3.75% of the net assets of the Company, the Investment Manager will reduce its annual management fee by the sum of the excess costs above 3.75%. It may be entitled to recover this amount at a later date should the costs cap permit.

There were no other contingencies or guarantees as at 28 February 2018.

21. Capital Commitments

The Company had not entered into any capital commitments at year end.

22. Transactions with the Investment Manager

During the year ended 28 February 2018, the Company incurred investment management and administration fees of £1,218,098 (2017: £1,265,433) (exclusive of VAT) payable to the Investment Manager, as a related party. This sum comprised:

- investment management fees of £919,896 (2017: £963,676), after the recovery of previous rebates of £151,000 (2017: £nil) and after rebate of £nil (2017: £91,900)
- administration fees of £298,202 (2017: £301,757).

The total expense ratio, calculated as the year's expenses (as disclosed in the statement of comprehensive income and accounting for the exclusions noted below) divided by the closing net asset value for the year, was 3.4%. Under the terms of the investment management agreement, the running costs of the Company (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.75% of the net asset value of the Company. Any excess will be paid by the Investment Manager. During the year ended 28 February 2018, the Investment Manager recovered £151,000 (2017: £91,900) of the £315,800 excess repaid in respect of the year ended 28 February 2016.

Details of the Investment Manager's fee arrangements are given in note 5.

During the year, the Investment Manager also derived the following benefits from its relationship with the Company;

- Investee company arrangement and consulting fees of £nil (2017: £1,650)
- Investee company director and monitoring fees of £124,000 (2017: £127,100)

Notices of the Annual General Meeting

Notices of the Company's 2018 annual general meeting and class meetings are set out on pages 57 to 64 of this report. The resolutions to be put to the meetings are important.

It is the Board's opinion that all resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all resolutions. Any shareholder who is in any doubt as to what action to take should consult an appropriate independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your H or I Shares in the Company, please forward this document, together with the forms of proxy, to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

2018 Annual General Meeting

The Company's twelfth annual general meeting will be held at 10.00 am on 11 June 2018 at the offices of Howard Kennedy LLP, No. 1 London Bridge, London SE1 9BG. Notice of the meeting is set out on pages 57 to 64 of this report.

The business of the meeting is outlined below.

Resolution 1 - Annual report and financial statements

The Directors are required to present to the annual general meeting the annual report and financial statements for the financial year ended 28 February 2018.

Resolution 2 - Directors' remuneration report

Under The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013, the Company is required to produce a Directors' remuneration report for each relevant financial year and to obtain shareholder approval for that report at the annual general meeting. The Directors' remuneration report is on pages 25 to 27 of the annual report for the year ended 28 February 2018.

Resolution 3 - Re-election of Sir Robin Miller

Sir Robin Miller retires as a Director in accordance with the AIC Code and, being eligible, offers himself for re-election as a Director.

Resolution 4 - Election of Terry Back

Terry Back, who was appointed as a Director in August 2017, offers himself for election as a Director in accordance with article 94 of the Company's articles of association.

Resolution 5 - Re-election of David Glick

David Glick, being a non-independent Director, retires as a Director in accordance with the Listing Rules and, being eligible, offers himself for re-election as a Director.

Resolution 6 - Re-appointment of the auditor

The Company is required to re-appoint an auditor at each annual general meeting of the

Company, to hold office until the next general meeting of the Company at which accounts are presented to the shareholders. This resolution proposes that the Company's current auditor, Grant Thornton LLP, be reappointed as the auditor of the Company.

Resolution 7 - Remuneration of the auditor

This resolution proposes that the Directors be authorised to set the auditor's remuneration.

Resolution 8 - Renewal of Directors' authority to allot Shares

By virtue of section 551 of the Companies Act 2006, the Directors require the authority of the shareholders of the Company to allot Shares in the Company. This resolution authorises the Directors to make allotments of additional Shares with a total nominal value of no more than 10% of the existing issued share capital of the Company. The existing authority will expire at the 2018 annual general meeting and, by proposing this resolution, the Board seeks its renewal. The Directors have no present intention of exercising the authority given by this resolution. This authority will be effective until the later of (1) the date of the Company's 2019 annual general meeting, and (2) 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 9 - Disapplication of pre-emption rights

Resolution 9, which will be proposed as a special resolution, supplements the Directors' authority to allot Shares in the Company given to them by resolution 8, by renewing their authority to disapply pre-emption rights in respect of their authority to allot Shares up to a total nominal value of no more than 10% of the existing issued share capital of the Company. This authority will be effective until the later of the date of (1) the Company's 2019 annual general meeting, and (2) 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 10 - Purchase of Shares by the Company

Resolution 10, which will be proposed as a special resolution, authorises the Company for the purpose of section 701 of the Companies Act 2006 to make market purchases of H and I Shares provided that:

i. such authority is limited to the purchase of 14.99% of the issued H Share capital and 14.99% of the I Share capital, in each case as immediately prior to the passing of this resolution;

ii. the maximum price (exclusive of expenses) which may be paid for such H or I Shares shall be the higher of:

    a) an amount equal to 105% of the average of the middle market quotations for such class of the Company's Shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase is made; and

    b) the value of such class of the Company's Shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's Shares on the trading venue where the purchase is carried out;

iii. the Company may make a contract to purchase its own H or I Shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own H or I Shares in pursuance of any such contract; and this power, unless previously varied, revoked or renewed shall come to an end at the later of (1) the date of the Company's 2019 annual general meeting, and (2) 15 months after the date on which this resolution is passed.

Class Meetings

Separate class meetings of holders of H and I Shares will also be held on 11 June 2018, where the relevant resolutions referred to above will be proposed.

EDGE PERFORMANCE VCT PUBLIC LIMITED COMPANY

(the "Company")

Notice of Annual General Meeting

Notice is hereby given that the twelfth annual general meeting of the Company will be held at 10.00 am on 11 June 2018 at the offices of Howard Kenney LLP, No.1 London Bridge, London SE1 9BG for the purpose of considering and, if thought fit, passing the following resolutions (of which resolutions 1 to 8, inclusive, will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions).

ORDINARY RESOLUTIONS

1. To receive and adopt the directors' and the independent auditor's reports and the Company's financial statements for the year ended 28 February 2018.
2. To approve the directors' remuneration report for the year ended 28 February 2018.
3. To re-elect Sir Robin Miller who is retiring in accordance with the AIC Code and who, being eligible, offers himself for re-election as a director of the Company.
4. To elect Terry Back who, being eligible, offers himself for election as a director of the Company pursuant to article 94 of the Company's articles of association.
5. To re-elect David Glick as a director of the Company, pursuant to Listing Rule 15.2.13A.
6. To re-appoint Grant Thornton UK LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
7. To authorise the directors of the Company to fix the remuneration of the auditor.

SPECIAL BUSINESS

As special business, to consider and, if thought fit, to pass the following resolutions, resolution 8 as an ordinary resolution and resolutions 9 and 10 as special resolutions of the Company:

8. (i) That the directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company, up to an aggregate nominal value equal to 10% of the nominal value of the issued ordinary share capital of the Company as at the date of this resolution, during the period commencing on the passing of this resolution and expiring on the later of: (1) the date of the annual general meeting of the Company to be held in 2019, and (2) the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require relevant securities to be allotted after such expiry; and

   (ii) That all previous authorities given to the directors of the Company in accordance with section 551 of the Act be and are hereby revoked, provided that such revocation shall not have retrospective effect.

SPECIAL RESOLUTIONS

9. That the directors of the Company be and are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority given pursuant to resolution 8 set out in this notice of annual general meeting as if section 561(1) of the Act did not apply to such allotment, provided that this power shall expire on the later of: (1) the date of the annual general meeting of the Company to be held in 2019, and (2) the date which is 15 months after the date on which this resolution is passed and provided further that this power shall be limited to the allotment of equity securities from time to time with an aggregate nominal value equal to 10% of the nominal value of the issued ordinary share capital of the Company as at the date of this resolution.

10. That the Company be and is hereby generally and unconditionally authorised, pursuant to section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of H Shares and I Shares of 10p each in the capital of the Company (respectively, "H Shares" and "I Shares"), provided that:

    (i) such authority is limited to the purchase of 14.99 per cent of the issued H Share capital, and 14.99 per cent of the issued I Share capital, in each case as at the date of this resolution;

    (ii) the minimum price (excluding expenses) which may be paid for such H or I Shares is 10p per share, the nominal amount of each such share;

    (iii) the maximum price (excluding expenses) which may be paid for such H or I Shares shall be the higher of:

    (a) an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made; and

    (b) the value of such class of the Company's shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's shares on the trading venue where the purchase is carried out; and

    (iv) the Company may make a contract or contracts to purchase its own H or I Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own H or I Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the later of: (1) the date of the annual general meeting of the Company to be held in 2019, and (2) the date which is 15 months after the date on which this resolution is passed.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

Dated: 15 May 2018

Registered Office:

1 Marylebone High Street
London W1U 4LZ

Notes:

1. Only those shareholders registered on the Company's register of members at 10.00 am on 7 June 2018, or, if this meeting is adjourned, 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com.
3. If you are a shareholder of the Company at the time and date set out in paragraph 1, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a form of proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.
5. To appoint a proxy, you must:
   - send a completed hard copy of the form of proxy to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; or
   - send a legible scan of the completed hard copy of the form of proxy to proxies@shareregistrars.uk.com.

   For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 10.00 am on 7 June 2018, or if this meeting is adjourned, by no later than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting.
6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
   - by sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
   - by sending an e-mail, clearly stating your intention to revoke your proxy appointment, to proxies@shareregistrars.uk.com.

   In either case, the revocation notice must be received as above by no later than 10.00 am on 7 June 2018, or if this meeting is adjourned, by no later than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at the date of this notice (15 May 2018), the Company's issued share capital comprises 11,592,430 H Shares and 73,103,650 I Shares. Each H and I Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice (15 May 2018) is 84,696,080.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at this meeting unless:
   - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
   - the answer has already been given on a website in the form of an answer to a question; or
   - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
    - by e-mail to info@edge.uk.com; or
    - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LZ; or
    - by telephone on 020 7317 1300.
11. You may not use any electronic address provided in this notice, or in any related documents, to communicate with the Company for any purposes other than those expressly stated.
12. Copies of the following documents will be available for inspection at the registered office of the Company during usual business hours on any working day (Saturdays, Sundays and public holidays excluded) from the date of this notice, until the end of this meeting, and at the place of this meeting for at least 15 minutes prior to and during this meeting:
    - the directors' and the independent auditor's reports and the Company's financial statements for the year ended 28 February 2018 (resolution 1); and
    - the directors' remuneration report (resolution 2);
    - the directors' letters of appointment and the register of directors' interests in the shares of the Company (resolutions 3 to 5).
13. Information about the directors who are proposed for re-election at this meeting is shown in the Company's annual report and financial statements for the year ended 28 February 2018 (resolutions 3 to 5).

EDGE PERFORMANCE VCT PUBLIC LIMITED COMPANY
(the "Company")

Notice of Class Meeting of Holders of H Shares

Notice is hereby given that a class meeting of the holders of H shares of 10 pence each in the capital of the Company ("H Shares") will be held at 10.10 am on 11 June 2018 (or as soon thereafter as the annual general meeting convened for the same date shall have concluded or been adjourned) at the offices of Howard Kennedy LLP, No.1 London Bridge, London SE1 9BG for the purpose of considering and, if thought fit, passing the following resolution which is proposed as a special resolution.

SPECIAL RESOLUTION

That the Company be and is hereby generally and unconditionally authorised, pursuant to section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of section 693(4) of the Act) of H Shares and of I shares of 10 pence each in the capital of the Company ("I Shares"), provided that:

(i) such authority is limited to the purchase of 14.99 per cent of the issued H Share capital, and 14.99 per cent of the issued I Share capital, in each case as at the date of this resolution;

(ii) the minimum price (excluding expenses) which may be paid for such H or I Shares is 10p per share, the nominal amount of each such share;

(iii) the maximum price (excluding expenses) which may be paid for such H or I Shares shall be the higher of:

  (a) an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made; and

  (b) the value of such class of the Company's shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's shares on the trading venue where the purchase is carried out; and

(iv) the Company may make a contract or contracts to purchase its own H or I Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own H or I Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the later of (1) the date of the annual general meeting of the Company to be held in 2019, and (2) the date which is 15 months after the date on which this resolution is passed.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

Dated: 15 May 2018

Registered Office:

1 Marylebone High Street
London W1U 4LZ

Notes:

1. Only those shareholders registered on the Company's register of members as holders of H Shares at 10.10 am on 7 June 2018, or, if this meeting is adjourned, 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com.
3. If you are a holder of H Shares at the time and date set out in paragraph 1, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a form of proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, contact Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
5. To appoint a proxy, you must:
   - send a completed hard copy of the form of proxy to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; or
   - send a legible scan of the completed hard copy of the form of proxy to proxies@shareregistrars.uk.com.

   For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 10.10 am on 7 June 2018, or if this meeting is adjourned, by no later than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting.
6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
   - by sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
   - by sending an e-mail, clearly stating your intention to revoke your proxy appointment, to proxies@shareregistrars.uk.com.

   In either case, the revocation notice must be received as above by no later than 10.10 am on 7 June 2018, or if this meeting is adjourned, by no later than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at the date of this notice (15 May 2018), the Company has issued 11,592,430 H Shares. Each H Share carries the right to one vote at a class meeting of the holders of H Shares and, therefore, the total number of voting rights in the class of holders of H Shares as at the date of this notice (15 May 2018) is 11,592,430.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at this meeting unless:
   - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
   - the answer has already been given on a website in the form of an answer to a question; or
   - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
    - by e-mail to info@edge.uk.com; or
    - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LZ; or
    - by telephone on 020 7317 1300.
11. You may not use any electronic address provided in this notice, or in any related documents, to communicate with the Company for any purposes other than those expressly stated.

EDGE PERFORMANCE VCT PUBLIC LIMITED COMPANY

(the "Company")

Notice of Class Meeting of Holders of I Shares

Notice is hereby given that a class meeting of the holders of I shares of 10 pence each in the capital of the Company ("I Shares") will be held at 10.15 am on 11 June 2018 (or as soon thereafter as the class meeting of the holders of H shares in the Company convened for the same date shall have concluded or been adjourned) at the offices of Howard Kennedy LLP, No.1 London Bridge, London SE1 9BG for the purpose of considering and, if thought fit, passing the following resolution which is proposed as a special resolution.

SPECIAL RESOLUTION

That the Company be and is hereby generally and unconditionally authorised, pursuant to section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of section 693(4) of the Act) of H shares of 10 pence each in the capital of the Company ("H Shares") and I Shares, provided that:

(i) such authority is limited to the purchase of 14.99 per cent of the issued H Share capital, and 14.99 per cent of the issued I Share capital, in each case as at the date of this resolution;

(ii) the minimum price (excluding expenses) which may be paid for such H or I Shares is 10p per share, the nominal amount of each such share;

(iii) the maximum price (excluding expenses) which may be paid for such H or I Shares shall be the higher of:

(a) an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made; and

(b) the value of such class of the Company's shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's shares on the trading venue where the purchase is carried out; and

(iv) the Company may make a contract or contracts to purchase its own H or I Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own H or I Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the later of: (1) the date of the annual general meeting of the Company to be held in 2019, and (2) the date which is 15 months after the date on which this resolution is passed.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

Dated: 15 May 2018

Registered Office:

1 Marylebone High Street
London W1U 4LZ

Notes:

1. Only those shareholders registered on the Company's register of members as holders of I Shares at 10.15 am on 7 June 2018, or, if this meeting is adjourned, 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com.
3. If you are a holder of I Shares at the time and date set out in paragraph 1, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a form of proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.
5. To appoint a proxy, you must:
    - send a completed hard copy of the form of proxy to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; or
    - send a legible scan of the completed hard copy of the form of proxy to proxies@shareregistrars.uk.com.

    For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 10.15 am on 7 June 2018, or if this meeting is adjourned, by no later than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting.
6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
    - by sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
    - by sending an e-mail, clearly stating your intention to revoke your proxy appointment, to proxies@shareregistrars.uk.com.

    In either case, the revocation notice must be received as above by no later than 10.15 am on 7 June 2018, or if this meeting is adjourned, by no later than 48 hours (excluding non-working days) prior to the time and date set for the adjourned meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at the date of this notice (15 May 2018), the Company has issued 73,103,650 I Shares. Each I Share carries the right to one vote at a class meeting of the holders of I Shares and, therefore, the total number of voting rights in the class of holders of I Shares as at the date of this notice (15 May 2018) is 73,103,650.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at this meeting unless:
    - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
    - by e-mail to info@edge.uk.com; or
    - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LZ; or
    - by telephone on 020 7317 1300.
11. You may not use any electronic address provided in this notice, or in any related documents, to communicate with the Company for any purposes other than those expressly stated.

Corporate Information

Directors

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

all of

1 Marylebone High Street
London W1U 4LZ

which is the registered
office of the Company

Investment Manager

Edge Investments Limited
1 Marylebone High Street
London W1U 4LZ

(authorised and regulated by the Financial Conduct Authority; firm reference number 455446)

Company Secretary

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

Taxation advisers

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

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Bankers

Metro Bank Plc
One Southampton Row
London WC1B 5HA

Registrar

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

Broker

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

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