

# Edition EIS Scale Up Tranche

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## EDITION CAPITAL

### Edition EIS:

- Edition Capital (Edition) is an established generalist EIS manager with particular expertise in the leisure sector.
- The team has over 80 years combined experience in Leisure investing, and has a track record of achieving significant upside for previous EIS investors.
- With 34 companies in the portfolio valued at over £250m, the Edition EIS Scale Up Tranche is designed to enable investors to access to an underrepresented sector within EIS, typically dominated by tech and generalist funds.

### Edition Scale Up Tranche:

- **Pre-identified Portfolio** - Giving investors clarity over their investments.
- **Backing Profitable Businesses** - Investing only in businesses delivering both scale up and ongoing cash surplus generating substantial cash flow and revenue.
- **Carry Back** - Full deployment within the 2023/2024 tax year, giving investors clarity on their tax position.
- **Attractive Investment Valuations** - Capital markets for private companies continue to be challenging, driving competitive valuations for investors.
- **Follow-On Investments** - Portfolio includes investments in businesses previously supported during their growth trajectory.
- **Well-Defined Exit Strategy** - Investing only in businesses that have a clearly identified pathway to exit.

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the key risks?

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**1. You could lose all the money you invest**

- If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

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**2. You are unlikely to be protected if something goes wrong**

- Protection from the Financial Services Compensation Scheme (FSOS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSOS investment protection checker:  
<https://www.fscs.org.uk/check/investment-protection-checker>
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection:  
<https://www.financial-ombudsman.org.uk/consumers>

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**3. You won't get your money back quickly**

- Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.
- The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.
- If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

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**4. Don't put all your eggs in one basket**

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments:  
<https://www.fca.org.uk/investsmart/5-questions-ask-you-invest>

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**5. The value of your investment can be reduced**

- The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.
- These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

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If you are interested in learning more about how to protect yourself, visit the FCA's website at <https://www.fca.org.uk/investsmart>

# The Investee Companies

- **VR Entertainment Limited** - Trading as 'Sandbox', VRE is one of the world's leading VR developers offering premium free-rom multiplayer experiences.
- **ScreenDog Productions Limited** - An independent production company, specialising in creating captivating factual content for television and digital platforms.
- **Little Lion Entertainment Limited** - The largest immersive attraction company in the UK, primed to grow into new markets and new projects.
- **Barcade Limited** - Barcade, trading as 'Four Quarters', operates hospitality venues specialising in retro arcade machines, craft beer and cocktails.
- **Morty and Bobs Limited** - Having started in a shared site in Hackney, Morty & Bob's offers modern all-day dining.

\*While due diligence and investment terms have been finalised for each pre-identified investee, final portfolio make-up is subject to possible change to allow the Manager flexibility in the event company performance or status materially changes.



# Edition EIS: Key Features

**Minimum Investment:** £10,000 for advised clients and £25,000 for non-advised clients

**Target Return:** £2 tax free return per £1 invested

**Investment Horizon:** 4 - 7 years

**Diversification:** Target allocation of between 5 - 6 companies (with a minimum of 5)

**HMRC Advanced Assurance:** Received before deployment into companies

**Next Close Date:** 1 April 2024

# Charges

Upfront and ongoing fees paid by investee companies after shares are allotted. Therefore EIS tax reliefs can be claimed on 100% of subscription amount. Please see the Information Memorandum for full details.

- **Upfront Fee:** 2.5% for advised clients (5.5% for non-advised clients, with up to 3% payable as commission to introducing financial intermediaries)
- **Annual Management Fee:** 2% of the total initial investment
- **Performance Incentive Fee:** The Manager will be entitled to 20% of all Fund proceeds in excess of £1.20 per £1 invested
- **Custodian Fee:** 0.15% per annum

The Edition EIS team members have a track record of achieving significant upside for previous EIS Investors.

# The team members have managed and advised on investments exceeding £450m including over £250m of EIS and VCT investments

## Case Study: Impresario Festivals plc

The Team led the creation, development and exit of Impresario Festivals plc ("Impresario"). Operating within the leisure sector, Impresario raised £10m of EIS funds to acquire and develop music festivals, and over a 2 year period acquired 4 brands.

Edition subsequently led the sale of Impresario to radio, media and entertainment group Global for a sum in excess of £28m, which led to a pre-performance fee return of £2.33 for Investors (£2.10 post performance fee).

**\*Important Notice:** Past performance is not necessarily an indicator of future results.



Source: Impresario Festivals plc

Key Fund Details	Minimum subscription:	£10,000 for advised clients and £25,000 for non-advised clients. There is no maximum subscription
	Next close date:	1 April 2024
	Diversification:	Funds will be invested into 5-6 companies, with a minimum of 5 companies
	Liquidity:	Investors will receive distributions from the proceeds of successful realisations as they are made
	Tax advantages:	If you are eligible you may be able to benefit from tax advantages provided by EIS
	EIS3 certificates:	Typically issued for each investment within 3 months of allotment, depending on HMRC turnaround
	Target holding period:	The targeted exit timeframe is 4-7 years

Please read the Information Memorandum for the Fund carefully, specifically the Risk Factors, before making your investment decision and confirm with your independent financial adviser that you do have the expertise, experience and knowledge to properly understand the risks of participating in the Fund.

For further information and copies of the Information Memorandum please contact:

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**Risk Warning:** Prospective investors should note that past performance is not necessarily an indication of future performance. The value of an investment can fall as well as rise and investors may not get back the amount originally invested. Therefore you should only make investments in unlisted companies that you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances; independent advice should therefore be sought. This document is a financial promotion issued by Edition Capital Investments Limited, who are authorised and regulated by the Financial Conduct Authority, FRN 747132.