

RNS Number : 6991U
Edge Performance VCT PLC
20 January 2017

Edge Performance VCT plc (the "Company")

QUARTERLY UPDATE

for the period from 1 September 2016 to 30 November 2016 (the "Period")

The Company presents a quarterly update for the period from 1 September 2016 to 30 November 2016.

Share Consolidation

On 18 August 2016, the Board resolved to invoke the share conversion provisions in the Company's articles of association, such that all of the "planned exit" share classes in the Company would be consolidated into one share class. Consequently, all C Shares, D Shares, E Shares, F Shares and G Shares were converted into I Shares; completion of the conversion took place on 16 September 2016.

The conversion was undertaken on the basis of the net asset value per share of each share class to be converted, relative to the net asset value per I Share, meaning that the value of each converted shareholder's investment immediately following the conversion was unchanged.

The H Share class, having a different, "evergreen" investment strategy to all of the other share classes, was not part of the conversion.

Consequently, the Company now has only two classes of shares, namely the "evergreen" H Share class and the "planned exit" I Share class.

Waiver of carried interest

Prior to the period under review the Company removed the carried interest in the I shares' fee structure. The Board plans to consider implementing an alternative incentive, if appropriate, which will be subject to shareholder approval.

Dividends

No dividends were declared or paid in the period. On 18 August 2016, the Company declared dividends of 7p per G Share and 7p per I Share, to be paid on 7 April 2017. As the record date for these dividends predated the share conversion referred to above, they are unaffected by the conversion, and will be paid to those shareholders who held G Shares and I Shares, respectively, before the share conversion took place.

Portfolio

New investments

On 25 November 2016, the Company completed an investment from the H Share fund of £144,000 in Newsflare, a video marketplace platform for video creators, which licenses user generated video content to some of the world's biggest media players. The Company now holds 1.577% of the issued share capital of Newsflare. This was the Company's first co-investment under its co-investment arrangements with Edge Creative Enterprise Fund. These arrangements allow for the Company to invest in new investments alongside Edge Creative Enterprise Fund on the same terms and, where practicable, in the same instruments.

Realisations

In the quarter, the Investment Manager began the process of realising the I Share fund's investments in eight portfolio companies, Black Sheep Music Limited, E7 Live Limited, Grove Music Limited, La Cage Limited, MM Productions Limited, Ramble On Limited, Two Bridges Live Limited, and Ultronation Limited. The realisations are expected to complete during January 2017 and yield an estimated £5,489k in cash, (in addition to £2,105k received by the Company from these investments in prior years), which the Company will use to meet its running costs and dividend obligations.

Treasury holdings

As at 30 November, the Company held £1,309k in cash and near-cash, in accordance with the Company's investment policy.

Net asset values per share

as at 30 November 2016

Share class	Net assets	Net asset value per share (p)	Net asset value total return per share (p) *
	(£'000)		
H	6,271	59.59	73.59
I	38,727	56.18**	84.18**
Total	44,998		

* The net asset value total return per share is the aggregate of: (a) total dividends per share paid prior to 30 November 2016; and (b) the net asset value per share as at 30 November 2016. It does not take into account the benefit of any income tax relief obtained by the shareholder.

** Inclusive of the 7p per G share and 7p per I share dividends declared on 18 August 2016, and payable exclusively to G and I shareholders at that date, for payment on 7 April 2017.

Valuation of portfolio

Under the Company's valuation policy, venture capital investments in the Company's portfolio are normally valued at cost for the first 12 months from the date of investment. Thereafter, an appropriate basis of valuation will be used, in line with the International Private Equity and Venture Capital Valuation Guidelines. Unquoted investments in the portfolio are normally revalued bi-annually, as at the Company's half-year end (31 August) and the Company's year-end (28 February), but the valuations are reviewed as at 31 May and 30 November in each year, to ensure that the most recent valuations remain reflective of the fair value of each investment as at that date.

In respect of those portfolio investments held by the Company as at 30 November 2016, the directors of the Company are of the opinion that the previously published valuations as at 31 August 2016 remained appropriate as at 30 November 2016. The investment made after 31 August 2016 has been valued at cost as at 30 November 2016, as explained above.

Despite the valuations of the core growth portfolio remaining unchanged from those published in the half-yearly financial report, it is worth noting the following:

- During the Period, Intent HQ agreed a multi-million pound deal with a major customer, Telefonica UK;

- During the Period, Coolabi entered into an agreement with the Chinese company Alibaba which has acquired an option to make a feature-length film based on Coolabi's "Warrior" titles. Alibaba subsequently announced that it has agreed with David Heyman (producer of - amongst others - the Harry Potter films) that he will be the producer of the Warriors film at the point at which Alibaba exercises the option; and
- After the Period, Mirriad completed a significant fundraising at an enhanced valuation.

The process of valuing the Company's portfolio of investments as at 28 February 2017 will commence shortly.

The Company is not aware of any significant event or transaction which has occurred between 1 September 2016 and 20 January 2017 which has had a material effect on the financial position of the Company and which has not been detailed above.

20 January 2017

For further information, please contact:

- City Partnership, Company Secretary: 0131 243 7210
- Edge Investments, Investment Manager: 020 7317 1300

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