

CALCULUS VCT PLC

PROSPECTUS

OFFER FOR SUBSCRIPTION

FOR THE TAX YEARS 2018/2019 AND 2019/2020

TO RAISE UP TO £10 MILLION

WITH AN OVER-ALLOTMENT FACILITY OF A FURTHER £5 MILLION

13 SEPTEMBER 2018

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

This document constitutes a prospectus (the "**Prospectus**") dated 13 September 2018 issued by Calculus VCT plc (the "**Company**"), prepared in accordance with the Prospectus Rules made under Section 84 of FSMA and has been approved by the Financial Conduct Authority ("**FCA**") in accordance with FSMA.

The Company and its Directors, whose names appear on page 67 of this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Calculus VCT plc

(Registered in England and Wales under company number 07142153)

Offer for Subscription to raise up to £10 million (with an over-allotment facility of up to a further £5 million) by way of the issue of Ordinary Shares in the Company

In connection with the Offer, Beaumont Cornish Limited (the "**Sponsor**") is acting for the Company and for no-one else and will not (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) be responsible to anyone other than the Company for providing the protections afforded to customers of the Sponsor nor for providing advice in relation to the Offer. The Sponsor is authorised and regulated in the United Kingdom by the FCA.

Calculus Capital Limited ("**Calculus Capital**") is the Company's investment manager in respect of its venture capital portfolio. Calculus Capital will not be responsible to anyone other than the Company for the provision of protections afforded to customers of Calculus Capital nor for providing advice in relation to the Offer. Calculus Capital is authorised and regulated in the United Kingdom by the FCA.

Application will be made to the UKLA for the Offer Shares to be issued pursuant to the Prospectus, to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission will become effective and that trading in the Offer Shares will commence three Business Days following their allotment.

Copies of this Prospectus are (and any supplementary prospectus published by the Company will be) available free of charge from the offices of the Company's manager, Calculus Capital at 104 Park Street, London, W1K 6NF and the Company's solicitors, RW Blears LLP, at 29 Lincoln's Inn Fields, London WC2A 3EG.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 11 to 13.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E.

This summary contains all the Elements required to be included in a summary for the type of shares being issued pursuant to the Prospectus issued by Calculus VCT plc (the “Company”) and the Company being a closed-ended investment fund. Some of the Elements are not required to be addressed and, as a result, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary, it is possible that no relevant information can be given regarding that Element. In these instances, a short description of the Element is included, together with an appropriate ‘Not applicable’ statement.

A		Introduction and warnings
A1	Warning	This summary should be read as an introduction to this document (the “ Prospectus ”). Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the Investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant Investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in such securities.
A2	Consent for intermediaries	The Company and the directors of the Company (the “ Directors ”) consent to the use of the Prospectus by financial intermediaries in the UK, from the date of the Prospectus until the close of the offer for subscription for the tax years 2018/2019 and 2019/2020 (the “ Offer ”) to raise up to £10 million (with an over-allotment facility of up to an additional £5 million) for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offer is expected to close on 30 August 2019, subject to the Offer not having closed at an earlier date (if fully subscribed or otherwise at the Directors’ discretion) or unless previously extended by the Directors. There are no conditions attaching to this consent. Any financial intermediary using the Prospectus is required to state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto. In the event of an offer being made by a financial intermediary, financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.
B		Issuer
B1	Legal and commercial name	Calculus VCT plc (the “ Company ”).
B2	Domicile / Legal form / Legislation / Country of incorporation	The Company is a public limited liability company which is registered in England and Wales with registered number 07142153. The principal legislation under which the Company operates is the Companies Act 2006 (the “ Act ”) and the regulations made thereunder.
B5	Group description	Not applicable. The Company is not part of a group.

B6	Material Shareholders / Different voting rights / Control	<p>All shareholders in the Company (the “Shareholders”) have the same voting rights in respect of the existing share capital of the Company.</p> <p>As at 12 September 2018 (being the latest practicable date prior to the publication of this document), Mr Alistair Watson held 645,499 shares in the Company (4.4%) and Mr Paul Inglett held 525,584 shares in the Company (3.6%). Both of these shareholdings are notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more must be notified to the Company).</p>																																																																																												
B7	Selected financial information and statement of any significant changes	<p>Certain key historical information of the Company is set out below:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Audited year end to 29 February 2016</th> <th style="text-align: center;">Audited year end to 28 February 2017</th> <th style="text-align: center;">Audited year end to 28 February 2018</th> </tr> </thead> <tbody> <tr> <td>Net Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund</td> <td></td> <td></td> <td style="text-align: right;">£10,130,000</td> </tr> <tr> <td>original ordinary Share Fund:</td> <td style="text-align: right;">£1,486,000</td> <td style="text-align: right;">£978,000</td> <td></td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">£1,492,000</td> <td style="text-align: right;">£502,000</td> <td></td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">-</td> <td style="text-align: right;">£6,943,000</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">£2,978,000</td> <td style="text-align: right;">£8,423,000</td> <td style="text-align: right;">£10,130,000</td> </tr> <tr> <td>Total return before tax</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td></td> <td></td> <td style="text-align: right;">£(273,000)</td> </tr> <tr> <td>original ordinary Share Fund</td> <td style="text-align: right;">£(384,000)</td> <td style="text-align: right;">£(176,000)</td> <td></td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">£(161,000)</td> <td style="text-align: right;">£16,000</td> <td></td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">-</td> <td style="text-align: right;">£(178,000)</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">£(545,000)</td> <td style="text-align: right;">£(338,000)</td> <td style="text-align: right;">£(273,000)</td> </tr> <tr> <td>Net asset value per Share</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td></td> <td></td> <td style="text-align: right;">87.0p</td> </tr> <tr> <td>original ordinary Share Fund:</td> <td style="text-align: right;">31.4p</td> <td style="text-align: right;">20.6p</td> <td></td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">77.3p</td> <td style="text-align: right;">26.0p</td> <td></td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">-</td> <td style="text-align: right;">92.4p</td> <td></td> </tr> <tr> <td>Dividends paid per Share</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td></td> <td></td> <td style="text-align: right;">4.25p</td> </tr> <tr> <td>original ordinary Share Fund:</td> <td style="text-align: right;">27.05p*</td> <td style="text-align: right;">7.0p</td> <td style="text-align: right;">7.0p</td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">4.5p</td> <td style="text-align: right;">52.1p</td> <td style="text-align: right;">3.0p</td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">n/a</td> <td></td> <td></td> </tr> </tbody> </table> <p>* Including special dividends</p> <p>Save as noted above, both during the financial periods referred to above and in the period between 28 February 2018 and the date of publication of the Prospectus, there has been no significant change to the Company's financial condition or operating results.</p>		Audited year end to 29 February 2016	Audited year end to 28 February 2017	Audited year end to 28 February 2018	Net Assets				Ordinary Share Fund			£10,130,000	original ordinary Share Fund:	£1,486,000	£978,000		C Share Fund:	£1,492,000	£502,000		D Share Fund:	-	£6,943,000		Total	£2,978,000	£8,423,000	£10,130,000	Total return before tax				Ordinary Share Fund:			£(273,000)	original ordinary Share Fund	£(384,000)	£(176,000)		C Share Fund:	£(161,000)	£16,000		D Share Fund:	-	£(178,000)		Total	£(545,000)	£(338,000)	£(273,000)	Net asset value per Share				Ordinary Share Fund:			87.0p	original ordinary Share Fund:	31.4p	20.6p		C Share Fund:	77.3p	26.0p		D Share Fund:	-	92.4p		Dividends paid per Share				Ordinary Share Fund:			4.25p	original ordinary Share Fund:	27.05p*	7.0p	7.0p	C Share Fund:	4.5p	52.1p	3.0p	D Share Fund:	n/a		
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B8	Key pro forma financial information	Not applicable. There is no pro forma financial information in the Prospectus.																																																																																												
B9	Profit forecast	Not applicable. There is no profit forecast in the Prospectus.																																																																																												

B10	Qualifications in the audit report	Not applicable. There were no qualifications in the Company's audit reports for periods ended 29 February 2016, 28 February 2017 or 28 February 2018.
B11 B34	Insufficient working capital Investment objective and policy, including investment restrictions	<p>Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve-month period from the date of this document.</p> <p><i>Investment Objective</i></p> <p>The Company's principal objectives for Investors are to:</p> <ul style="list-style-type: none"> • invest in a portfolio of venture capital investments that will provide investment returns sufficient to allow the Company to maximise annual dividends and with the goal of capital growth over the medium to long term; • generate sufficient returns from a portfolio of venture capital investments that will provide attractive long-term returns within a tax efficient vehicle; • review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and • maintain VCT status to enable qualifying Investors to retain their income tax relief of up to 30% on the initial investment and receive tax-free dividends and capital growth. <p><i>Investment Policy</i></p> <p>It is intended that a minimum of 75% of the monies raised by the Company will be initially invested in a variety of investments which will be selected to preserve capital value, whilst generating income, and may include:</p> <ul style="list-style-type: none"> • bonds issued by the UK Government; • fixed income securities issued by major companies and institutions; • liquidity funds; and • fixed deposits with counterparty credit rating of not less than A minus (Standard & Poor's rate)/A3 (Moody's rated). <p>The Company's policy is to build a diverse portfolio of VCT qualifying investments of primarily established unquoted companies across different industries and investments which may be by way of loan stock and/or fixed rate preference shares as well as ordinary shares to generate income. The amount invested in any one sector and any one company will be no more than 20% and 10% respectively of the qualifying portfolio. These percentages are measured as at the time of investment. The Board and its Manager, Calculus Capital Limited, will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain its VCT status.</p> <p>Where investment opportunities arise in one asset class which conflict with assets held or opportunities in another asset class, the Board will make the investment decision. Under its Articles, the Company has the ability to borrow a maximum amount equal to 25% of the aggregate amount paid on all shares issued by the Company (together with any share premium thereon). The Board will consider borrowing if it is in the Shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis for cashflow purposes and to facilitate the payment of dividends and expenses.</p> <p>The Company will not vary the investment objective or the investment policy, to any material extent, without the approval of Shareholders. The Company is a generalist VCT investing in a wide range of sectors.</p>

B35	Borrowing limits	The Company has the ability to borrow a sum equal to 25% of the gross assets of the Company. The Board will consider borrowing if it is in the interests of Shareholders to do so.
B36	Regulatory status	The Company is subject to the CA 2006 and the regulations made thereunder, and in the UK generally, its shares are listed on the premium segment of the Official List and, as a qualifying VCT, it is subject to regulation by HMRC in order to retain such status.
B37	Typical investor	A typical investor in the Company will be a retail investor who is a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £5,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
B38	Investments of 20% or more in a single company	Not applicable. The Company does not and will not hold any investments which represent more than 20% of its gross assets in a single company or group at the time of investment.
B39	Investments of 40% or more in a single company	Not applicable. The Company does not and will not hold any investments which represent more than 40% of its gross assets in a single company or group at the time of investment.
B40	Service providers	<p>Calculus Capital Limited ("Calculus Capital" or the "Manager") acts as the investment manager, fund administrator and company secretary to the Company and receives an annual fee of 1.75% of the attributable net assets of the Ordinary Shares and a company secretarial fee of £15,000 plus VAT per annum.</p> <p>Calculus Capital provides a total cap on annual expenses of the Company (excluding irrecoverable VAT, annual trail commission and performance incentive fees) equal to 3.0% of the NAV of the Ordinary Shares at the relevant financial year end.</p> <p>In addition, Calculus Capital will be entitled to a promoter's fee in relation to the Offer. The promoter's fee is calculated at either 3.0% or 5.0% of the NAV per Share issued to an Investor pursuant to the Offer dependent upon the type of Investor.</p> <p>Each of Calculus Capital and Investec Structured Products, the former manager of the Company's structured products portfolio, are entitled to performance incentive payments once Shareholders have received distributions of at least 105p per £1 invested.</p>
B41	Regulatory status of Calculus Capital	Calculus Capital is a private company registered in England and Wales with registered number 03861194. Calculus Capital is authorised and regulated by the Financial Conduct Authority, with registration number 190854.
B42	Calculation of net asset value	The Company's net asset value is calculated every quarter and published on an appropriate regulatory information service. If for any reason valuations are suspended, Shareholders will be notified in a similar manner.
B43	Umbrella collective investment scheme	Not applicable. The Company is not part of an umbrella collective investment scheme.
B44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.

B45	Investment portfolio	The Company invests in a portfolio of UK smaller companies in order to generate income and capital growth over the medium to long term. A summary of the Company's portfolio is set out below (based on the latest unaudited management accounts).		
B46	Most recent NAV per Share	Unaudited NAV per Ordinary Share at 31 July 2018 (p)	Number of investments as at 31 July 2018	Carrying value of investments as at 31 July 2018
		80.67	26 (excl liquidity funds)	£8,513,121
C		Securities		
C1	Description and class of securities and authority	The securities being offered pursuant to the Offer are Ordinary Shares of 1 penny each ("Ordinary Shares") (ISIN: GB00BYQPF348).		
C2	Currency	The Company's share capital currently comprises Ordinary Shares of 1 penny each (GBP).		
C3	Shares in issue	As at the date of this Prospectus there are 14,588,859 Ordinary Shares in issue (all fully paid up). The maximum number of Offer Shares to be issued pursuant to the Offer is 21 million (assuming the over-allotment facility is utilised in full).		
C4	Description of the rights attaching to the securities	The Offer Shares will rank equally with each other and with the existing Ordinary Shares with respect to voting and the right to receive distributed income and capital from the assets of the Company.		
C5	Restrictions on transfer	The Offer Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.		
C6	Admission	Application will be made to the UKLA for the Offer Shares to be listed on the Official List and will be made to the London Stock Exchange for such Offer Shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the Offer shares will commence three Business Days following allotment.		
C7	Dividend policy	The Board's policy is to maintain whenever possible a steady flow of tax-free dividends, generated from income or capital profits realised on the sale of investments. The Board has a stated objective of paying annual dividends equal to 4.5% of the NAV, at the end of each financial year, of the Ordinary Shares.		

D		Risks
D1	Key information on the key risks specific to the Company or its industry	<ul style="list-style-type: none"> • There can be no guarantee that the Company will meet its objectives, identify suitable investment opportunities or be able to diversify its portfolio. • The past performance of investments made by the Company or other funds managed or advised by Calculus Capital should not be regarded as an indication of the performance of investments to be made by the Company. • Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Company and/or its ability to achieve or maintain VCT status. • There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it will not be in a position to fully to protect its interests. • The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the Company's portfolio. The value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult or impossible and may take considerable time. • Where more than one of the funds managed or advised by Calculus Capital wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash available for investment by each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment where the incumbent investor will have priority. • Investments in unquoted companies, by their nature, involve a higher degree of risk than investments in larger "blue chip" companies and their securities are not readily marketable and may be difficult to realise.
D3	Key information on the key risks specific to the securities	<p><i>The Securities</i></p> <ul style="list-style-type: none"> • Although the existing Ordinary Shares issued by the Company have been (and it is anticipated that the Offer Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and Investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. • If an Investor who subscribes for Offer Shares disposes of those Offer Shares within five years, the Investor is likely to be subject to clawback by HMRC of any income tax relief originally obtained on subscription.
E		Offer
E1	Offer net proceeds	The Company is proposing to raise up to £10 million pursuant to the Offer (with an over-allotment facility of up to an additional £5 million). The total initial expenses of the Offer (assuming full subscription by direct Investors only and no utilisation of the over-allotment facility) will be 5.0% of the gross proceeds and the total net proceeds are therefore estimated to be £9.5 million.
E2a	Reasons for the Offer and use of proceeds	The additional funds raised under the Offer will be invested in accordance with the Company's investment policy.

E3	Terms and conditions of the Offer	<p>Offer Shares issued under the Offer will be issued at an offer price determined by the pricing formula set out below (rounded up to nearest 0.1p).</p> <p>The number of Offer Shares to be issued to each Applicant will be calculated based on the following pricing formula (rounded down to the nearest whole Share):</p> $\text{Number of Offer Shares} = \frac{\text{Amount subscribed} - \text{(i) less Promoter's Fee} - \text{(ii) less Initial Adviser Charge / Initial Commission plus (iii) plus applicable early application and/or loyalty discount}}{\text{NAV}^*}$ <p><i>*The NAV will be the most recently published NAV per Share on the day of the allotment, adjusted for dividends declared and for which the record date for payment has passed at the time of allotment.</i></p> <p>The proceeds of the Offer will be invested in accordance with the Company's investment policy.</p>
E4	Description of any interest that is material to the issue	Not applicable. There are no interests that are material to the issue.
E5	Name of persons selling securities	Not applicable. No entity is selling securities in the Company.
E6	Amount and percentage of immediate dilution	If the Offer is fully subscribed and approximately 14 million new Ordinary Shares are issued, the existing 14,588,859 shares in issue would represent approximately 51.03% of the share capital of the Company. As such, the existing Ordinary Shares will be diluted in terms of their voting power but Shareholders who do not subscribe will suffer no dilution as to the NAV of their Shares (save in respect of the cost of trail commission and the early incentive and loyalty bonuses met by the Company) as the pricing formula ensures that Offer Shares are issued primarily on a "NAV plus costs" basis.
E7	Expenses charged to the Investor	<p>For applications under the Offer received from certain non-advised Investors, professional client Investors and/or direct Investors, the costs of the Offer will be 5.0% of the gross proceeds from (or funds invested through) that Investor's application which will cover Calculus Capital's fee as promoter of the Offer and, where applicable, commission of 2.0% to authorised intermediaries. The Company will be responsible for paying trail commission where permissible.</p> <p>For applications received from retail client Investors and certain non-advised Investors, the Investor will pay Calculus Capital's 3.0% fee as promoter of the Offer and the Company will facilitate any agreed Adviser Charge which the Investor has negotiated with their financial intermediary.</p> <p>In each case, the costs applicable to a particular Investor will be accounted for via a reduction in the number of Offer Shares the Investor will receive, calculated in accordance with the pricing formula.</p>

RISK FACTORS

Shareholders and prospective shareholders should consider carefully the following risk factors in addition to the other information presented in this document and the Prospectus as a whole. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or Investors in the Company will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and Investors could lose part or all of their investment. Investors who are in any doubt should consult their independent financial adviser. The attention of prospective Investors is drawn to the following risks:

Risks related to the Company

- The Company is a venture capital trust and whilst it and its Investors benefit from a number of tax advantages, the levels and bases of reliefs from taxation may change and changes could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors. The Company's objectives have been set on the basis that all Investors obtain 30% VCT income tax relief on their subscriptions. Therefore, investment in the Company may not be suitable for Investors who do not qualify for the full 30% VCT income tax relief.
- The past performance of investments made by the Company or other funds managed by Calculus Capital should not be regarded as an indication of the performance of investments to be made by the Company. The Company has achieved a number of successful exits in recent years and will look to continue this trend but this cannot be guaranteed and macro-economic changes such as Brexit could lead to fewer willing buyers and a reduction in exit values.
- Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the prospects of investee companies as well as the operation of the Company itself and/or its ability to maintain VCT status. The Company has not had significant exposure to energy infrastructure investments and management buy outs which have been prohibited by recent changes to the VCT rules and the Company and the Manager believe the Company is unlikely to be adversely effected by any further legislative changes to the venture capital trust scheme.
- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the Company's portfolio. The Company's investment focus is on relatively young, unquoted trading companies and its strategy is that of a private equity manager seeking to create value by actively managing and supporting investee companies. The Company tends to make private equity style investments in genuine third party businesses (as opposed to structured investments in SPVs) so its relationships with external management teams is paramount to the success of its investments. However, the value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of the Company which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds raised must be invested in smaller, earlier stage companies which meet a number of criteria as to their size and activities as set out in the Income Tax Act 2007.
- Changes to the VCT Rules in respect of investments made on or after 15 March 2018 have meant that VCTs may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company irrespective of whether the return takes the form of income, capital growth, fees, other payments or anything else. Whilst the Company has historically invested almost exclusively in companies that it believes would meet this criterion, the new restriction has placed further emphasis on the requirement that VCT investments not be made with capital preservation in mind but instead to fuel the growth of genuine trading companies with the attendant higher risk that entails.

- Further recent changes to the VCT Rules have prohibited the making of secured loans by VCTs. Future loan capital held by the Company will therefore be unsecured and will rank behind secured creditors of the investee company in question. As loan capital investments by a VCT are separately restricted to a maximum of 30% of any new investment, and investee companies tend not to be able to provide significant assets against which to secure loans in any case, the Board do not feel that this restriction should materially increase the risk profile of an investment in the Company.
- Changes to the VCT Rules in 2016 placed restrictions on the range of investments into which the Company can deploy funds in the future and included a 7-year maximum age limit on investee companies (10 years in the case of 'knowledge intensive' companies) and a lifetime investment limit of no more than £12 million (£20 million in the case of 'knowledge intensive' companies) of tax advantaged risk finance which can be invested in a single company. VCT non-qualifying portfolios are also now restricted to a limited range of liquidity management investments. These legislative changes mean the Company is required to invest in younger businesses than has previously typically been the case, potentially exposing the Company to a higher risk profile, and also limiting the Company's ability to make new investments or make further investments into existing portfolio companies, which may negatively impact the Company's ability to support portfolio companies. The penalty for breaching some of these new rules is loss of VCT status, so the Company and its Investors may face a higher risk of the loss of tax benefits than previously. The Directors believe that, while acknowledging the additional risks that these rules have introduced, the Company has been able to satisfactorily adapt and that they should not have a significant impact on the performance of the Company.
- There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. As the Company is required to invest new capital within specific time periods (including 30% of new monies raised within 12 months of the end of the accounting period in which the monies are raised), this may lead to pressure to make less attractive investments sooner rather than wait for better ones. The Company will seek to manage this risk by reviewing a large number of potential investments well within the time frame allowed and by applying strict quality control and due diligence measures.
- Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it will not be in a position to fully to protect its interests. Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.
- Where more than one of the funds managed or advised by Calculus Capital wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash available for investment by each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment in which case the incumbent investor may have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure, the proposed structure of the investment and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in Qualifying Companies (rising to 80% in respect of the accounting period commencing on 1 March 2020) and the Manager may depart from this basis of allocation if, in its absolute discretion, it considers it appropriate to do so having regard to the overall investment policy of each fund and the benefit of creating diversity within the portfolios of Investors. This may mean that a particular fund may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.
- While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.

- There may be adverse consequences to the Company or the companies in which it invests as a result of Brexit. There has been much debate on the possible impact on trade between the European Union and the UK following the Brexit vote and how this will impact UK businesses. It is too early to estimate the impact and the Board is not in a position to anticipate what this might be. Additionally, many parts of the current VCT legislation have resulted from EU Directives relating to State aid, but the Board does not believe that post Brexit the amending of VCT legislation will be a priority for the UK Government.

Risks relating to the Company's Ordinary Shares (including the Offer Shares)

- Although the existing Shares issued by the Company have been (and it is anticipated that the Offer Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market for these Shares as there is a limited secondary market for VCT shares and Investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may be exacerbated by the unavailability of income tax relief on "second hand" VCT shares. This is true of all VCT shares. If the Company lacks sufficient cash reserves to purchase its own Shares and during prohibited periods when the Company is unable to purchase its own Shares the market price of Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value.
- If an Investor who subscribes for Shares disposes of those Shares within five years, the Investor is likely to be subject to clawback by HMRC of any income tax relief originally obtained on subscription. While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective Investors should carefully review the "Risk Factors" above for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 2 of Part 3 of this document (Financial Information on the Company).

Forward-looking statements contained in this document and any document incorporated herein by reference apply only as at the date of this document. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules or the Prospectus Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments

EXPECTED OFFER TIMETABLE, STATISTICS AND COSTS

Indicative Offer Timetable

Offer opens	13 September 2018
Closing date (for 2018/19 tax year)	3 April 2019
Closing date (for 2019/20 tax year)*	30 August 2019
First allotment	no later than 5 April 2019
Effective date for the listing of Offer Shares and commencement of dealings	three Business Days following allotment
Share certificates and tax certificates to be dispatched	ten Business Days following allotment

* The Directors reserve the right to extend the closing date at their discretion. The Offer will close earlier than the date stated above if fully subscribed or otherwise at the Directors' discretion.

Offer Statistics

Maximum amount to be raised by the Company*	£10 million
Unaudited NAV per Share as at 31 July 2018	80.67p
Maximum number of Offer Shares to be issued**	14.0 million
Estimated net proceeds of the Offer**	£9.5 million
Discount for applications received by 1 February 2019***	0.5%
Discount for applications received from existing Investors in the Company***	0.5%

* The Directors reserve the right to increase the size of the Offer by up to an additional £5 million.

** Approximate figure, assuming full subscription, no use of the over-allotment facility and total Offer costs of 5% of funds raised.

*** Discounts to funds invested for early applications and for existing Investors in the Company will be applied through an increase in the number of Offer Shares allocated via the Pricing Formula.

Offer Costs and Commissions

Advised Investors

Promoter's Fee	3.0% of funds invested
Adviser charge	as agreed between Investor and Intermediary

Non-Advised Investors (through Intermediaries)

Promoter's Fee	3.0% of funds invested
Commission*	2.0% of funds invested up front 0.5% trail per annum based on year end NAV (maximum of 3.0% of funds invested)

Direct Investors (those without an Intermediary)

Promoter's Fee	5.0% of funds invested
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* Commission will only be paid where it can be justified in accordance rules on inducements introduced by MiFID II. The above table provides a summary only and does not consider all situations where commission may or may not be payable.

DEFINITIONS

In this Prospectus, the following expressions have the following meanings:

"2017 Offer"	the Offer for subscription for Ordinary Shares launched in 2017 which closed on 1 August 2018
"Admission"	the date on which the Offer Shares are listed on the Official List of the UK Listing Authority and admitted to dealing on the LSE's main market for listed securities
"Annual Report"	the annual report and financial statements of the Company for the year ended 28 February 2018
"Articles"	the articles of association of the Company, as amended from time to time
"Board" or "Directors"	the board of directors of the Company
"Brexit"	the UK's decision in a referendum on 23 June 2016 to leave the European Union
"Business Day"	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in the City of London
"CA 2006"	Companies Act 2006, as amended
"Circular"	the circular issued by the Company to Shareholders dated 13 September 2018
"Class Merger"	the merger of the Old Ordinary Shares, C Shares and D Shares to create the current Ordinary Share class of the Company which completed on 31 July 2017
"Company" or "Calculus VCT"	Calculus VCT plc (company number: 07142153)
"C Shares"	the C ordinary shares of the Company that were in issued prior to the completion of the Class Merger
"D Shares"	the D ordinary shares of the Company that were in issued prior to the completion of the Class Merger
"Existing Shareholders"	holders of Shares as at the date of this Prospectus
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting" or "Meeting"	the general meeting of the Company to be held on 9 October 2018 convened in accordance with notice set out in the Circular
"HMRC"	HM Revenue & Customs
"IA 1986"	Insolvency Act 1986, as amended
"Investor"	an individual who subscribes for Offer Shares pursuant to the Offer
"ITA 2007"	Income Tax Act 2007, as amended
"Listing Rules"	the listing rules of the UKLA
"London Stock Exchange" or "LSE"	London Stock Exchange plc

“Manager” or “Calculus Capital”	Calculus Capital Limited, the Company’s investment manager in respect of its venture capital portfolio
“NAV”	net asset value
“Neptune”	Neptune-Calculus Income and Growth VCT plc (in liquidation)
“Neptune Merger”	the merger of the Company with Neptune which completed on 12 September 2017
“Offer”	the Offer to raise up to £10 million (with an over-allotment facility of up to an additional £5 million) by issues of new Ordinary Shares in the capital of the Company, as set out in this Prospectus
“Offer Shares”	the new Ordinary Shares to be issued pursuant to the Offer
“Official List”	the official list of the UKLA
“Old Ordinary Shares”	the ordinary shares of the Company that were in issue prior to the completion of the Class Merger
“Overseas Shareholders”	Shareholders who are not resident in the UK
“Prospectus”	this document
“Shareholder”	a holder of Shares
“Shares” or “Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 of the Financial Services and Market Act 2000
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts

PART 1

OFFER FOR SUBSCRIPTION

The case for investing in venture capital investments remains as strong as it was at the launch of the Company. We believe that the current economic climate presents Investors with an excellent opportunity. Bank lending remains constrained, which means that even high quality, well managed smaller companies are finding it difficult to raise funds for expansion. There is continued governmental support of VCT and EIS as a strategy for growth for small private companies – arguably the backbone of the UK economy. In contrast, there remains uncertainty around the future for tax reliefs on pension contributions.

Calculus VCT, with its focus on investing in these small and growing businesses, is ideally positioned and set up to benefit from the investment opportunities available. Accordingly, the Company is launching the Offer to source additional funds to invest in venture capital opportunities for the benefit of existing and new Shareholders.

The key points of the Offer are set out below:

- **Tax Benefits** – under current legislation Investors in the Company will have access to generous tax incentives, subject to a maximum investment of £200,000 per individual per tax year:
 - 30% income tax relief will be available on the value of the Offer Shares subscribed for, providing they are held for at least five years and you have not sold any shares in the Company six months either side of the issue of the new shares;
 - Capital gains on VCT shares are tax-free;
 - Tax-free dividends: the Company's target dividend equates to a tax-free yield of 6.1% p.a. on the current offer price net of 30% income tax relief. It should be noted that there is no guarantee of dividend levels and no profit forecast or estimate is made.
- **Experience of the Venture Capital Investment Manager** – Calculus Capital is an experienced EIS and VCT fund manager and a pioneer in the tax efficient arena, having launched its first approved EIS fund in 1999/2000. Calculus Capital had £164 million funds under management as at 31 July 2018 and a strong track record of profitable exits.
- **Record of delivering dividends to Shareholders** – the Company has to date paid an annual dividend of 4.5% of NAV per Ordinary Share and per D Share (since the creation of the D Shares in 2015). Prior to the merger of the classes of the Company in 2017, it had paid cumulative dividends per Old Ordinary Share of 84.1p and 73.1p per C Share.
- **Investment Strategy** – The Company, managed by Calculus Capital, primarily invests in established businesses, with capable and experienced management teams, over a range of sectors. In advance of investing of VCT qualifying investments, the Company will invest in assets selected to preserve capital value whilst generating income.
- **Early application and loyalty benefits** – Applications received by 1 February 2019 will benefit from a 0.5% early application discount. Additionally, existing Shareholders who apply will receive an 0.5% loyalty discount.

If you wish to invest, please read the whole Prospectus and complete the Application Form which is available separately from Calculus Capital (www.calculuscapital.com). If Investors have any questions regarding this investment they should contact their financial intermediary. For questions relating to an application, please telephone Calculus Capital on 020 7493 4940 or send an email to info@calculuscapital.com. Investors should note that no investment advice can be given by Calculus Capital and their attention is drawn to the risk factors set out on pages 11 to 13 of this document.

The independent Directors, each of whom is an investor in the Company, have appointed Calculus Capital to manage the Company's venture capital investments because of its excellent track record and experience of tax efficient investing.

Background to the Offer

VCTs were introduced in 1995 to encourage individuals to invest indirectly in a range of small and growing UK trading companies. VCTs are investment companies whose shares are listed on the Official List and traded on the London Stock Exchange. To date, over £7.4 billion has been raised by VCTs and £728 million was raised by VCTs in the 2017/8 tax year.

VCTs were created so that their investors could benefit from a spread of VCT qualifying investments under the supervision of professional managers who can contribute valuable experience, contacts and advice to the businesses in which they invest. For the tax benefits to be available, VCTs are required to be approved by HM Revenue & Customs for the purposes of the venture capital trust legislation. VCTs are entitled to exemption from corporation tax on any gains arising on the disposal of their investments and such gains may be distributed tax-free to Investors. Dividends and capital distributions from VCTs are currently tax-free, subject to a maximum investment of £200,000 per individual per tax year and no change in VCT regulations.

Terms of the Offer

The Offer opens on 13 September 2018 and will close at 5.00pm on 30 August 2019, unless extended. The Offer is conditional on the relevant resolutions being passed by Shareholders at the General Meeting. Applications will be accepted (in whole or part) at the discretion of the Board, but the Board intends to meet applications on a 'first come, first served' basis.

The Offer Shares will be issued at a price determined for each Investor by reference to a pricing formula which takes into account the level of Promoter's Fee, Adviser Charge/commission and early application/loyalty discount which is applicable to that Investor.

Investors whose applications are received by 1 February 2019 will benefit from a 0.5% early application discount based on gross funds invested. Existing Shareholders who apply will receive an additional 0.5% loyalty discount based on gross funds invested.

The minimum investment by an Investor under the Offer is £5,000 including any fee facilitation amount (subject to the Directors' discretion to accept any lower amount).

Fractions of Offer Shares will not be issued. Subscription monies of £5 or more not used to acquire Offer Shares will be refunded.

Pricing Formula

The number of Offer Shares to be issued to an Investor shall be calculated based on the following Pricing

Formula (rounded down to the nearest whole Share):

$$\begin{array}{l} \text{Number of} \\ \text{Offer Shares} \end{array} = \begin{array}{l} \text{Amount subscribed:} \\ \text{(i) Less Promoter's Fee} \\ \text{(ii) Less Initial Adviser Charge/initial} \\ \text{Commission} \\ \text{(iii) Plus Applicable early application and/} \\ \text{or loyalty discount} \end{array} \div \text{NAV}^*$$

**The NAV will be the most recently published NAV per Share on the day of the allotment, adjusted for dividends declared and for which the record date for payment has passed at the time of allotment.*

Offer Costs

The Company, through the mechanism of the Pricing Formula, will pay to Calculus Capital a fee of up to:

- 3.0% of the funds invested by Investors who subscribe through authorised intermediaries; and
- 5.0% of funds invested by Investors who subscribe directly

in consideration of its acting as Promoter of the Offer. The Company shall pay 2.0% initial commission of funds invested to the financial intermediaries of certain non-advised Investors (subject to the application of rules on inducements introduced by MiFID II) and certain professional client Investors, subject to such intermediaries' election to waive such commission and reinvest it for additional Offer Shares on behalf of their clients. In addition, the Company shall, pursuant to the terms of the Offer, pay an annual trail commission of 0.5% per annum based on the year end NAV of the Offer Shares, subject to a cumulative maximum of 3.0% of the amount subscribed for them, to the authorised intermediaries of eligible non-advised Investors and certain professional client Investors. The Company will be responsible for paying such initial commission and Adviser Charge facilitation payments to financial intermediaries as are calculated in accordance with the Pricing Formula set out above. Other than the above Promoter's Fees, initial commission, trail commission and Adviser Charge facilitation payments, all costs, charges and expenses of or incidental to the Offer shall be paid by the Promoter from the Promoter's Fee.

The net proceeds for the Company from the Offer, assuming full subscription but ignoring the over-allotment facility, Offer costs of 5.0% and ignoring reinvested commission and early investment/loyalty bonuses, will therefore amount to approximately £9.5 million.

Standing Order Investment

Investors can now purchase the Company's shares by monthly standing order. Investors simply need to complete the 'standing order' section in the Application Form and the Company will collect this amount from the Investor's nominated bank account via standing order on or around day 14 of every month. Upon setting up the standing order, Investors must ensure that they will reach the minimum investment amount under the Offer of £5,000 by the time the Offer closes. At roughly three-monthly intervals, this money will be used to purchase Offer Shares. Share and tax certificates will be sent shortly after the regular share allotment dates which are currently scheduled for: December (2018/19 tax year), April (2018/19 tax year), and August (2019/20 tax year).

If the Offer proves popular and looks to be reaching capacity early, the Company will stop taking new applications but will keep collecting money and allotting Offer Shares for existing standing order customers. The Company aims to continue these collections until the Offer formally closes on 30 August 2019. Once the Offer has closed, Investors will be contacted and asked whether they would like monies collected after the Offer has closed to be returned or, on the assumption that the Company launches another offer (a "New Offer"), whether they would like to continue with the standing order. If an Investor would like to continue with the standing order they will be sent a copy of the Prospectus and application form for the New Offer to confirm their wish to continue investing.

Investment Objective and Policy

Investment Objective

The Company's principal objectives for Investors are to:

- invest in a portfolio of venture capital investments to provide investment returns sufficient to allow the Company to maximise annual dividends and with the goal of capital growth over the medium to long term;
- generate sufficient returns from a portfolio of venture capital investments that will provide attractive long-term returns within a tax efficient vehicle;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable qualifying Investors to retain their income tax relief of up to 30% on the initial investment and receive tax-free dividends and tax-free capital growth.

Investment Policy

It is intended that a minimum of 75% of the monies raised by the Company will be initially invested in a variety of investments which will be selected to preserve capital value, whilst generating income, and may include:

- bonds issued by the UK Government;
- fixed income securities issued by major companies and institutions; and

- liquidity funds; and
- fixed deposits with counterparty credit rating of not less than A minus (Standard & Poor's rate)/ A3 (Moody's rated).

The Company's policy is to build a diverse portfolio of VCT qualifying investments of primarily established unquoted companies across different industries and investments which may be by way of loan stock and/or fixed rate preference shares as well as ordinary shares to generate income. The amount invested in any one sector and any one company will be no more than 20% and 10% respectively of the qualifying portfolio. These percentages are measured as at the time of investment. The Board and its Manager, Calculus Capital, will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status.

Under its Articles, the Company has the ability to borrow a maximum amount equal to 25% of the aggregate amount paid on all shares issued by the Company (together with any share premium thereon). The Board will consider borrowing if it is in the Shareholders' interests to do so., The Company may borrow on a short-term to medium-term basis for cashflow purposes and to facilitate the payment of dividends and expenses.

The Company will not vary the investment objective or the investment policy, to any material extent, without the approval of Shareholders. The Company intends to be a generalist VCT investing in a wide range of sectors.

Risk Diversification

The Board controls the overall risk of the Company. Calculus Capital will ensure the Company has exposure to a diversified range of venture capital investments from different sectors.

Investment Restrictions

The Company is subject to the investment restrictions relating to a venture capital trust in the ITA 2007, as more particularly detailed in Part 5 of the Prospectus, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out above; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10% in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of the Company will require the approval of the Shareholders pursuant to the Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and maintain its status as a premium listed closed ended investment fund and accordingly:

- a) the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
- b) the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
- c) none of the investments at the time of acquisition will represent more than 15% by value of the Company's investments; and
- d) not more than 20% of the Company's gross assets will at any time be invested in the securities of property companies.

In the event of a breach of the investment restrictions which apply to the Company as described in this paragraph, Shareholders will be informed by means of the interim and/or the annual report or through a public announcement.

Co-Investment Policy

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return

for each fund. The terms of the investments may differ between the parties. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors, designated members and committees.

Dividend Policy

A privileged feature of a VCT, not available to an investment trust, is the ability to distribute net realised capital profits tax-free to Investors. The Company intends to take full advantage of this by paying out gains arising from successful realisations of investments.

The Board has a stated objective of paying annual dividends equal to 4.5% of the prevailing NAV of the Ordinary Shares per annum. This will be subject to investment performance, availability of distributable reserves and the need to retain cash for investment purposes and annual running costs. Returns will be dependent on the performance of the portfolio of the Company's Investments. The Board will review the Company's dividend policy annually to take account of the performance of its investments. Calculus Capital will focus on investing in companies where an exit within 3-5 years through a trade sale or flotation is reasonably foreseeable. It is intended that any profits made on the disposal of investments will be distributed to Shareholders, to the extent that this is prudent. To enable the Company to pay the intended annual dividend, Calculus Capital will invest by way of loan stock and/or fixed rate preference shares as well as ordinary shares.

Buyback Policy

The Board is aware that although the Offer Shares are intended to be traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market for such shares as there is a limited secondary market for VCT shares due to the holding period required to maintain up-front income tax reliefs and the lack of income tax relief on "second hand" VCT shares. Shareholders may, therefore, find it difficult to realise their investments.

The Board, therefore, considers that the Company should have the ability to purchase its Shares in the market with the aim of providing the opportunity for Shareholders who wish to sell their Shares to do so. Subject to maintaining a level of liquidity in the Company which the Board considers appropriate, it is the intention that such purchases of Shares will be made at a price which represents a discount of no greater than 5% (or 10% in respect of buybacks made on or before 28 February 2020) to the most recently published net asset value per share. Shares bought back will be cancelled.

Share buybacks will be subject to Shareholder authorities, CA 2006, the Listing Rules and the VCT Rules and any other statutory or regulatory requirements from time to time.

The Board

The Board comprises five non-executive Directors, four of whom (including the Chairman) are independent of the Manager. The Board has substantial experience of venture capital businesses and overall responsibility for the Company's affairs, including determining the investment policy of the Company. John Glencross is a director of Calculus Capital.

Michael O'Higgins (64) (Chairman)

Michael O'Higgins is an experienced private Investor with significant EIS and VCT holdings. Michael is Chairman of the Local Pensions Partnership (with over £13bn of assets under pooled management), as well as a non-executive director of the pensions company Hedgehog. He is also Chairman of the Channel Islands Competition and Regulatory Authorities.

Until August 2018 he was a non-executive director of Network Rail. He was also Chairman of The Pensions Regulator from 2011 to 2014, Chairman of the Audit Commission from 2006 until 2012 and chairman of the NHS Confederation from 2012 until 2015. He was also a Non-Executive Director of HM Treasury and Chair of the Treasury Group Audit Committee from 2008 to 2014. Michael was also the Chair of the youth homelessness charity Centrepoin from 2004 to 2011. Previously, Michael was a Managing Partner with PA Consulting, leading its Government and IT Consulting Groups, latterly as a Director on its International Board. Prior to that he was a partner at Price Waterhouse, worked at the Organisation for Economic Co-Operation and Development in Paris and held academic posts at the University of Bath, the London School of Economics, Harvard University and the Australian National University.

Kate Cornish-Bowden (51) (Audit Committee Chair)

Kate Cornish-Bowden is a non-executive Director of CC Japan Income & Growth Trust plc and Finsbury Growth & Income Trust plc. Kate was previously a non-executive Director and Chairman of the Remuneration Committee of Scancell Holdings plc and a non-executive Director of Arcis Biotechnology Ltd from 2012 to 2017.

Kate is an experienced equity portfolio manager having managed funds on behalf of both retail Investors and pension clients. Kate worked for Morgan Stanley Investment Management for 12 years between 1992 and 2004, where she was Managing Director and head of Morgan Stanley Investment Management's Global Core Equity team. Prior to joining Morgan Stanley, Kate spent two years as a research analyst at M&G Investment Management.

She is a Chartered Financial Analyst (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Diploma.

John Glencross (64)

John co-founded Calculus Capital Limited in 1999, creating one of the UK's most successful, independent private equity firms focused on investing in smaller, unquoted companies.

John has over 30 years' experience in private equity, corporate finance, and operational management. During that time, he has invested in, advised on or negotiated more than 100 transactions and served on publicly quoted and private corporate boards. He is a director of Terrain Energy Limited which is a company in which this Company has invested. He is also a board member of the Enterprise Investment Scheme Association and a member of its Tax and Technical and its Regulatory Committees. He was also a director of Neptune-Calculus Income and Growth plc until its assets and liabilities were acquired by the Company. Before co-founding Calculus Capital Limited, John served as an Executive Director of European Corporate Finance for UBS for nine years where he advised on M&A, IPOs, restructurings and recapitalisations, strategic alliances and private equity. Prior to this, John was headhunted to be Head of the Mergers & Acquisitions Group of Philips and Drew, a 100 year old London based financial institution.

At the start of his career, John qualified as a Chartered Accountant with Peat Marwick (subsequently KPMG), where he then went on to be recruited as a founder member of Deloitte's newly established Corporate Finance practice in London. John graduated from Oxford University with an MA (Hons) in Philosophy, Politics and Economics.

Steve Meeks (60)

Steve has had a successful 30 year career in the financial markets with NatWest, UBS and Santander with a specialisation in structured products. Steve is also a former consultant to Investec, having assisted the Investec Structured Products team with the design and launch of the Company. Following a brief retirement, Steve is currently Executive Chairman of Smarter Data Management Limited, a software business that provides energy management solutions to the commercial property and data centre market. Steve is also chairman of Get Smarter Energy Limited an energy procurement business and a director of Fan Data Pools Limited, CNRG Technologies Limited, Stay Close Band Limited, Smarter Data Management Limited, Highgate Hill School Limited, Canley Consulting Limited and Your Favourite Teacher Limited.

Diane Seymour-Williams (59)

During 2017, Diane was chairman of Neptune-Calculus Income and Growth VCT plc ("Neptune") and joined the Calculus VCT board in September 2017 at the time of the merger with Neptune.

Diane's executive career includes 23 years at Morgan Grenfell/Deutsche Asset Management where she became Head of Global Equity Products and 9 years at LGM Investments where she was Global Head of Relationship Management. Her previous fund directorships include The China Fund (1993-2005), Pakistan Fund (1993-1996), Batavia Fund (1993-1996), and Chairman Greater Korea Trust (1993-1997).

She has also served as a director on the Boards of BMO Investments (Ireland) plc (2013 to 2016), BMO Investments II (Ireland) plc (2008 to 2016), Irish domiciled UCITS companies and LG China Fund plc (2009 to 2017) also domiciled in Ireland. For 5 years from 2007, Diane was a non-executive director of Calculus Capital Limited. Diane is currently a non-executive director of Witan Pacific Investment Trust plc, Standard Life Private Equity Trust PLC and Brooks Macdonald Group plc, where, in addition, she

chairs the Remuneration Committee. She also serves on the Newnham College Cambridge Investment Committee.

The Directors are currently or have been within the last 5 years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

Current and Past Directorships

Michael O'Higgins

Current

Local Pensions Partnership Ltd
 Local Pensions Partnership Administration Ltd
 Local Pensions Partnership Investments Ltd
 Hedgehog (1) Limited
 Calculus VCT plc
 YFM Equity Partners 2016 LP (Chairman of Advisory Committee)
 Channel Islands Competition & Regulatory Authorities

Past 5 Years

Archimed LLP (member)
 Oxford Medical Diagnostics Limited
 Centrepont Soho
 National Centre for Social Research
 ANU (UK) Foundation
 The NHS Confederation
 The NHS Confederation (Services) Company Limited
 The NHS Confederation Group Company Limited
 Millers Wharf Management Company Limited
 HM Treasury (non-executive director)
 Network Rail Limited
 Network Rail Infrastructure Limited

Steve Meeks

Current

Canley Consulting Limited
 Calculus VCT plc
 Get Smarter Energy Limited
 Stay Close Band Limited
 CNRG Technologies Limited
 Smarter Data Management Limited
 Your Favourite Teacher Limited
 Highgate Hill House School Limited
 Fan Data Pools Limited

Past 5 Years

Smart Carbon Control Limited

Kate Cornish-Bowden

Current

Calculus VCT plc
 Finsbury Growth & Income Trust plc
 CC Japan Income & Growth plc

Past 5 Years

KCB Research Limited
 Arcis Biotechnology Holdings Limited
 Scancell Holdings PLC

John Glencross	Current	Past 5 Years
	Calculus Advisory Limited	Hembuild Group Limited
	Calculus Asset Management Limited	Human Race Group Limited
	Calculus Capital Limited	Investec SPV Limited
	Calculus Capital Partners Limited	Neptune-Calculus SPV Limited
	Calculus Holdings Limited	
	Calculus Nominees Limited	
	Calculus VCT plc	
	McDonald Glencross Limited	
	Terrain Energy Limited	
	Neptune-Calculus Income and Growth VCT plc	
	The EIS Association Limited	
	The Alchemy Circle Ltd	
Diane Seymour-Williams	Current	Past 5 Years
	Brooks MacDonald Group plc	LGM Investments Limited
	Witan Pacific Investment Trust plc	Gladstone Court (London) Management Limited
	Standard Life Private Equity Trust plc	Neptune-Calculus Income and Growth VCT plc
	Acorn Capital Advisers Limited	

Directors' Interests

As at 12 September 2018 (the latest practicable date prior to the publication of this document), the interests of the Directors (and their immediate families) in the issued Ordinary Share capital of the Company were as follows:

Director	Shares held	% of total issued share capital
Kate Cornish-Bowden	67,330 Ordinary Shares	0.46
John Glencross	43,047 Ordinary Shares	0.30
Steven Meeks	7,838 Ordinary Shares	0.05
Michael O'Higgins	79,383 Ordinary Shares	0.54
Diane Seymour-Williams	15,092 Ordinary Shares	0.10

Save as set out above, no Director nor any member of their respective immediate families has an interest in the capital of the Company which is or would, immediately following the Offer, be required to be entered in the register maintained under section 808 of the CA 2006 nor does any person connected with any Director (within the meaning of section 252 of the CA 2006) have any such interest which would, if the connected person were a Director, be required to be disclosed and the existence of which is known to or could with reasonable diligence be ascertained by such Director.

Michael O'Higgins, Steven Meeks and John Glencross were appointed under letters of appointment dated 22 February 2010. Kate Cornish-Bowden was appointed under a letter of appointment dated 10 February 2011. Diane Seymour-Williams was appointed under a letter of appointment dated 12 September 2017. The appointments are subject to an initial period expiring immediately following the first annual general meeting, and (subject to re-election at the first annual general meeting) thereafter the appointments may be terminated on 3 months' notice. No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office, nor have any amounts been set aside to provide pension, retirement or similar benefits. The total annual remuneration

receivable by Michael O'Higgins as chairman is £20,000 (plus applicable employers' National Insurance Contributions). The total annual remuneration receivable by Kate Cornish-Bowden, Steve Meeks and Diane Seymour-Williams is £15,000 each (plus applicable employers' National Insurance Contributions). John Glencross does not receive any remuneration from the Company in respect of his appointment. Aggregate Directors' emoluments for the year ended 28 February 2018 were £57,000 (plus applicable employers' National Insurance Contributions).

The Directors, other than John Glencross who is Chief Executive of Calculus Capital (for the reasons set out in the paragraph below), act and will continue to act independently of Calculus Capital. No majority of the Directors will be directors or employees of, or former directors or employees of, or professional advisers to Calculus Capital or any other company in the same group as Calculus Capital.

Where the Company invests in companies in which other Calculus Funds have invested or subsequently invest, conflicts of interest may arise. In such a scenario, Calculus Capital will apply its internal conflicts policy (which includes, for instance, priority being given to funds which need to maintain their tax status or which have a risk profile most appropriate to the relevant investment) in order to reconcile the conflict in the first instance and thereafter, if required, the Directors will exercise their independent judgement, so far as they are able, to protect the interest of Shareholders.

Save for the management arrangements, performance incentive arrangements and promoters arrangement set out in paragraphs 4.1 - 4.10 of Part 6 of this document, under which Calculus Capital are entitled to fees, and co-investment by Calculus Funds, as at 12 September 2018 (being the latest practicable date prior to publication of this document) there were no other potential conflicts of interest between the duties to the Company of any Director, service provider or other third party and their private interests and/or duties or any other interests which are material to the Offer.

Except as stated above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the period since its incorporation and remains in any respect outstanding or unperformed.

No loan or guarantee has been granted or provided by the Company to or for the benefit of any of the Directors.

The Company has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.

No Director has any convictions in relation to fraudulent offences during the previous five years.

Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations (save in respect of solvent liquidations) of any companies or partnership where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager during the previous five years.

There has been no official public incrimination and/or sanction of any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

The Manager

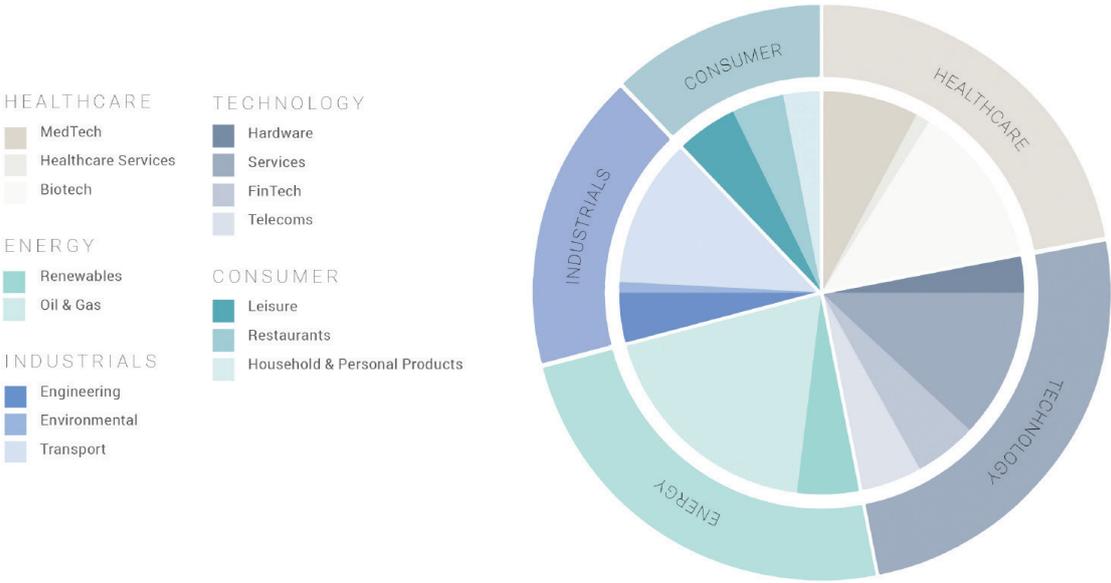
The Board has appointed Calculus Capital to manage its venture capital investments. Calculus Capital will not advise the Board in relation to the Company's non-VCT qualifying capital preservation investments. The Board will, as required, consult a suitable adviser in respect of the investment of these funds.

Calculus Capital was incorporated on 19 October 1999 as a private limited company (with registered number 03861194) and is authorised and regulated by the FCA (with FCA number 190854). Calculus Capital is appointed as manager to the Company and also provides secretarial, administration and custodian services to the Company. A pioneer in tax efficient investing with an 18 year track record of investing in SMEs, Calculus Capital created the UK's first approved Enterprise Investment Scheme fund. Since then, it has successfully launched a further 15 EIS funds and has been managing VCTs

since 2005. As at 31 July 2018, it had £164 million of funds under management or advice (including the qualifying assets of the Company).

Calculus Capital is a generalist Investor and has extensive experience investing across a multitude of sectors, including hosted software, life sciences, leisure and hospitality, manufacturing, energy and transportation. Calculus Capital’s focus is to find and back capable management teams in established companies which are already successfully selling products and services.

The chart below shows the sector concentration, by number of investee companies, of Calculus Capital’s investments across its EIS and VCT portfolio as at 3 May 2018.

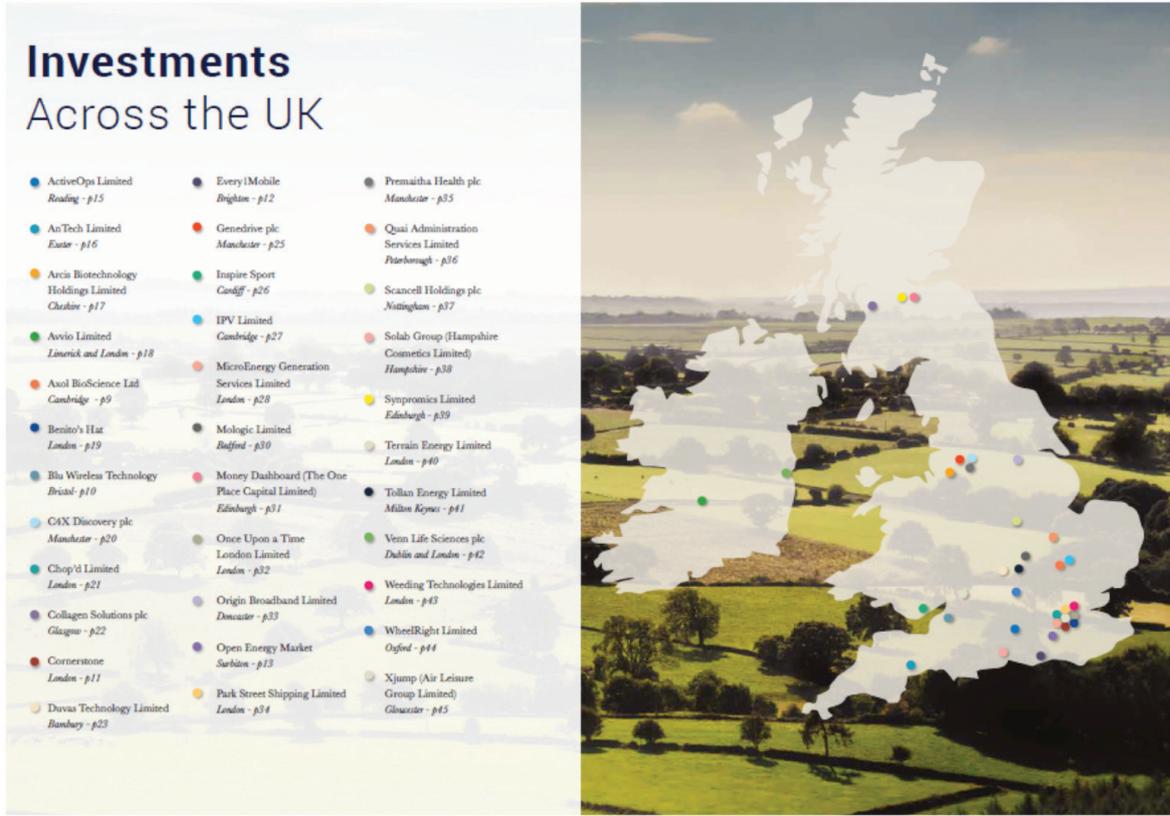


Calculus Capital intends to invest in entrepreneurial businesses with growth potential, over a range of sectors and aims to reduce risk when compared to many competitor products by primarily targeting companies with the following characteristics:

- strong management teams
- their primary constraint to growth is access to finance
- proven and competitive products or services
- clear market need
- clear route to exit
- where appropriate, structuring investments to include loans and preference shares
- invest in companies which can benefit not only from the capital provided by Calculus Capital but also from the many years of operating and financial experience of the Calculus Capital team

Calculus Capital is recognised as a leading manager of venture capital investments and was awarded the “Best EIS Generalist” award by the EIS Association in 2017. Calculus has also been awarded the EIS Association ‘Best EIS Fund Manager’ Award three times, the latest at the 2016 Awards ceremony and was awarded “Best EIS Investment Manager” at the 2016 Growth Investor Awards. Calculus Capital also attained the title of ‘Best EIS Investment Exit’ in 2012. Calculus Capital’s success is underpinned by a disciplined investment process, strong risk management and very close monitoring of and partnership with portfolio companies.

Calculus Capital's investment portfolio across the UK



Investment Strategy

Calculus Capital has a very structured and active investment process and takes great care in managing Investors' money.

Deal Flow - how does Calculus Capital find investee companies?

Calculus Capital has an established track record of identifying high quality EIS and VCT Qualifying Companies. On average, its investment team reviews around 500+ deals a year and completes around 12-15 investments across its EIS and VCT funds.

Calculus Capital's standing and longevity in the market ensures it receives excellent deal flow from a range of sources. A substantial number of investment opportunities come from its Investor base and management teams that it has successfully backed in the past. As it has a strong relationship with these sources, such opportunities are often pre-screened and strongly aligned with its investment approach. The firm also benefits from its investment team's diverse industry experience and personal networks of lawyers, advisers and brokers to source potential deals.

Due Diligence

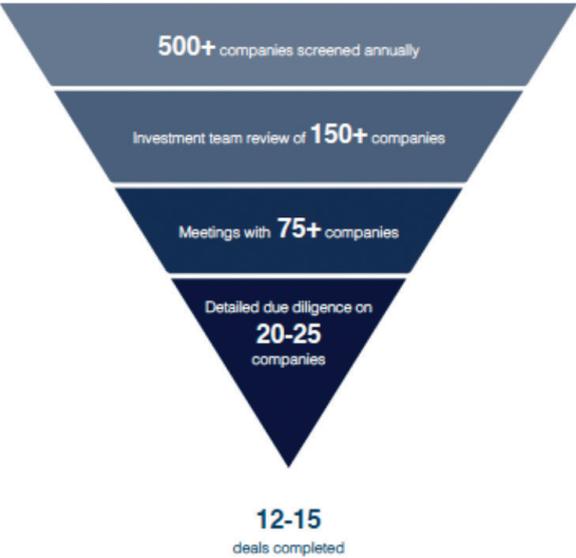
Calculus Capital's long track record of successful exits is down to its talented investment team and the robust process they follow. The firm's detailed due diligence process normally takes 4-5 months per company, and there is a keen focus on the strength of the management team. Often it will send in an executive coach to evaluate the team and identify strengths and weaknesses. Thorough financial, legal and commercial due diligence is executed by third parties. Its due diligence culminates in a detailed investment agreement including key warranties and Investor rights.

Value Creation and Support

From the moment Calculus Capital invests in a company, a partnership is formed. The firm helps its investee companies create value by actively supporting the business, sharing its market knowledge and connections and using its in depth experience of growing small UK businesses. It also runs a series of 'toolkit' seminars including CEO forums and CFO workshops, where its portfolio companies can

meet their peers, exchange ideas and hear from a leading industry expert. Often, the issues facing small businesses are similar regardless of sector. Recent topics include 'how to build a leading sales team' and 'cyber security'.

Annual Deal Flow



Calculus Capital fees and Performance Incentive

Calculus Capital has been appointed as the discretionary investment manager to the Company in respect of the venture capital investments portfolio for which Calculus Capital receives an annual management fee of 1.75% of the net assets of the Ordinary Shares. Calculus Capital will also be entitled to a performance incentive fee equal to 20% of Shareholder proceeds in excess of 105p.

The Calculus Capital Team

John Glencross

Chief Executive

Details for John Glencross can be found on page 22.

Susan McDonald

Chairman

Susan is one of the UK's leading experts on investing in smaller companies and the government's Enterprise Investment Scheme. A pioneer of the EIS industry, in 1999/2000, she structured and launched the UK's first HMRC approved EIS fund with John Glencross. Susan has over 29 years of experience and has personally directed investment to over 80 companies in the last 18 years covering a diverse range of sectors. She has regularly served as board member of the firm's private equity-backed companies. Before co-founding Calculus Capital, Susan was Director and Head of Asian Equity Sales at Banco Santander. Prior to this, she gained over 12 years' experience in company analysis, flotations and private placements with Jardine Fleming in Hong Kong, Robert Fleming (London) and Peregrine Securities (UK) Limited. Susan has an MBA from the University of Arizona and a BSc from the University of Florida. Before entering the financial services industry, Susan worked for Conoco National Gas Products Division and with Abbott Laboratories Diagnostics Division.

Lesley Watkins

Finance Director

Lesley joined Calculus Capital in 2002. She has over 19 years' experience in investment banking and held senior posts at three international investment banks, where her responsibilities included advising several companies in the FTSE 100. Most recently, she was Managing Director, Global Investment

Banking at Deutsche Bank, which took over BT Alex Brown, where she was a Managing Director in the UK Equity Advisory Division. Before that, Lesley spent 14 years at UBS, where she was a Managing Director in the Corporate Finance Division. She has extensive experience of fundraising, flotations, mergers and acquisitions, disposals and restructurings for her clients. Lesley has also been a Non-Executive Council Member of the Competition Commission, a non-executive director of Panmure Gordon & Co PLC and a non-executive director of Game Digital plc. She is currently a non-executive director of Braemar Shipping Services plc. She is a fellow of the Institute of Chartered Accountants.

Robert Davis

Deputy Chief Executive and Head of Portfolio Management

Robert joined Calculus Capital in 2014 with responsibility for working with the portfolio companies in helping to build value and, importantly, guiding them towards a successful exit. Robert has over 25 years' advisory experience covering the full spectrum of corporate and capital raising transactions, but with a particular expertise in M&A. Most recently he was Head of the European business of Avendus Capital, an Indian investment bank, and previously was the Head of European M&A at Nomura International for eight years. He has also held positions at JP Morgan and Robert / Jardine Fleming. As well as London, he has also worked in Hong Kong, Sydney and Mumbai. Robert qualified as a Chartered Accountant with Price Waterhouse and, prior to his career in finance, served in the British army. He holds an MA from the University of Cambridge.

Richard Moore

Head of New Investments

Richard joined Calculus Capital in 2013. Prior to this he was a Director at Citigroup, which he joined in 2005, and previously worked at JPMorgan and Strata Technology Partners. Richard has over 14 years' corporate finance experience advising public and private corporations and financial sponsors on a range of M&A and capital raising transactions. Richard began his investment banking career in the UK mid-cap advisory team at Flemings (acquired by JPMorgan in 2000), working with companies across a broad range of sectors. More recently Richard has specialized in advising companies in the technology industry. Richard has advised on a wide range of transactions including buy-side and sell-side M&A mandates, public equity and debt offerings, private equity investments and leveraged buy outs in the UK, Europe, US and Asia. Richard began his career at KPMG where he qualified as a Chartered Accountant, and remains a member of the ICAEW. He has a BA (Hons) in Politics and Economics from Durham University.

Alexander Crawford

Investment Director

Alexander joined Calculus Capital in 2015, and has over 20 years' corporate finance experience, incorporating M&A, capital raising in both public and private markets, and other strategic advice. He spent ten years with Robert Fleming & Co, Evercore Partners and JP Morgan in London, New York and Johannesburg, where he advised the South Africa government on the hedge fund team of their incumbent telecoms operator. He was more recently a Managing Director at Pall Mall Capital. As a senior member of the investment team, Alexander's role is to source and execute new deals, as well as managing some of the existing portfolio companies through to exit. Alexander has an MA in Mathematics from University of Cambridge and qualified as a Chartered Accountant with KPMG.

Alexandra Lindsay

Investment Director

Alexandra joined Calculus Capital in 2008. She specializes in the valuation of investment opportunities, focusing on the energy, life sciences and services sectors. Her recent projects include oil and gas exploration and production and synthetic biology. Alexandra is responsible for project management from proposal through due diligence to completion. Prior to joining Calculus Capital, she worked on the hedge fund team at Apollo Management International where she conducted research into companies and markets. She graduated from University College London with a first class degree in History of Art having previously studied Engineering Science at Wadham College, Oxford. Alexandra is a CFA charterholder.

Roshan Puri

Investment Assistant Director

Roshan joined Calculus Capital in 2013. Prior to this, he qualified as a Chartered Accountant with Ernst & Young where he gained experience in transaction advisory, tax and audit. He has worked on structuring numerous domestic and international mergers and acquisitions and corporate restructuring transactions, modelling the transaction implications and project managing the transaction implementation. Roshan has significant experience advising businesses on tax efficient transactions including; intellectual property optimization, efficient capital and corporate structuring. Roshan has a wide range of industry experience and since joining Calculus Capital, has worked with businesses within the leisure, healthcare and software sectors.

Daniela Tsoneva

Investment Associate

Daniela joined Calculus Capital in 2016 and assists with financial modelling, primary due diligence and valuations. Prior to that she worked as an Analyst in a mergers and acquisitions focused investment bank Berkshire Capital Securities in New York City where she covered the financial services sector. Daniela's experience also includes product launch and supply chain consulting projects in the renewables and financial services industries in Africa. Daniela hold an MBA (Dist) degree from Oxford University and a BA (Hons) in Political Economy from Middlebury College in the US.

Toby Scregg

Investment Associate

Toby joined Calculus Capital in 2016 and works in the investment team assisting with financial modelling, primary due diligence and valuations. Prior to this, he worked as an analyst within the Mining and Metals industry team at Standard Chartered Bank, assisting in the origination and execution of a range of structured financing, M&A and financial market transactions after having completed the Corporate Finance and Coverage International Graduate Scheme. Toby graduated in Economics from the University of Exeter.

Matthew Connor

Investment Analyst

Matthew joined Calculus Capital in 2017 and works in the investment team. Prior to this, he worked at Aberdeen Standard Investments, joining the group's graduate scheme after university and rotating across various areas of the group, latterly working within the Pan-European equities team. Matthew holds an MA (Hons) in Economics from the University of Edinburgh, and has passed all three levels of the CFA Program and may be awarded the charter upon completion of the required work experience.

Natalie Evans

Director and Head of Fund Finance and Operations

Natalie joined Calculus Capital in 2010 and is responsible for financial management and planning. Until recently Natalie was Head of Fund Administration and she still oversees all areas of EIS and VCT fund administration, operations and reporting. Natalie's VCT responsibilities include supporting the statutory reporting process and preparing forecasts to assist in cash management. Natalie is a chartered management accountant and holds a first class Bachelor of Law degree. Prior to this Natalie graduated with a Masters of Modern Languages from the University of Manchester.

PART 2

INVESTMENT PORTFOLIO OF THE COMPANY

The investment portfolio at the date of this document includes the following investments:

	£'000	
Terrain Energy Limited	1037	12.2%
Fidelity Sterling Liquidity Fund	885	10.4%
Aberdeen Sterling Liquidity Fund	882	10.4%
Goldman Sachs Liquidity Funds	880	10.3%
Solab Group Limited	501	5.9%
Scancell Holdings plc	301	3.5%
AnTech Limited	292	3.4%
The One Place Capital Limited	277	3.3%
Arcis Biotechnology Holdings Limited	275	3.2%
Weeding Technologies Limited	233	2.7%
Synpromics Limited	232	2.7%
Quai Administration Services Limited	220	2.6%
Park Street Shipping Limited	203	2.4%
Air Leisure Group Limited	200	2.3%
Every1Mobile Limited	200	2.3%
Cloud Trade Technologies Limited	200	2.3%
Open Energy Market Limited	200	2.3%
Oxford Biotherapeutics Limited	200	2.3%
Mologic Ltd	200	2.3%
Picos limited	181	2.1%
C4X Discovery Holdings plc	163	1.9%
Cornerstone Brands Ltd	150	1.8%
Blu Wireless Technology Limited	150	1.8%
MicroEnergy Generation Services Limited	135	1.6%
Tollan Energy Limited	123	1.4%
Origin Broadband Ltd	96	1.1%
	8,416	99%

Set out in the table above are investments which had a value greater than 1% of the company's gross assets by value and the 3 liquidity funds, investments are shown at the valuation in the unaudited management accounts as at 31 July 2018. The top 10 Investments were included in the audited annual accounts of the Company for the year end 28 February 2018.

Since 31 July 2018, the Company has invested a further £800,000 in each of the three liquidity funds listed in the table above. In August 2018, the Company invested £208,000 in Duvax Technologies Limited, a company that develops and produces specialized emissions equipment. The Company also redeemed £150,000 Antech Limited loan notes in August 2018. In September 2018 the Company sold its holding in Origin Broadband Limited.

This financial information on the investee companies is, for the purpose of this paragraph, "Third Party Information". The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Venture Capital Investments

Terrain Energy Ltd

Terrain has interests in eleven licenses, with nine onshore in the UK and two in Germany. The company is currently producing from wells at Keddington, Whisby and Lidsey. Brockham was successfully drilled in 2017 but there have been some delays in testing and production due to a planning dispute which the company believes has now been settled. Initial results indicate that the well could be very productive from the Kimmeridge clay, in line with the nearby Horse Hill-1 well which had initial production of over 1600bopd. A new well at Lidsey was spudded in September 2017 which is currently producing at a low level. Further work is expected to increase production. The company is in discussions regarding the farm-out or sale of its German licences with several larger industry players following a gas discovery on its Holzkirchen licence by a geothermal company.

Solab Group Ltd

Solab is a long-established manufacturer of fragrances, shampoos and skincare products for third party customers, including Penhaligon's and Philip Kingsley. 2017 was challenging with difficult market conditions generally, the continuing effects of losing its largest customer (The Body Shop), when it was acquired by L'Oreal and some unforeseen operational issues related to a new joint venture to supply some of the supermarket majors (Tesco, Lidl). Losses were incurred in the first half of the year, but, following management and other changes, trading has improved since September 2017. This has continued in 2018, with new customer wins and first orders from The Body Shop following its sale by L'Oréal.

Scancell Holdings plc

Scancell holdings plc (Scancell) is a biopharmaceutical company focused on the cancer therapeutics market. It is developing a pipeline of immunotherapies, which act by stimulating the patient's immune system to mount an active response to reject or kill a growing tumour. Scancell has developed two innovative and proprietary technology platforms, ImmunoBody® and Moditope®, which are generating novel drug candidates to treat, either as monotherapies or in combination with other drugs, a wide range of different cancers.

In January 2018, Scancell agreed a research collaboration deal with German biotech company, BioNTech, to develop innovative, T cell receptor based therapeutics combining Moditope® and BioNTech's high-throughput cloning and T cell receptor technologies. Further collaboration deals on the Moditope platform are expected.

Scancell's first ImmunoBody-based cancer vaccine, SCIB1, is being developed for the treatment of late stage melanoma. Data from a completed Phase 1/2 clinical trial demonstrated a very encouraging survival trend without serious side effects. The company is on track to commence a combination study with a checkpoint inhibitor drug in early 2019.

Antech Ltd

AnTech is a specialist oil and gas engineering company, both manufacturing products for use at the wellhead during production and providing services for directional coiled tube drilling. AnTech's Products Division, whose largest product category is technically advanced Well Head Outlets, suffered falls in sales

because of low oil prices. However, in 2017, sales stabilised and then increased with a strong order book. The Coiled Tube Drilling Services Division has developed a new generation of directional drilling tools for use in coiled tube drilling. These tools, COLT and POLARIS, are effective for interventions in existing wells to enhance production yield and extend well life. Commercialisation has been delayed by low oil prices, but drilling is expected during 2018 in North America and Saudi Arabia (which was originally contracted for 2016).

The One Place Capital Limited (“Money Dashboard”)

In October 2017, £150,000 was invested in web based personal finance application, Money Dashboard (trading name of The One Place Capital Limited). Money Dashboard offers its users a free view of their finances by automatically analysing all their transactions (from bank accounts, credit cards, store cards, etc.). In February 2018, MDB won Best Personal Finance App at the British Bank Awards for the second year running, the first time the same app has won in two consecutive years. MDB has a database of over 100,000 users and aggregates their data on an anonymised basis to analyse consumer spending trends which can be sold to institutional investors and others, tracking trends in consumer expenditures. The introduction of the Open Banking Standards in January 2018 (after significant delays) is a major opportunity for MDB, making it easier to acquire new users and so enhance the efficacy of its data analysis. The company completed an oversubscribed £1.4m fundraising in September 2017 via the crowdfunding platform Crowdcube.

Arcis Biotechnology Holdings Limited

In September 2017, £150,000 was invested in research and development company, Arcis Biotechnology Holdings Limited (ÐArcisÐ). Arcis is developing rapid DNA / RNA extraction and preservation products which have significant advantages over other techniques. Two DNA extraction products, which are CE-IVD (in-vitro diagnostic) marked, were launched in 2017 and are gaining commercial traction. Arcis’ RNA products are at an earlier stage of development but have exciting potential. RNA biomarkers can be an early warning signal that a cell is mutating and turning cancerous but have been very difficult to detect because RNA is inherently fragile. Arcis’ technology can stabilise RNA biomarkers for prostate cancer in urine. Preserving RNA in this way opens the possibility of earlier and more accurate cancer detection, particularly the hard to detect, so called ‘silent cancers’. Arcis completed an oversubscribed £1.15m fundraising in March 2018 via the crowdfunding platform Syndicate Room.

Weeding Technologies Limited

Increasingly, governments and regulators are becoming concerned about the use of chemical herbicides, such as glyphosate, particularly in public spaces. Weedingtech’s “Foamstream” product treats and controls weeds and moss using environmentally friendly hot foam. The company has had a strong 2017; it doubled its turnover for the second year in a row, launched a new and significantly improved product and is building a distributor network across Europe and North America. The company continues to invest in R&D and has plans for improvements to the existing product and for new complementary products to be released in 2018.

Synpromics Limited

Synpromics is a leader in gene control, improving human health by enabling safer, more effective cell and gene medicines through proprietary genomics, bioinformatics and intelligent data-driven design. The company has developed PromPT®, its multi-dimensional bioinformatics database that enables the development of specific ÐpromotersÐ for the next generation of cell and gene-based medicines and bioprocessing applications. Promoters are the gene mechanism that direct cell and gene therapies to the specific targets. The company operates in a diverse range of fields, including broad applications in cell and gene-based medicine, biologics manufacturing and viral vector bioprocessing.

Quai Administration Services Limited

Quai provides platform technology combined with back office administration services for the high-volume personal savings industry. Quai’s platform administers thousands of individual savings plans at a fraction of the cost incurred by established insurance companies and wealth managers. In October 2016 Punter Southall Aspire, a leading workplace pensions and savings business, selected Quai as the out-sourced investment administrator for its forthcoming Master Trust and in addition to this Punter Southall Aspire invested participated in a funding round in Quai in early 2017.

Park Street Shipping Limited

Park Street Shipping purchased its first vessel, MV Nordic London, a 2010 South Korean built, 35,000 dwt Handysize ship in 2017. The technical management is outsourced to Nordic Hamburg in Germany which has a fleet of 30 vessels and Commercial affairs are conducted by management based in the UK.

The vessel was chartered to Clipper (a leading Danish dry bulk shipping company) for ten months, mainly operating in Australia and the Far East carrying various commodities including steel. A new charter was signed with Clipper in December 2017 at USD 8,000 per day (with a profit share when the Baltic Handysize Index exceeds USD9,000 per day), reflecting an increase in hire income of approximately 20% compared to the initial charter. The vessel has been operating in the Gulf of Texas, carrying corn, grain and coal.

Both the stronger second hand dry bulk market, and the improving charter rate market, have resulted in the company's valuation being marked up from cost.

Air Leisure Group Limited

Air Leisure operates trampoline parks in UK and Denmark under the brand name "Xjump" and has plans for further expansion in Northern Europe.

The Company runs one of the biggest trampoline parks in Europe with more than 200,000 customers passing through the park each year. Air Leisure's customers range from infants to young adults with group bookings made by schools, local sports clubs, fitness groups and for office parties. Air Leisure is the first trampoline company in the UK to be awarded the "Quest" quality mark by the sport and leisure industry's leading safety scheme and is a member of the International Association of Trampoline Parks, adhering to their guidance on safety standards.

Every1Mobile Limited

Every1Mobile has developed a modular mobile web platform through which it offers community management services across sub-Saharan Africa to multi-national corporates, international development agencies and non-profit organisations.

The company helps organisations in the design and execution of online communication and engagement strategies as part of various outreach campaigns. Such campaigns are helping to achieve key development goals in areas such as sexual health, digital and financial literacy, business skills, family planning, gender and nutrition. Every1Mobile also works with corporates looking to engage effectively with stakeholders involved in their supply chains.

Cloud Trade

Cloud Trade provides a fully hosted, single instance, multi-tenant software solution that automatically processes electronic documents; predominantly invoices and sales orders. The core IP of the product is a patent protected process which interprets the contents of human readable documents (PDF, word and CSV) before converting the information into a machine processable data file (XML). Without an e-document processing solution invoices, sales orders etc. are generally received by a member of the accounting department who manually rekeys the information into an accounting system.

Cloud Trade's software significantly improves the productivity and accuracy of a customer's document processing capability, increasing from approximately 10,000 documents per FTE per annum to over 40,000.

The Company has an impressive list of reseller partners: IBM, SAP, OpusCapita, Cegedim and Capita.

Open Energy Market Limited

Open Energy Market Limited (OEM) has created an online marketplace on which corporate energy contracts are traded, introducing digital innovation into the antiquated, manual energy brokerage process in order to improve transparency and decrease energy costs for large energy users.

Significant energy contracts require a bespoke price quote from the energy suppliers due to the large quantity of energy expected to be consumed. According to Ofgem, corporate energy market contracts total £1.2 billion per year, of which 85% are bought using an energy broker. OEM's platform connects business customers directly to all 16 major energy providers of gas and electricity removing the need for a third-party broker. The energy providers bid for contracts on the platform via a live

auction process which allows businesses to buy energy in a streamlined and more transparent way. In addition, OEM provides customers with live energy monitoring, usage analytics and energy trading services.

Oxford Biotherapeutics Limited

Founded in 2004 OBT operates in cancer immunotherapy (IO), which is the use of the immune system to treat cancer. The company's approach, based on a strong pipeline of proprietary ADC and IO based therapies is well supported by two unique proprietary development assets which enable the discovery of novel cancer targets.

The two platform technologies that has enabled OBT to bring a unique novel aspect to the IO field are the first of their kind: Proteomics database validated with pharma partner and 3-D IO cell system allows OBT to culture immune cells from patient-derived fresh tumours. The company also has a number of high profile partners, who oversee development programs as well as utilise the proprietary assets.

Mologic Ltd

Mologic Limited (Mologic) was founded by the team who originally developed Clearblue, the world's first rapid home pregnancy test. The Company is looking to develop a new generation of diagnostic devices to improve accuracy or target diseases for which Point of Care diagnosis is underdeveloped. Mologic has a pipeline of products in development, which target a range of diseases including Respiratory Disease, Women's Health, Tropical Diseases, Sepsis and Peritoneal Dialysis Infection.

Revenues from these products will be generated through a combination of direct sales and licence payments.

The first two products, BVPro and PERIPLEX, have received the required CE mark to enable sales in Europe.

In addition to the product development pipeline, the company has a number of contract research partnering programmes utilising the team's core expertise in diagnostics development and novel analytical techniques.

Current clients include large pharmaceutical companies and leading biological products manufacturers.

Pico's Limited

Benito's Hat (the trading name of "Pico's Limited") has eight sites: six within the M25, one based in Leicester and one based in Oxford.

The brand is centered on providing an authentic Mexican experience and high-quality food, at an affordable price point. The Company has won many accolades from food critics and has built a following of customers, passionate about the product and brand. Subdued consumer discretionary spending and industry cost pressures have made for challenging trading conditions in the restaurant sector. The Company has responded to input cost inflation by implementing tighter controls on operating processes, defending variable profit margins. The Company has also re-engineered its new site model to reduce operating and capital cost. This will enable the Company to continue to open new sites, which is essential to achieve scale and profitability.

C4X Discovery Holdings Plc

C4X Discovery plc (C4XD) was spun out of the University of Manchester in July 2007. It is an innovative company focusing on the discovery, design and development of small molecule drugs. Its proprietary patented software, Conformetrix, allows scientists to analyse accurately the dynamic 3D shape of potential drug candidates on the basis of experimental data, and to select the candidates that are most likely to bind to the required target and least likely to bind to alternative targets that typically cause unwanted side effects. Previously it was only possible to identify such candidates in the laboratory, using time consuming and expensive "trial and error" techniques.

The Company's second patented software platform, Taxonomy3®, identifies novel genetic linkages by examining datasets on certain diseases allowing new drug targets to be identified. The company has already had success in this area with Rheumatoid Arthritis and Parkinson's disease.

Cornerstone Brands Limited

Cornerstone is a subscription e-commerce business that provides customers with a flexible, regular delivery of razor blades, men's shaving supplies and toiletries. Cornerstone is disrupting the fast moving consumer goods ("FMCG") industry and traditional retail sector by selling products to a community of subscribers via a proprietary e-commerce platform. The Company has built a powerful software suite to drive customer acquisition, engagement and insights and manage product packing, fulfilment and delivery. Its software has been built for scale and can be used to power e-commerce platforms for a range of consumer goods categories, although Cornerstone is currently only focusing on the men's toiletries sector.

In contrast to traditional FMCG businesses, the Company has a direct relationship with its customers enabling greater insight into consumer behaviour and preference. Cornerstone's products are developed, marketed and sold using its superior customer insight.

Blu Wireless Technology Limited

BWT develops hardware and software IP to provide carrier grade wireless communications at multi-Gbit speeds (similar to that provided by fibre). There are immediate applications for fixed wireless broadband (particularly in situations where using fibre would be prohibitively expensive); rail and road transport; and, in due course, providing the "backhaul" for the much denser network of base stations that will be required for 5G roll-out.

BWT generates revenue via two main channels: licensing their core IP (BH2) to semiconductor manufacturers and completing non-recurring engineering projects for a range of technology companies.

Microenergy Generation Services Limited

MicroEnergy owns and operates a fleet of 147 small onshore wind turbines (<5kW) installed on farm land in East Anglia and Yorkshire. Revenues from the fleet of turbines come from two sources, both of which are inflation protected, being directly linked to RPI. Firstly, there is the Government backed feed-in tariff (FIT) paid by the electricity suppliers for every kilowatt of electricity generated for twenty years. Secondly, there is an export tariff for any surplus electricity not used by the site owner that is exported to the grid.

MicroEnergy continues to be hampered by reliability issues with Chinese manufactured Huaying HY5 turbines comprising 23% of the fleet. The company has decided to replace the better sited HY5 turbines with superior Evance R9000 turbine heads and decommission the remaining HY5s in order to improve reliability, landowner relations and reduce maintenance costs. Full year generation to 31 March 2018 exceeded performance in 2017 by over 10% (the year to 31 March 2017 was a poor year for wind resource, being on average 8% below the 10 year mean).

Tollan Energy Limited

Tollan Energy Limited generates renewable energy from roof-mounted solar panels. Tollan owns a portfolio of 325 solar photovoltaic ("PV") systems on rooftops in Northern Ireland. The solar PV generating capacity, which is installed on residential and some commercial roofs in the Belfast area, benefits from Northern Ireland Renewable Obligation Certificates (NROCs).

The systems have demonstrated stable generation levels since installation. Revenue for the year to the 31 March 2018 was 25% up on the previous year following the successful downsizing of 19% of the systems in the portfolio to comply with legislation, resulting in a return to profitability.

Origin Broadband Limited

Origin is an award-winning internet service provider, serving residential and business customers throughout the UK. The company owns and operates the sixth largest broadband network in the UK measured by points of presence. As a network operator Origin is able to deal directly with Openreach, the BT division that maintains the UK's main telecoms network. This gives the company greater control over the underlying circuits and equipment; allowing it to provide a better service level than a pure reseller. Origin is viewed by its customers as an agile alternative to the large, incumbent telecom operators, with a focus on faster broadband speeds, competitive pricing and first-class customer service.

Exits

The Company's aim is to exit companies within the VCT portfolio after a holding period of 3-5 years. Common exit routes include trade sale, sale to a larger private equity house or flotation. It is intended that profits made on the disposal of investments will enable the Company to pay future dividends, and to support this further, the Company may invest by way of loan stock and/or fixed rate preference shares as well as ordinary shares.

PART 3

FINANCIAL INFORMATION ON THE COMPANY

1. Financial Information

The Company

Audited financial information on the Company is published in its annual reports for the last three financial years as set out below. The auditors, Grant Thornton UK LLP, made unqualified reports under section 495 of the 2006 Act for each of these financial years, and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act.

The annual reports referred to above were all prepared, and the annual reports for the Company's next financial year will be prepared, under FRS 102 in accordance with UK generally accepted accounting practice (GAAP) and in accordance with the Statement of Recommended Practice (SORP) for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies (AIC).

On 12 September 2017, the merger of the Company with Neptune-Calculus Income and Growth VCT plc ("Neptune") completed by means of a scheme of reconstruction of Neptune pursuant to Section 110 of the Insolvency Act 1986 (the "Scheme"). By way of implementation of the Scheme, the assets and liabilities of Neptune were transferred to the Company in consideration for the issue of new ordinary shares of 1p each in the capital of the Company ("Consideration Shares"). The total number of Consideration Shares issued to Neptune shareholders in connection with the Scheme was 2,511,180 at a deemed issue price of 87.66p per share. Following implementation of the Scheme, the capital of the Company as at 12 September 2017 consisted of 11,337,127 ordinary shares of 1p each of which none were held in treasury.

The Company's annual reports (together with those of Neptune with which the Company was merged on 12 September 2017) contain a description of the Company's financial condition, changes in financial condition and results of operations for each relevant year and those sections of the annual reports detailed below (together with those of Neptune with which the Company was merged on 12 September 2017), which are incorporated by reference into this document, can be accessed at the Calculus website (www.calculuscapital.com) and are available for inspection through the national storage mechanism, which can be accessed at www.morningstar.co.uk/uk/NSM. Where these documents refer to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this document by reference are either not relevant for Investors or are covered elsewhere in this Prospectus.

The Company

Description	Audited year end to 29 February 2016	Audited year end to 28 February 2017	Audited year end to 28 February 2018
Statement of Financial Position	page 39-41	page 38-40	page 49
Income Statement (or equivalent)	pages 35-36	page 34-35	Page 46
Statement showing changes in equity (or equivalent)	pages 37-38	page 36-37	Page 47-48
Statement of cash flows	pages 42-43	page 41-42	page 50
Accounting policies and notes	pages 44-66	pages 43-63	Page 51-67
Auditors' report	pages 31-34	pages 30-33	Page 40-45

This information has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Manager's Report" and "Portfolio Summary" in the published audited statutory accounts of the Company for the periods stated.

The reports also include operating/financial reviews as follows:

Description	Audited year end to 29 February 2016	Audited year end to 28 February 2017	Audited year end to 28 February 2018
Objectives	Inside front cover	page 1	Inside front cover
Financial highlights	Inside front cover	page 1	page 5
Chairman's statement	pages 1-2	pages 2-3	pages 7-8
Manager's report/review	pages 3-14	pages 4-14	pages 9-12
Portfolio Summary (Old Ordinary Shares)	page 15	page 15	Page 13
Portfolio Summary (C Shares)	page 16	page 15	N/a
Portfolio Summary (D Shares)	N/a	page 16	N/a
Investment Policy	pages 17	page 17	Page 22

Neptune-Calculus Income and Growth VCT PLC

Description	Audited year end to 31 December 2014	Audited year end to 31 December 2015	Audited year end to 31 December 2016
Balance Sheet	page 30	page 31	page 33
Income Statement (or equivalent)	pages 28	page 29	Page 31
Statement showing changes in equity (or equivalent)	pages 29	page 30	Page 32
Cash flow statement	Pages 31	page 32	page 34
Accounting policies and notes	pages 32-44	pages 33-46	Page 35-48
Auditors' report	pages 25-27	pages 25-28	Page 26-30

2. Working Capital

In the opinion of the Company its working capital is sufficient for the Company's present requirements, being at least 12 months from the date of this document.

3. Net Assets

The Offer will have a positive impact on the net assets of the Company by increasing its net assets by the same amount as the net funds raised and is expected to have a positive impact on earnings once new money raised is fully invested.

4. Capitalisation and Indebtedness

As at 31 July 2018, being the date the latest available management accounts of the Company, the Company has incurred no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, indirect or contingent. The Company has the power to borrow, details of which are set out on pages 44 and 45, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 31 July 2018 was as follows:

Shareholders' Equity

Called up share capital	£143,000
Share premium	£1,727,432
Special reserve	£9,523,993
Capital reserve - realised	£55,783
Capital reserve - unrealised	£(46,328)
Revenue reserve	£(989,922)
Total	£10,827,369

There has been no material change to the Company's capitalisation or indebtedness since 31 July 2018.

PART 4

MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum of Association

The objects of the Company are not limited by any provisions of the Memorandum or the Articles of the Company.

Articles

The Company's Articles currently contain provisions, inter alia, to the following effect:

1. Voting Rights

Subject to any special terms as to voting on which any shares may be issued, on a show of hands, every member present in person or by proxy (or being a corporation, represented by an authorised representative) shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. The Ordinary Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

2. Dividends

The Ordinary Shareholders shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the Company's assets attributable to the Ordinary Shares.

3. Distribution of Assets on Liquidation

The capital and assets of the Company shall on a winding up or on a return of capital shall be divided amongst the holders of the Ordinary Shares pro rata according to their holdings of Ordinary Shares.

4. Redeemable Shares

The Company may issue shares which are liable to be redeemed on such terms and conditions as the Board may determine.

5. Share capital

Shareholders shall have the right to receive notice of, attend and vote at all general meetings.

If any Shareholder, or any other person appearing to the Directors to be interested in any shares in the capital of the Company held by such Shareholder, has been duly served with a notice under section 793 of the CA 2006 and is in default for a period of 14 days from the date of service of the notice in supplying to the Company the information thereby required, then the Company may (at the absolute discretion of the Directors) at any time thereafter by notice (a "restriction notice") to such shareholder direct that, in respect of the shares in relation to which the default occurred and any other shares held at the date of the restriction notice by the shareholder, or such of them as the Directors may determine from time to time (the "restricted shares" which expression shall include any further shares which are issued in respect of any restricted shares), the shareholder shall not, nor shall any transferee to which any of such shares are transferred other than pursuant to a permitted transfer, be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or to be reckoned in a quorum.

Where the restricted shares represent at least 0.25% in nominal value of the issued shares of the same class as the restricted shares (excluding any shares of that class held as treasury shares) the restriction notice may in addition direct, inter alia, that any dividend or other money which would otherwise be payable on the restricted shares shall be retained by the Company without liability to pay interest; any election by such member to receive shares instead of cash in respect of any dividends on such restricted shares will not be effective; and no transfer of any of the shares held by the Shareholder shall be registered unless the Shareholder is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares which are the subject of the transfer are restricted shares.

The Board shall be entitled to make calls for the sums, if any, remaining unpaid on any shares, subject to the terms of allotment of such shares. If any call remains unpaid then the Board may, after giving not less than 14 clear days' notice, forfeit such share and sell or transfer such forfeited shares on such terms as the Board may determine.

6. General Meetings

Convening of General Meetings

The Board shall convene annual general meetings and may convene other general meetings whenever it thinks fit. A general meeting shall also be convened on such requisition or in default may be convened by such requisitionists as provided by the CA 2006. At any meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not within the UK sufficient members of the Board to convene a general meeting, any Director may call a general meeting. The Board may make arrangements to ensure the orderly conduct of general meetings and to preserve the security of attendees.

Notice of General Meeting

General meetings shall be convened by the minimum period of notice required by the CA 2006. Every notice convening a general meeting shall specify:

- (a) whether the meeting is an annual general meeting or an extraordinary general meeting;
- (b) the place, the day and the time of the meeting;
- (c) in the case of special business, the general nature of that business;
- (d) if the meeting is convened to consider a special resolution the text of the resolution and the intention to propose the resolution as such; and
- (e) with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.

Omission to Send Notice

The accidental omission to send a notice of meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy or any other document, to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.

Quorum at General Meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the Meeting. Two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

If within 15 minutes (or such longer interval as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the Board) may determine, being not less than 10 clear days thereafter. If, at such adjourned meeting, a quorum is not present within 15 minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved.

Method of Voting

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of the CA 2006, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy having the right to vote at the meeting; or
- (c) a member or members present in person or by proxy representing not less than one tenth of the voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

Votes of Members

Subject to the provisions of the CA 2006 and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall on a show of hands have one vote and on a poll shall have one vote for each share of which he is the holder.

Variation of Class Rights

Subject to the provisions of the CA 2006, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles (but not otherwise).

All the provisions in the Articles as to general meetings shall mutatis mutandis apply to every meeting of the holders of any class of shares save that the quorum at every such meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class; every holder of shares of the class present in person or by proxy may demand a poll; each such holder shall on a poll be entitled to one vote for every share of the class held by him; and if at any adjourned meeting of such holders, such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

Consolidation and Subdivision

The Company in general meeting may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares; and
- (b) subject to the provisions of the CA 2006, sub-divide its shares or any of them into shares of smaller nominal value and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

7. Transfer of Shares

Form of Transfer

Except as may be provided by any procedures implemented for shares held in uncertificated form, each member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it.

Right to Refuse Registration

The Board may in its absolute discretion refuse to register any share transfer (as to which it shall provide reasons) unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is delivered for registration to the registered office of the Company, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that such discretion may not be exercised in such a way as to prevent dealings in shares admitted to the Official List from taking place on an open and proper basis.

8. Dividends and Other Payments

Declaration of Dividends

Subject to the provisions of the CA 2006 and of the Articles, the Company may by ordinary resolution declare that, out of profits available for distribution, dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board.

Entitlement to Dividends

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid pro rata according to the amounts paid up or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly.

All dividends and interest shall be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by ordinary resolution or the Board may determine, notwithstanding any subsequent transfer or transmission of shares.

The Board may pay the dividends or interest payable on shares in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.

9. Borrowing Powers

Subject as provided in the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the provisions of the CA 2006, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiaries so as to procure (as regards its subsidiaries in so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of net moneys borrowed by the Group (exclusive of moneys borrowed by one Group (being the Company and its subsidiaries from time to time) company from another and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 25% of the value of the gross assets of the Company.

For these purposes only:

- (a) in calculating the value of the gross assets of the Company, the value of securities listed or dealt on a reputable stock exchange shall be based on the closing mid-market price and the value of other securities shall be determined by the Board on the basis of valuation principles recommended by the auditors of the Company for the time being;
- (b) moneys borrowed include also the following except in so far as otherwise taken into account:
 - (i) the nominal amount of any issued and paid up share capital and the principal amount of any debenture or borrowings of any person together with any fixed or minimum premium payable on redemption, the beneficial interest in which, or right to repayment to which, is not for the time being owned by a Group company but the payment or repayment of which is the subject of a guarantee or indemnity by a Group company or is secured on the assets of a Group company;
 - (ii) the principal amount raised by any Group company by acceptances or under any acceptance credit opened on its behalf by any bank or acceptance house (not being a Group company);
 - (iii) the principal amount of any debenture (whether secured or unsecured) of any Group company beneficially owned otherwise than by a Group company;
 - (iv) the principal amount of any preference share capital of any subsidiary beneficially owned otherwise than by a Group company;
 - (v) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing; and
 - (vi) any amount in respect of a finance lease which would be shown at the material time as an obligation in a balance sheet of any member of the Group prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet;

but do not include:

- (vii) moneys borrowed by any Group company for the purpose of repaying within 6 months of being first borrowed the whole or any part of any moneys borrowed and then outstanding (including any premium payable on final repayment) of that or any other Group company pending their application for such purpose within that period;
 - (viii) there shall be credited against the amount of any moneys borrowed any cash deposited and the value of any money market instruments (valued as referred to in paragraph (a));
 - (ix) where under the terms of any borrowing the amount of money which would be required to discharge the principal amount of moneys borrowed in full if it fell to be repaid (whether at the option of the company borrowing the same or by reason of default) at such material time is less than the amount which would otherwise be taken into account in respect of such moneys borrowed for the purposes of the Articles, the amount of such moneys borrowed to be taken into account shall be such lesser amount;
- (c) the value of borrowings or assets denominated in a currency other than sterling shall be translated into sterling at the rate used in the last relevant balance sheet or if not used in such balance sheet then at the then prevailing exchange rate selected by the Board.

A report or certificate of the auditors of the Company as to the amount of gross assets of the Company or the amount of moneys borrowed falling to be taken into account for the purposes of this article or to the effect that the limit imposed by this article has not been or will not be exceeded at any particular time or times or as a result of any particular transaction or transactions shall be conclusive evidence of the amount or of that fact the Directors may at any time act in reliance on a bona fide estimate of the amount of the gross assets of the Company and if in consequence the limit set out in the Articles is inadvertently exceeded, an amount borrowed equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a determination of the auditors or otherwise the Directors become aware that such a situation has or may have arisen.

No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by the Articles shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security at the time when the debt was incurred or security given that the limit had been or would thereby be exceeded but no lender or other person dealing with the Company shall be concerned to see or enquire whether such limit is observed.

10. Directors

Unless otherwise determined by the Company the maximum number of directors shall be 10 and the minimum shall be two. The quorum for meetings of the Board shall be two and the Chairman shall have a second or casting vote on a tie.

The Directors shall be entitled to be paid fees for their services as Directors in such sums as the Board may determine from time to time but not exceeding £100,000 (or such larger amount as the Company may determine) per annum.

Each Director may appoint as an alternate Director either another Director or a person approved by the Board and to terminate such appointment.

At every annual general meeting, there shall retire from office any Director who shall have been a Director at each of the preceding two annual general meetings and who was not appointed or re-appointed by the Company in general meeting at, or since, either such meeting. A retiring Director shall be eligible for re-appointment. A Director retiring at a meeting shall, if he is not re-appointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the conclusion of such meeting.

11. Directors' Interests

Conflicts of Interest Requiring Board Authorisation

The Board may, provided the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a Director breaching his duty under CA 2006 to avoid conflicts of interest except that the Director concerned and any other Director with a similar interest:

- (a) shall not count towards the quorum at the meeting at which the conflict is considered; and
- (b) the resolution will only be valid if it would have been agreed to if his vote had not been counted.

Where the Board gives authority in relation to such a conflict:

- (a) the Board may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the Director concerned and any other Director with a similar interest as it may determine, including, without limitation, the exclusion of that Director and any other Director with a similar interest from the receipt of information, or participation in discussion (whether at meetings of the Board or otherwise) related to the conflict;
- (b) the Director concerned and any other Director with a similar interest will be subject to any terms imposed by the Board from time to time in relation to the conflict;
- (c) any authority given by the Board in relation to a conflict may also provide that where the Director concerned and any other Director with a similar interest obtains information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence; and
- (d) the Board may withdraw such authority at any time.

Directors are obliged to declare any material interest which they may have in any transaction or arrangement involving the Company. Such directors shall not vote or be counted in the quorum in relation to any resolution to any transaction or arrangement in which he is to his knowledge materially interested save that a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer he is, or may be entitled to, participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- (d) any contract, arrangement, transaction or other proposal concerning any other body corporate in which he, or any other person connected with him is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he or any person connected with him do not hold an interest in 1% or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;
- (e) any contract, arrangement, transaction or other proposal for the benefit of employees of the Company which does not accord him any privilege or benefit not generally accorded to the employees to whom the scheme relates; and
- (f) any contract, arrangement or transaction concerning any insurance which the Company is to purchase and/or maintain for, or for the benefit of, any Directors or persons including Directors.

If any question shall arise at any meeting as to an interest or as to the entitlement of any Director to vote such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed

Director may have interests

Subject to the provisions of CA 2006 and further provided that a Director declares his interest, a Director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (b) may hold any other office or place of profit under the Company (except that of auditor (being the auditor of the Company from time to time) or of auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company and in any such case on such terms as to remuneration and otherwise as the remuneration committee may arrange either in addition to or in lieu of any remuneration provided for by any other article;
- (c) may be a member of or a director or other officer, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by or promoting the Company or in which the company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate; and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

12. Untraced Members

The Company shall be entitled to sell at the best price reasonably obtainable any share of a member or any share to which a person is entitled by transmission if and provided that:

- (a) during the period of 12 years prior to the date of the publication of the advertisements referred to below (or if published on different dates, the earlier or earliest of them) the Company has paid at least 3 dividends and no cheque, order or warrant has been cashed;
- (b) on or after expiry of the said period of 12 years the Company has given notice of its intention to sell such share by advertisements in both a national daily newspaper published in the UK and in a newspaper circulating in the area in which the last known address of such member or person appeared;
- (c) the said advertisements, if not published on the same day, shall have been published within 30 days of each other; and
- (d) during the further period of 3 months following the date of publication of the said advertisements (or, if published on different dates the later or latest of them) and prior to the exercise of the power of sale the Company has not received any communication in respect of such share from the member or person entitled by transmission.

To give effect to any sale of shares pursuant to this article the Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the register notwithstanding the absence of any share certificate being lodged in respect of it and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

13. Distribution of Realised Capital Profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the registrar of companies of its intention to carry on business as an investment company (a "Relevant Period") distribution of the Company's capital profits (within the meaning of section 833 of the CA 2006) shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period all surpluses arising from the realisation or revaluation of investments and all other monies realisation on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve.

Subject to the CA 2006, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realisation on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to the CA 2006, any expenses, loss or liability (or provision thereof) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that notwithstanding any other provision of the Articles during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company.

14. Transfer or Sale under Section 110, Insolvency Act 1986

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to section 110, Insolvency Act 1986 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

15. Duration of the Company

In order for the future of the Company to be considered by the members, the Board shall at the annual general meeting of the Company falling after the tenth anniversary of the last allotment of shares in the Company and thereafter at five yearly intervals, invite the members to consider whether the Company should continue as a venture capital trust and if such resolution is not carried the Board shall within nine months of that meeting convene a general meeting to propose:

- (a) a special resolution for the reorganisation or reconstruction of the Company; and
- (b) to wind up the Company voluntarily, provided that if the special resolution referred to at paragraph (a) is not passed the Shareholders voting in favour of this resolution shall be deemed to have such number of additional votes as are required to pass such resolution to wind up.

16. Uncertificated Shares

The Board may make such arrangements as it sees fit, subject to the CA 2006, to deal with the transfer, allotment and holding of shares in uncertificated form and related issues.

17. Indemnity and Insurance

The Company shall indemnify the Directors to the extent permitted by law and may take out and will maintain insurance for the benefit of the Directors.

PART 5

TAXATION

The following paragraphs apply to the Company and to persons holding Shares as an investment who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

If you are in any doubt about your position, or if you may be subject to a tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The tax reliefs set out below are available to individuals aged 18 or over who receive Shares under the Offer.

Relief from Income Tax

An investor subscribing up to £200,000 in the 2018/19 and/or 2019/20 tax years for qualifying shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. If an investor has sold, or if they sell, any shares in that VCT within six months either side of the subscription for the such shares, then for the purposes of calculating income tax relief on the shares subscribed for, the subscribed amount must be reduced by the amount received from the sale. Relief is also restricted to the amount which reduces the investor's income tax liability to nil.

Dividend Relief

An investor who subscribes for or acquires qualifying shares in a VCT (up to a maximum of £200,000 in each of the 2018/19 and 2019/20 tax years) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to Investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source.

Capital Gains Tax Relief

A disposal by an individual investor of his/her shares in a VCT will neither give rise to a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is also limited to disposals of shares acquired within the £200,000 annual limit described above.

Loss of Tax Reliefs

- (i) If a company which has been granted approval or provisional approval as a VCT subsequently fails to comply with the conditions for approval, VCT status may be withdrawn or treated as never having been given. The exemptions from corporation tax on capital gains will not apply to any gain realised after VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).
- (ii) For investors, the withdrawal of VCT status may (depending upon the timing of such withdrawal) result in:
 - repayment of the 30% income tax relief on subscription for new VCT shares;
 - income tax becoming payable on subsequent payments of dividends by the VCT; and
 - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the VCT, except that any part of the gain attributable to the period for which the VCT was approved would be exempt.

- (iii) The consequences for investors in a company which never obtains full unconditional approval as a VCT are as follows:
- repayment of the 30% income tax relief on subscriptions for new VCT shares and interest on overdue tax may arise;
 - income tax becoming payable on all payments of dividends by the VCT; and
 - any gain arising on a disposal of the shares would be liable to capital gains tax and losses on the shares would be allowable losses for capital gains tax purposes.

Consequences of an Investor dying or a transfer of shares between spouses

(i) *Initial income tax*

If an investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.

(ii) *Tax implications for the beneficiary*

Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to tax-free dividends and will not pay capital gains tax on any disposal, but will not be entitled to any initial income tax relief.

(iii) *Transfer of shares between spouses*

Transfers of shares in a VCT between spouses is not deemed to be a disposal and, therefore, all tax reliefs will be retained.

Tax Position of the Company

As a VCT, the Company is exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. The Company will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on a regulated market;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares or securities in qualifying companies. This number will increase to 80% in respect of the Company's accounting period commencing on 1 March 2020;
- (e) have at least 30% of all funds raised after 5 April 2018 invested in qualifying companies within 12 months of the end of the accounting period in which the funds were raised;
- (f) have at least 70% by VCT Value of its investments in shares or securities in eligible shares;
- (g) have at least 10% by VCT Value of each qualifying investment in eligible shares;
- (h) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (i) not retain more than 15% of its income derived from shares and securities in any accounting period; and
- (j) not repay capital to shareholders, derived from relevant shares issued after 5 April 2014, until a period of three years, beginning at the end of the accounting period of the VCT in which the relevant shares were issued, has elapsed;
- (k) not make an investment in a company over seven years old (10 years for 'knowledge intensive' companies) unless certain exemptions apply;

- (l) not make an investment in a company which causes the company to have received more than £5 million of State aid risk finance in any 12-month period, or £12 million over that company's lifetime (£10 million and £20 million respectively for 'knowledge intensive' companies);
- (m) not make an investment in a company where the money is used to acquire another business; and
- (n) not make non-qualifying investments save into a permitted range of liquidity management investments including listed equity shares, units in alternative investment funds and cash.

Qualifying Companies

A qualifying investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Chapter 3 and 4 of Part 6 of the ITA 2007 (a "**Qualifying Company**").

The conditions are detailed but include that the company must:

- pass a "risk to capital" gateway test requiring the company to have plans to grow and develop over the long term and requiring that capital invested be at risk;
- apply the money raised for the purposes of a qualifying trade within certain time periods;
- not have made its first commercial sale more than seven years prior to the investment (10 years in the case of certain 'knowledge intensive' companies) unless certain conditions are satisfied;
- not be in financial difficulty;
- have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment,
- not be controlled by another company;
- have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 90% owned;
- be unquoted (for VCT purposes this includes companies whose shares are traded on AIM);
- have no more than 250 full time (equivalent) employees;
- have a permanent establishment in the UK (but need not be UK resident); and
- not obtain more than £5 million (£10 million for 'knowledge intensive' companies) of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme (EIS) in any rolling 12-month period.

In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding. VCT investments in companies carrying on business in joint venture are limited to £1 million in any rolling 12-month period in aggregate across the companies which are party to the joint venture.

Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, grace periods to invest those funds before such funds need to meet such tests are given.

However, to aid the launch of a VCT, HMRC may give provisional approval if satisfied that conditions (b), (c), (f) and (g) in section 'Qualification as a VCT' above will be met throughout the current or subsequent accounting period and condition (d) in section 'Qualification as a VCT' above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

The Company has received HMRC provisional approval as a VCT.

Withdrawal of Approval

Approval of a VCT (full or provisional) may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

Withdrawal of full approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

Withdrawal of provisional approval has the effect as if provisional approval had never been given (including the requirement to pay corporation tax on prior gains).

Breaches of the age restriction, no business acquisition condition, non-qualifying holdings condition and the investment limit condition mentioned above can each have the effect that VCT approval is withdrawn.

General

Investors who are not resident in the UK

Non-resident Investors, or Investors who may become non-resident, should seek their own professional advice as to the consequences of making an investment in a VCT, because they may be subject to tax in other jurisdictions.

Stamp duty and stamp duty reserve tax

No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of VCT shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of the consideration paid where the total consideration exceeds £1,000 or if it forms part of a series of transactions where the total consideration exceeds £1,000. Such duties would be payable by a person who purchases such shares from the original subscriber.

Purchases in the market after listing

Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.

The VCT Regulations 2004

Under the VCT Regulations, monies raised by any further issue of shares by an existing VCT are subject to a grace period of three years before they must be applied in making investments which meet the VCT qualifying thresholds although this grace period is modified in respect of monies raised after 6 April 2018, 30% of which must be invested within 12 months of the end of accounting period in which they were raised. However, to the extent any of the money raised (save for an insignificant amount in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares then this grace period shall not apply.

The above is only a summary of the tax position of individual Investors in VCTs and is based on the Company's understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of their investing in a VCT. All tax reliefs referred to in this document are UK tax reliefs and are dependent on the Company maintaining its VCT qualifying status.

PART 6

ADDITIONAL INFORMATION

Incorporation and Registered Office

- 1.1 The legal and commercial name of the Company is Calculus VCT plc.
- 1.2 The Company was incorporated and registered in England and Wales as a public company with limited liability on 1 February 2010 with registered number 07142153. The Company was issued with a trading certificate under section 761 of CA 2006 on 18 February 2010.
- 1.3 The principal legislation under which the Company operates is the CA 2006 and regulations made thereunder. The Company operates in conformity with its articles of association, key provisions of which are set out on pages 41 to 49.
- 1.4 The Company's registered office and principal place of business is at 104 Park Street, London W1K 6NF. The Company is domiciled in England. The Company does not have, nor has it had since incorporation, any subsidiaries or employees nor is it a member of a group of companies.
- 1.5 The Company has received provisional approval from HM Revenue & Customs as a VCT under section 259 of the ITA 2007. The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval. The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described on pages 19 and 20.
- 1.6 In order for the future of the Company to be considered by the members, the Directors shall procure that a resolution will be proposed at the tenth annual general meeting after the last allotment of shares (and thereafter at five yearly intervals) to the effect that the Company shall continue as a venture capital trust. If, at such meeting, the resolution is not passed, the Directors shall, within nine months of the meeting, convene a general meeting to propose a special resolution for the re-organisation or reconstruction of the Company and a resolution to wind up the Company voluntarily. If the resolution to wind up the Company is not passed the Company shall continue as a venture capital trust.
- 1.7 The Company is not authorised and/or regulated by the FCA or an equivalent overseas regulator. The Company is subject to the requirements for VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. The Company is not otherwise regulated.
- 1.8 The Company's existing Ordinary Shares, created under the CA 2006, are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities with ISIN GB00BYQPF348.
- 1.9 An application will be made to the UK Listing Authority for the Offer Shares to be admitted to the Official List and to the London Stock Exchange for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission to the Official List will become effective and that dealings in the Offer Shares will commence three Business Days following allotment.

Share Capital

- 2.1 The issued share capital of the Company on incorporation was twenty Ordinary Shares, nil paid to the subscribers to its Memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 To enable the Company to register as a public limited company and to obtain a certificate under section 761 of CA 2006, on 10 February 2010, 5,000,000 redeemable shares were allotted by the Company at par for cash, paid up as to one quarter of their nominal value. On 29 June 2010, such redeemable shares were paid up in full and redeemed out of the proceeds of the original offer on launch of the Company and then were automatically cancelled as issued and the Articles were amended by the deletion of all references to the redeemable shares and the rights attaching to them.

- 2.3 As at 1 March 2015, the date from which the financial information set out in Part 3 has been prepared, 4,738,463 Old Ordinary Shares and 1,931,095 C Shares were in issue. The number of Ordinary Shares in issue as at 31 July 2018 was 14,588,859.
- 2.4 Since 28 February 2018, the Company has issued 2,956,142 shares for a gross consideration of £2,503,707. Since 28 February 2018, the Company has bought back 10,000 shares for cancellation.
- 2.5 The following resolutions, *inter alia*, are to be proposed at a General Meeting of the Company to be held on 9 October 2018:
- 2.5.1 That, conditionally upon the passing of the Resolution set out in 2.5.3 below, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot Ordinary Shares having the rights and being subject to the restrictions set out in the articles of association of the Company and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to an aggregate nominal amount of £200,000 provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or rights to subscribe for or to convert securities into Ordinary Shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert securities into Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
- 2.5.2 That, the Directors be and hereby are given the general power to allot equity securities (as defined by section 560 of CA 2006) for cash pursuant to the authority conferred by the Resolution set out in paragraphs 2.5.1 and 2.5.2 above as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities with an aggregate nominal value not exceeding £200,000 in connection with the Offer.
- 2.5.3 That, in accordance with Section 641 of the Companies Act 2006, the Company's share premium account be reduced by the amount standing to the credit thereto at any time provided that any reduction pursuant to this resolution is confirmed by order of the Court. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.
- 2.6 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561(1) of CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the unissued share capital of the Company which is not subject to the disapplication referred to in paragraph 2.5 above.
- 2.7 Following the issue of the Offer Shares pursuant to the Offer (assuming approval and full subscription, but no utilisation of the over-allotment facility, and offer costs of 5.0%) the issued share capital of the Company is expected to be approximately 28.6 million Ordinary Shares with an aggregate nominal value of £286,000.
- 2.8 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by the Company in the future, the holders of fully paid Ordinary Shares will be entitled *pari passu* amongst themselves in proportion to the number of Ordinary Shares held by them to share in the whole of the profits of the Company which are paid out as dividends and in the whole of any surplus in the event of a liquidation of the Company.
- 2.9 The Offer Shares to be issued pursuant to the Offer will be in denominated in sterling, issued in registered form and no temporary documents of title will be issued. The Company is registered with CREST, a paperless settlement system, and those Shareholders who wish to hold their Shares in electronic form may do so.
- 2.10 The Offer Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.
- 2.11 Except as disclosed in this paragraph 2 (including pursuant to the Offer), and except for commission payable to authorised financial intermediaries in connection with the Offer, no share

or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commission, discount, brokerage or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option. No shares of the Company represent anything other than capital, there are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company. No Shares in the Company are held by or on behalf of the Company.

Management and Administration

- 3.1 The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for its affairs. The Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of the Company which are calculated and recommended by Calculus Capital which has been appointed as discretionary investment manager on the terms set out below.
- 3.2 Calculus Capital has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type of which the Company proposes to make. The Directors will also ensure that the Board and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 3.3 As is customary in the private equity industry, Calculus Capital will retain the right to charge arrangement and syndication fees to the private companies in which the Company invests. Such charges are in line with industry practice. The costs of all deals that do not proceed to completion will be borne by Calculus Capital and not by the Company. Calculus Capital may also receive ongoing directors' fees and monitoring fees from the investee companies as appropriate and in line with market practice.
- 3.4 All unquoted investments will be valued in accordance with IPEV Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter are valued at fair value. Investment in AIM quoted or NEX-listed companies (formerly known as ISDX-listed companies) or other quoted investments will be valued at the bid price of the shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. The Company's net asset value will be calculated quarterly and published on an appropriate regulatory information service.
- 3.5 The Company has appointed its manager Calculus Capital to provide company secretarial services for an annual fee of £15,000 plus VAT. The services to be provided will include all necessary secretarial, bookkeeping and accounting services required in connection with the business and operation of the Company.
- 3.6 PricewaterhouseCoopers LLP will provide legal advice and assistance in relation to the maintenance of the VCT status of the Company and will receive usual hourly rates or fees as agreed with the Directors in connection with other VCT tax and legal advice and assistance. If requested by the Company, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of the Company to ensure continuing compliance capital with the balance to be met from income.
- 3.7 A maximum of 75% of the Company's management expenses will be charged against capital with the balance to be met from income.
- 3.8 Annual expenses for the Company are currently subject to a cap of 3.0% of the net assets of the Company, excluding irrecoverable VAT, annual trail commission and performance incentive fees with any excess to be paid by Calculus Capital.

Annual running costs include, *inter alia*, Directors' fees, fund administration fees, fees for audit, taxation and legal advice, registrar's fees, costs of communicating with Shareholders and annual trail set out below).

Assuming full subscription under the Offer (including the over-allotment facility), the Board estimates that the annual running costs of the Company will be approximately 2.5% (excluding annual trail commission) of its net assets (excluding irrecoverable VAT) in the first accounting period (calculated on an annualised basis).

3.9 The members of the Board, other than John Glencross, also comprise the members of the audit committee of the Company, with Kate Cornish-Bowden being the chairman of the audit committee. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year to consider, amongst other things, the following:

- monitoring the integrity of the financial statements of the Company;
- reviewing the Company's internal control and risk management systems;
- making recommendations to the Directors in relation to the appointment of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity; and
- implementing and reviewing the Company's policies on the engagement of the external auditor to supply non-audit services.

3.10 Given the structure of the Company and the Board, the Board does not believe it necessary to appoint a remuneration committee or a nomination committee. The roles and responsibilities of these committees will be reserved for consideration and decision by the Board. In particular, the following matters will be reviewed:

- The levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role.
- Comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards.
- Composition and balance of skills, knowledge and experience of the Directors and would make nominations to the Directors in the event of a vacancy (new Directors are required to resign at the annual general meeting following appointment and then thereafter every three years).

3.11 As at the date of this document the Company has adopted the provisions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council in September 2012. The Company will continue to comply with such provisions following the close of the Offer save as set out above and as follows:

- Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the Articles that all Directors retire by rotation at the annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code).
- In light of the responsibilities retained by the Board and the Audit Committee and of the responsibilities delegated to Calculus Capital, Capita Registrars and PricewaterhouseCoopers, the Company has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable.
- Given the structure of the Company, and the Board, the Board does not believe it necessary to appoint separate remuneration or nomination committees and the roles and responsibilities normally reserved for these committees are resolved by the Board.
- The Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are renewed by the Board. The need for an internal audit function is renewed annually by the Board.

Material Contracts

Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by the Company since incorporation that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which the Company has an obligation or entitlement which is material to the Company as at the date of this document.

- 4.1 An investment management agreement dated 2 March 2010, between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the Company in respect of the venture capital investments portfolio and to advise in respect of the Company's investments in near cash assets. The agreement covered an initial period up to 14 December 2015 and the appointment may be terminated on 12 months' notice expiring on 14 December 2015 or at any time thereafter. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Calculus Capital receives an annual management fee of 1.0% of the net assets of the Company, calculated and payable quarterly in advance, together with any applicable VAT thereon. Calculus Capital may retain the right to charge arrangement and syndication fees to the private companies in which the Company invests and may also receive on-going directors' fees and monitoring fees from such investee companies. The agreement contains normal provisions indemnifying Calculus Capital in respect of loss and/or liability incurred in the provision of services pursuant to the agreement (save in circumstances of its wilful default, negligence or fraud).
- 4.2 A supplemental investment management agreement dated 7 January 2011 between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the C Shares Fund of the Company in respect of the venture capital investments portfolio and to advise in respect of the C Share Funds' investments in near cash assets. The agreement is for an initial period up to the 14 March 2017, and the appointment may be terminated on 12 months' notice expiring on or after that date. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Pursuant to this agreement, the terms of the Old Ordinary Share fund agreement set out at paragraph 4.2 above will apply, mutatis mutandis, to the C Shares Fund (pursuant to which, for the avoidance of doubt, Calculus Capital's entitlement to receive an annual management fee of 1% of the net assets of the Company is in respect of investment management services provided across both the Old Ordinary Shares Fund and the C Shares fund).
- 4.3 A performance incentive agreement between the Company (1), Investec Structured Products (2) and Calculus Capital (3) dated 2 March 2010 pursuant to which Investec Structured Products and Calculus Capital will each be entitled to 10% of dividends paid to Ordinary Shareholders provided that the performance conditions set out below are achieved. Investec Structured Products and Calculus Capital will each receive a performance incentive fee payable in cash of an amount equal to 10% of dividends and distributions paid to Ordinary Shareholders following the payment of such dividends and distributions provided that Ordinary Shareholders have received or been offered an interim return of at least 70p per Ordinary Share on or before 14 December 2015 and aggregate distributions of at least 105p per Ordinary Share have been paid (including the relevant distribution being offered). Such performance incentive fees will be paid within ten business days of the payment of the relevant dividend or distribution. If the appointment of either of the managers as investment manager to the Company is terminated by the Company as a result of a material breach by the manager concerned of the provisions of the investment management agreement between it and the Company, no further performance incentive will be payable to the manager concerned. If the appointment of Investec Structured Products is terminated for any other reason, it will continue to be entitled to the performance incentive. If the appointment of Calculus Capital is terminated for any other reason, it will be entitled to a performance incentive in respect of distributions paid during the period of five years after the date of termination, but the amount payable to it shall reduce pro rata during that period and no performance incentive will be payable in respect of distributions made thereafter.
- 4.4 A performance incentive agreement dated 7 January 2011 between the Company (1), Investec Structured Products (2) and Calculus Capital (3) pursuant to which Investec Structured Products and Calculus Capital will each be entitled to performance incentive fees as set out below:
- 10% of C Shareholder proceeds in excess of 105p and up to and including 115p per C Share, such amount to be paid within ten business days of the date of payment of the relevant dividend or distribution pursuant to which a return of 115p per C Share is satisfied; and
 - thereafter, 10% of C Shareholder proceeds, such amounts to be paid within ten business days of the date of payment of the relevant dividend or distribution,
- provided in each case that C Shareholders have received or been offered a C Shares Fund interim return of at least 70p per C Share on or before 14 March 2017 and at a least a further 45p per

C Share having been received or offered for payment on or before 14 March 2019. In addition, performance incentive fees in respect of the C Shares Fund will only be payable in respect of dividends and distributions paid or offered on or before 14 March 2019. The terms of this agreement will otherwise be materially the same as those for the arrangements for the Ordinary Shares Fund and as is more particularly described in paragraph 4.5 above.

- 4.5 A supplemental investment management agreement dated 26 October 2015 between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the D Shares Fund of the Company in respect of the venture capital investments portfolio and to advise in respect of the D Share Funds' investments in near cash assets and which gives the Shareholders of all classes the benefit of annual running cost caps to be provided by Calculus Capital. The agreement is for an initial period of five years, and the appointment may be terminated on 12 months' notice expiring on or after that date. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Pursuant to this agreement the terms of the Ordinary Share Fund agreement set out at paragraph 4.3 above will apply, mutatis mutandis, to the D Shares Fund save that Calculus Capital shall be entitled to receive an annual management fee of 1.75% of the net assets of the Company in respect of investment management services provided to the D Share Fund. This agreement provides that in the event that any of the share classes are merged, the terms attributable to the merged class shall be those currently attributable to the D Share class except that the new cost cap will be the aggregate of the cost caps applicable to the classes to be merged classes. Furthermore, Calculus Capital provides company secretarial services as part of its investment management services to the Company, for an additional annual fee of £15,000, terminable on three months' notice, and the terms of this appointment are contained in the schedule to this agreement.
- 4.6 A performance incentive agreement dated 26 October 2015 between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital will be entitled to a performance incentive fee equal to 20% of D Shareholder proceeds in excess of 105p to be paid within ten business days of the date of payment of the relevant dividend or distribution pursuant to which a return of 105p per D Share is satisfied and otherwise on similar terms, mutatis mutandis, to the performance incentive agreement noted at 4.5 above.
- 4.7 A promoter's agreement dated 4 August 2017 between the Company (1), the Directors (2) and Calculus Capital (3), whereby Calculus Capital agreed to act as promoter in connection with the 2017 Offer. The agreement contains warranties given by the Company and the Directors to Calculus Capital (as the promoter). The Company will pay to Calculus Capital a promoter's fee of 3.0% (in respect of Investors through intermediaries) and 5.0% (in respect of direct Investors) of the gross amount subscribed under the Offer out of which certain costs, charges and expenses of or incidental to the Offer will be paid. The Company will bear the costs of paying commission to the authorised intermediaries of Investors under the Offer.
- 4.8 A limited indemnity dated 12 September 2017 from the Company to the liquidators of Neptune pursuant to which the Company indemnified Neptune's liquidators for expenses and costs incurred by them in connection with the Neptune Merger. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the Merger calculations. The Company's liability to Neptune's liquidators under the indemnity is limited to a sum equal to the assets of Neptune at the time of the Neptune Merger.
- 4.9 A deed of amendment and restatement dated 12 September 2017 to the investment management agreement dated 2 March 2010 (as amended) entered into between the Company (1) and Calculus Capital (2), pursuant to which Calculus Capital will be re-appointed as the investment manager to the Company to provide investment management and administration services to the Company with a revised annual costs cap of 3.0%.
- 4.10 A promoter's agreement dated 12 September 2018 between the Company (1), the Directors (2) and Calculus Capital (3), whereby Calculus Capital agreed to act as promoter in connection with the Offer. The agreement contains warranties given by the Company and the Directors to Calculus Capital (as the promoter of the Offer). The Company will pay to Calculus Capital a promoter's fee of 3.0% (in respect of Investors through intermediaries) and 5.0% (in respect of direct Investors) of the gross amount subscribed under the Offer out of which certain costs, charges and expenses of or incidental to the Offer will be paid. The Company will bear the costs of paying commission to the eligible authorised intermediaries of Investors under the Offer.

Miscellaneous

- 5.1 There has been no significant change in the financial or trading position of the Company which has occurred since 28 February 2018, being the date of the most recent audited financial report and accounts of the Company.
- 5.2 The Board believes that the Offer will result in a significant change to the Company, including a projected increase in its earnings in the medium term and in the net assets of an amount equivalent to the net proceeds received under the Offer, expected to be approximately £9.5 million (assuming full subscription but no utilisation of the over-allotment facility).
- 5.3 If the Offer is fully subscribed and approximately 14 million new Ordinary Shares are issued, the existing 14,588,859 shares in issue would represent approximately 51.03% of the enlarged share capital of the Company. As such, the existing Ordinary Shares will be diluted in terms of their voting power but Shareholders who do not subscribe will suffer no dilution as to the NAV of their Shares (save in respect of the cost of trail commission and the early incentive and loyalty bonuses met by the Company) as the Pricing Formula ensures that Offer Shares are issued primarily on a "NAV plus costs" basis.
- 5.4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which the Company is aware) which may have or had in the recent past significant effects on the Company's financial position or profitability.
- 5.5 The issue costs payable directly by the Company are limited to annual trail commission of 0.5% (subject to a cumulative maximum of 3.0%) in respect of applications from certain professional client Investors and certain non-advised Investors and the professional fees of its advisers. Investors will bear the costs of the Promoter's Fee of 3.0% (or 5.0% depending on the category of Investor) and any up front commission or adviser charges payable through the application of the Pricing Formula.
- 5.6 The issue premium for the Offer Shares will be the difference between the issue price of the Offer Shares and their nominal value of 1 penny. The Offer is not underwritten.
- 5.7 The Company has paid dividends amounting to 84.1p per Old Ordinary Share, 73.1p per old C Share and 8.25p per Ordinary share since incorporation to date.
- 5.8 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described on pages 19 and 20 and in accordance with the VCT Rules.
- 5.9 The typical Investor for whom investment in the Company is designed is a retail Investor who is an individual higher rate tax payer aged 18 or over, with an investment range of £5,000 and £200,000, who is capable of understanding and is comfortable with the risks of VCT investment, and who is resident in the United Kingdom.
- 5.10 Calculus Capital is responsible for the determination and calculation of the Company's net asset value, which will be prepared quarterly for approval by the Directors in accordance with the International Private Equity and Venture Capital Association ("IPEVC") valuation guidelines. The net asset value of the Company will be communicated to Investors through a Regulatory Information Service provider at the same frequency as the determinations. The calculation of the net asset value would only be suspended in circumstances where the underlying data necessary to value the investments of the Company could not readily, without undue expenditure, be obtained. In the event of a suspension, valuations are held at the suspended price and a view is taken with consideration to best market practice and information from advisers. Shareholders will be notified of any suspension by announcement through a Regulatory Information Service.
- 5.11 Calculus Capital may retain for its own benefit and without liability to account to the Company (subject to full disclosure having been made to the Board) any arrangement fees and directors' or monitoring fees which it receives in connection with any investments made by the Company. The Company will not be liable for legal, accounting and any other fees incurred on potential investments which do not proceed to completion.
- 5.12 Calculus Capital has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.
- 5.13 Beaumont Cornish Limited has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.

- 5.14 Jeffreys Henry LLP has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear and Jeffreys Henry LLP have authorised the contents of Part 3 of the Prospectus.
- 5.15 The Company and the Directors accept responsibility for the information contained in the Prospectus with respect to the subsequent resale or final placement of securities by financial intermediaries and consent to the use of the Prospectus by financial intermediaries in the UK, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offer is expected to close on 30 August 2019, subject to the Offer not having closed at an earlier date (if fully subscribed or otherwise at the Directors discretion) or unless previously extended by the Directors. There are no conditions attaching to this consent.
- 5.16 **Any financial intermediary using the Prospectus is required to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto. In the event of an offer being made by a financial intermediary, financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.**
- 5.17 Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 5.18 The Company has not issued any profit forecast or dividend forecast which remains outstanding as at the date of this document.

Other Information

Shareholders

As at 12 September 2018 (being the latest practicable date prior to publication of this document), Mr Alistair Watson held 645,499 shares in the Company (4.4%) and Mr Paul Inglett held 525,584 shares in the Company (3.6%). Both of these shareholdings are notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more must be notified to the Company).

No shareholders have different voting rights. To the best of the knowledge and belief of the Directors, the Company is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.

Investor Communications

The Directors recognise the importance of maintaining regular communications with Shareholders. Calculus Capital will accordingly publish information on new investments and the progress of companies within the Company's portfolio from time to time.

Reporting Dates

Year end	28 February
Announcement and publication of annual report and accounts to Shareholders	June
Half year	31 August
Announcement and publication of interim results	October

Ordinary Shares

The securities being issued pursuant to the Offer are ordinary shares of one penny each (ISIN: GB00BYQPF348).

Shareholders will be entitled to receive certificates in respect of their Shares and the Shares will also be eligible for electronic settlement.

General Meeting - Resolutions Relating to the Offer

The Offer needs to be approved by Shareholders in order to proceed. Accordingly, a general meeting of the Company has been convened for 9 October 2018 at the offices of Calculus Capital, 104 Park Street, London W1K 6NF. In summary Shareholders' approval is being sought for the Company to:

- authorise the Directors to allot Offer Shares pursuant to the Offer
- dis-apply statutory pre-emption rights for these purposes; and
- approve the cancellation of the Company's share premium account.

Documents available for Inspection

Copies of the following documents will be available for inspection during usual business hours on weekdays at the Company's registered office and the offices of RW Blears LLP, 29 Lincoln's Inn Fields, London WC2A 3EG whilst the Offer is open:

- the Memorandum and Articles of the Company;
- the material contracts referred to in paragraph 4 of Part 6 of this document;
- the Circular to Shareholders dated 13 September 2018;
- the consent letters set out in paragraph 5.12 to 5.14 of Part 6 of this document; and
- this Prospectus.

PART 7

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER

1. The contract created by the acceptance of applications in the manner herein set out will be conditional upon the Admission of the Offer Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities unless otherwise so resolved by the Board. Offer Shares will be issued conditional on the relevant Resolutions being passed at the General Meeting. If any application is not accepted or if any application is accepted for fewer Offer Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by the Company in a separate application account.
2. The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts.
3. By completing and delivering an Application Form, you (as the applicant):
 - (a) irrevocably offer to subscribe for the amount of money specified in your Application Form which will be applied to purchase Offer Shares, subject to the provisions of (i) the Prospectus, (ii) these Terms and Conditions and (iii) the Memorandum and Articles; and (iv) any document mentioned in paragraph (h) below;
 - (b) authorise the Company's Registrars to send definitive documents of title for the number of Offer Shares for which your application is accepted and to procure that your name is placed on the registers of members of the Company in respect of such Offer Shares and authorise the Receiving Agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;
 - (c) agree, in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any Offer Shares to any persons other than by means of the procedures set out or referred to in the Prospectus, that your application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon dispatch by post or delivery by hand of your Application Form duly completed to the Receiving Agent;
 - (d) understand that your cheque or banker's draft will be presented for payment on receipt, and agree and warrant that it will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive certificates for the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such Offer Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than return of such late payment);
 - (e) agree that monies subscribed for Offer Shares will be held for the account of the Company pending allotment of Offer Shares (which may not take place until several weeks after cleared funds have been received) and that all interest thereon shall belong to the Company and further that any documents of title and any monies returnable to you may be retained pending clearance of your remittance and that such monies will not bear interest;
 - (f) agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any

- such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (g)** agree that, in respect of those Offer Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by inclusion in an allotment of Offer Shares to you by the Receiving Agent;
 - (h)** agree that, having had the opportunity to read the Prospectus and any supplementary prospectus issued by the Company and filed with the FCA, you shall be deemed to have had notice of all information and representations concerning the Company contained herein and in any supplementary prospectus issued by the Company and filed with the FCA and in any announcement made by the Company on an appropriate Regulatory Information Service (whether or not so read);
 - (i)** agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;
 - (j)** confirm that in making such application you are not relying on any information or representation in relation to the Company other than those contained in the Prospectus and any supplementary prospectus filed with the FCA and you accordingly agree that no person responsible solely or jointly for the Prospectus and/or any supplementary prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;
 - (k)** confirm that you have reviewed the restrictions contained in this paragraph 3 and paragraph 4 below and warrant as provided therein;
 - (l)** warrant that you are not under the age of 18 years;
 - (m)** agree that such Application Form is addressed to the Company, Beaumont Cornish Limited and the Receiving Agent;
 - (n)** agree to provide the Company and/or the Receiving Agent with any information which either may request in connection with your application and/or in order to comply with the Venture Capital Trust or other relevant legislation and/or the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as the same may be amended from time to time);
 - (o)** warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Beaumont Cornish Limited, the Receiving Agent or Calculus Capital acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
 - (p)** agree that neither Calculus Capital nor Beaumont Cornish Limited will regard you as its customer by virtue of you having made an application for Offer Shares or by virtue of such application being accepted; and
 - (q)** declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring Offer Shares and that the Offer Shares are being acquired for bona fide commercial purposes and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
- 4.** No action has been or will be taken in any jurisdiction by, or on behalf of, the Company which would permit a public offer of Offer Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document other than in the United Kingdom. No person receiving a copy of this document or any supplementary prospectus filed with the FCA or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or

such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application for Offer Shares to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

- 5.** The basis of allocation will be determined by the Company (after consultation with Beaumont Cornish Limited) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The Offer will be closed on 30 August 2019 (3 April 2019 in respect of applications for the 2018/19 tax year) or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications, which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures contained in the Application Form. In particular, but without limitation, the Company (after consultation with Beaumont Cornish Limited) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions. The Offer is not underwritten. The Offer will be suspended if at any time any of the Company is prohibited by statute or other regulations from issuing Offer Shares.
- 6.** Save where the context requires otherwise, terms defined in the Prospectus and any supplementary prospectus filed with the FCA bear the same meaning when used in these terms and conditions of application and in the Application Form.
- 7.** Authorised financial intermediaries who, acting on behalf of their clients where those clients are non-advised Investors (and an enhanced service has been provided in accordance with the extended prohibition on inducements under MiFID II) or where their client are 'professional clients' under the FCA Rules who have received only restricted advice, return valid Application Forms bearing their stamp and FCA number will normally be paid 2.0% commission on the amount payable in respect of the Offer Shares allocated for each such Application Form. In addition, provided they continue to act for their client and the client continues to hold such Offer Shares, such intermediaries will be paid an annual trail commission of 0.5% of the net asset base value for each such Offer Share. For this purpose, "net asset base value" means the net assets attributable to the Offer Share in question as determined from the audited annual accounts of the Company as at the end of the preceding financial year. It is expected that annual trail commission will be paid five months after the year end of the Company in each year. The administration of annual trail commission will be managed by the Promoter which will maintain a register of intermediaries entitled to trail commission. The Promoter shall be entitled to rely on a notification from a client that he has changed his adviser, in which case, the trail commission will cease to be payable to the original adviser and will be payable to the new adviser if one is appointed. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 3.0% of the amount subscribed for each such Offer Share or in respect of any period commencing after the sixth anniversary of the closing date of the Offer. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for commission. The Receiving Agent will collate the Application Forms bearing the financial intermediaries' stamps and calculate the initial commission payable which will be paid within one month of the allotment.
- 8.** Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived through the mechanism of the Pricing Formula. Applications received before 5.00pm on 1 February 2019 will be entitled to a 0.5% early application discount. Existing Shareholders will be entitled to an additional 0.5% loyalty discount on applications received at any time prior to the closing of the Offer. All such early application and loyalty discounts will be applied through the mechanism of the Pricing Formula.
- 9.** Where Application Forms are returned by you or on your behalf by an authorised financial intermediary who has given you a personal recommendation in respect of your application

having first categorised you as a retail client under the FCA Rules, the Company will facilitate the payment of any Adviser Charge agreed between you and your intermediary, as validated by your completion of the relevant box on the Application Form. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment equal to the Adviser Charge direct to the intermediary which will be taken into account when applying the Pricing Formula to your subscription, and will reduce, the number of Offer Shares which are issued to you on the basis set out on page 18.

10. There has been no material disparity in the past year (from the date of this document), nor shall there be under the Offer in the effective cash cost of Offer Shares to members of the public as compared with the effective cash cost of Offer Shares to members of the Company's management (including its administrative and supervisory bodies) or their affiliates.
11. Where Application Forms are returned on your behalf by an authorised financial intermediary, the Promoter at its sole discretion will determine the Promoter's Fee applicable to your application for Offer Shares, subject to a maximum of 5.0% of the initial Net Asset Value per Offer Share.
12. Non-material amendments to these terms or to the procedure for making applications under the Offer may be made at the discretion of the Directors without giving prior notice to applicants.

Lodging of Application Forms and dealing arrangements

Completed Application Forms with the appropriate remittance must be posted or delivered by hand on a Business Day between 9.00am and 5.30pm to the Receiving Agent. The Offer opens on 13 September 2018 and will close on 30 August 2019, or earlier at the discretion of the Directors. If you post your Application Form, you are recommended to use first class post and to allow at least two Business Days for delivery. It is expected that dealings in the Offer Shares will commence three Business Days following allotment and that share certificates will be dispatched within ten business days of allotment of the Offer Shares. Allotments will be announced on an appropriate Regulatory Information Service. Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. To the extent that any application is not accepted any excess payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.

CORPORATE INFORMATION

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Arthur John Glencross
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Diane Seymour-Williams

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