

# **Calculus VCT plc**

## **Prospectus**

**Offer for Subscription**

**for the tax years 2019/2020 and 2020/2021**

**to raise up to £10 million**

**with an over-allotment facility of a further £10 million**

**24 September 2019**

**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 dated 24 September 2019 (the “**Prospectus**”) issued by Calculus VCT plc (the “**Company**”), prepared in accordance with the Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This Prospectus has been approved by the Financial Conduct Authority (“**FCA**”) as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered an endorsement of the Company or of the quality of the securities that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the securities. The Company and the Directors (whose names are set out on page 73) accept responsibility for the information contained in this prospectus. To the best of the knowledge of the Company and the Directors the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

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# 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 £10 million) by way of the issue of Ordinary Shares in the Company**

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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 FCA 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.**

## CONTENTS

	Page
Summary	4
Risk Factors	11
Expected Offer Timetable, Statistics and Costs	14
Definitions	15
Part 1: Offer for Subscription	17
Part 2: Investment Portfolio of the Company	31
Part 3: Financial Information on the Company	38
Part 4: Memorandum and Articles of Association	40
Part 5: Taxation	49
Part 6: Additional Information	53
Part 7: Terms and Conditions of Application under the Offer	62
Part 8: Dividend Reinvestment Scheme	66
Corporate Information	73

## SUMMARY

### SECTION 1: INTRODUCTION

This summary forms part of a prospectus dated 24 September 2019 (the “**Prospectus**”) issued by Calculus VCT plc (the “**Company**” or the “**Issuer**”) and which has been approved, on that date, by the Financial Conduct Authority (the “**FCA**”), the competent authority for the United Kingdom under Part IV of the Financial Services and Markets Act 2000.

The Prospectus describes a public offer by the Company to raise up to £10 million (with an over-allotment facility for up to a further £10 million). The securities being offered pursuant to the Offer are Ordinary Shares of 1 penny each (“**Offer Shares**”) (ISIN: GB00BYQPF348).

The FCA may be contacted at:  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

The Issuer’s contact details are:

<i>Address</i>	<i>Email</i>	<i>Website</i>	<i>Telephone</i>
104 Park Street, London W1K 6NF	info@calculuscapital.com	www.calculuscapital.com	020 7493 4940

**Warning:** This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities described herein should be based on a consideration of the prospectus as a whole by the investor. Investors could lose all or part of the invested capital. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only 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 the other parts of the Prospectus or where 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 the Offer Shares.

### SECTION 2: KEY INFORMATION ON THE ISSUER

#### Who is the Issuer of the securities?

The issuer of the securities which are the subject of this Prospectus is Calculus VCT plc (the “**Company**”).

The Company is a public limited liability company which is registered in England and Wales with registered number 07142153. It’s Legal Entity Identifier is: 2138005SMDWLMMNPVA90. The Company is approved by HMRC as a venture capital trust (VCT) in accordance with the VCT Rules. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Company has no parent company and is owned by individuals, none of whom owns more than 3% of its ordinary share capital. The Company has no subsidiaries. The Company has four non-executive directors – Jan Ward (Chairman), Kate Cornish-Bowden, Claire Olsen and John Glencross.

The Company’s auditors are BDO LLP of 55 Baker Street, London W1U 7EU.

## What is the key financial information regarding the Issuer?

Certain key historical information of the Company is set out below:

	<b>Audited year end to 28 February 2019</b> <i>£'000</i>	<b>Audited year end to 28 February 2018</b> <i>£'000</i>	<b>Audited year end to 28 February 2017</b> <i>£'000</i>
<b>Net Assets</b>			
Ordinary Share Fund	13,971	10,130	
original ordinary share fund:			978
C Share Fund:			502
D Share Fund:			6,943
Total	13,971	10,130	8,423
<b>Total return before tax</b>			
Ordinary Share Fund:	(1,027)	(273)	
original ordinary Share Fund			(176)
C Share Fund:			16
D Share Fund:			(178)
Total	(1,027)	£(273,000)	(338)
<b>Net asset value per Share</b>			
Ordinary Share Fund:	75.8p	87.0p	
original ordinary Share Fund:			20.6p
C Share Fund:			26.0p
D Share Fund:			92.4p
<b>Dividends paid per Share</b>			
Ordinary Share Fund:	4.00p	4.25p	
original ordinary Share Fund:		7.0p	7.0p
C Share Fund:		3.0p	52.1p
D Share Fund:			

## Income Statement

	Audited year end to 28 February 2019 <i>£'000</i>	Audited year end to 28 February 2018 <i>£'000</i>	Audited year end to 28 February 2017 <i>£'000</i>
(Losses)/gains on investments at fair value	(612)	232	70
Losses on disposals of investments	(88)	(159)	(214)
Income	91	65	62
Investment management fees	(197)	(154)	(63)
Other expenses	(221)	(202)	(193)
Deficit attributable to Shareholders	(1,027)	(273)	(338)
Deficit per Ordinary Share	(7.3)p	(2.7)p	(8.7)p

## Balance Sheet

	Audited year end to 28 February 2019 <i>£'000</i>	Audited year end to 28 February 2018 <i>£'000</i>	Audited year end to 28 February 2017 <i>£'000</i>
<b>Fixed assets</b>			
Investments	11,593	7,982	4,906
<b>Current assets</b>			
Debtors	1,417	44	14
Cash at bank and in hand	1,176	2,267	3,782
<b>Creditors:</b> amounts falling due within one year	(145)	(142)	(279)
<b>Net current assets</b>	2,448	2,169	3,517
<b>Net assets</b>	13,971	10,130	8,423
<b>Capital and reserves</b>			
Called up share capital	184	116	141
Share premium	5,584	298	7,046
Special reserve	9,488	9,974	1,277
Capital redemption reserve	56	56	-
Capital reserve - realised	215	451	725
Capital reserve - unrealised	(441)	171	(61)
Revenue reserve	(1,115)	(936)	(705)

<b>Total equity shareholders' funds</b>	13,971	10,130	8,423
<b>Net asset value per share</b>	75.8p	87.0p	20.6p per old ordinary share 26.0p per C share 92.4p per D share

### Cash Flow Statement

	<b>Audited year end to 28 February 2019</b> <i>£'000</i>	<b>Audited year end to 28 February 2018</b> <i>£'000</i>	<b>Audited year end to 28 February 2017</b> <i>£'000</i>
<b>Cash flow from operating activities</b>			
Investment income received	47	67	59
Deposit interest received	3	2	1
Investment managements fees	(190)	(145)	(40)
Other cash payments	(213)	(264)	(107)
<b>Net cash flow from operating activities</b>	<b>(353)</b>	<b>(340)</b>	<b>(87)</b>
<b>Cash flow from investing activities</b>			
Purchase of investments	(6,057)	(1,070)	(3,561)
Sale of investments	1,746	73	1,440
<b>Net cash flow from investing activities</b>	<b>(4,311)</b>	<b>(997)</b>	<b>(2,121)</b>
<b>Cash flow from financing</b>			
Ordinary share issue / D Share issue	4,157	418	7,546
Expense of Ordinary / D Share issue	(94)	(127)	(267)
IFA trail commission	(4)	(3)	-
Neptune-Calculus cash received	-	286	-
Expenses of Neptune-Calculus transaction	-	(102)	-
Share buybacks for cancellation	(35)	(49)	-
Equity dividend paid	(451)	(601)	(1,338)
<b>Net cash flow from financing activities</b>	<b>3,573</b>	<b>(178)</b>	<b>5,941</b>
<b>Analysis of changes in cash and cash equivalents</b>			

<b>Cash and cash equivalents at the beginning of the year</b>	2,267	3,782	49
<b>Net cash (decrease)/increase</b>	(1,091)	(1,515)	3,733
<b>Cash and cash equivalents at year end</b>	1,176	2,267	3,782

There has been no significant change in the financial position or financial performance of the Issuer since the end of the last financial period for which financial information has been published to the date of this Prospectus.

#### **What are the key risks that are specific to the Issuer?**

- 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.
- Investments made by the Company will be in companies which have a higher risk profile than larger "blue chip" companies and whose securities are not readily marketable and therefore may be difficult to realise.
- 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.
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which could affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Although the Company may receive customary venture capital rights in connection with its investments, as a minority investor it will not be in a position to protect its interests fully.

### **SECTION 3: KEY INFORMATION ON THE SECURITIES**

#### **What are the main features of the securities?**

The securities being offered pursuant to the Offer are Ordinary Shares of 1 penny each (ISIN: GB00BYQPF348). The Offer Shares will be created pursuant to resolutions passed by the Shareholders at the Company's annual general meeting which was held on 4 July 2019.

The Offer Shares will rank equally in all respects with each other and with the existing Ordinary Shares. Shareholders will be entitled to receive certificates in respect of their Offer Shares and will also be eligible for electronic settlement. The Offer Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.

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.

### Where will the securities be traded?

Applications will be made to the FCA for the Ordinary Shares offered for subscription pursuant to the Prospectus to be admitted to the premium segment of the Official List of the FCA. Application will also be made to the London Stock Exchange for the 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 allotment.

### Is there a guarantee attached to the securities?

There is no guarantee attached to the Offer Shares.

### What are the key risks that are specific to the securities?

- 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
- 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 FCA 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.

## SECTION 4: KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

### Under which conditions and timetable can I invest in this security?

The Offer opens on the date of the Prospectus and will close on 28 August 2020 (or earlier at the discretion of the directors or if full subscription is reached). Investors must be over 18 years old.

Application has been made to the FCA for the Offer Shares to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for such Offer Shares to be admitted to trading on its 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 allotment.

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):

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

*\*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.*

The estimated expenses of the Offer will be 5.0% of the funds raised (assuming investment solely by investors in respect of whom commission is payable). If the Offer is fully subscribed (ignoring the over-allotment facility) the net proceeds of the Offer would be approximately £9,500,000.

An existing holder of Ordinary Shares who does not subscribe for Offer Shares pursuant to the Offer would experience no dilution in terms of NAV per share (as the assets of the Company will be increased by the proceeds of the Offer and the upfront costs of the Offer are borne by subscribers) but will experience dilution in terms of voting. The Company will bear the costs of on-going trail commission which is not borne by subscribers through the application of the above Pricing Formula. All other incidental costs of the Offer will be borne by the Promoter from its fee.

The Offer is not underwritten save that the Offer costs, other than intermediary commission, are underwritten by the Promoter in consideration of the Promoter's Fee.

**Why is this prospectus being produced?**

The Offer is being made, and its proceeds will be used, to raise additional funds raised under the Offer to be invested in accordance with the Company's investment policy. The Company is a generalist VCT. Funds raised under the Offer will, no later than three years following the end of the accounting period in which those shares are issued, be invested as to at least 80% in VCT qualifying companies with 30% of such funds so invested within the first 12 months. The remainder of such funds raised will be held in cash or other permitted non-qualifying investments.

## 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 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. 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. 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.
- 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.
- 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.
- 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.

- 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.
- 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.
- 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.

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.

### **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 FCA 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.

## EXPECTED OFFER TIMETABLE, STATISTICS AND COSTS

### Indicative Offer Timetable

Offer opens	24 September 2019
Closing date (for 2019/20 tax year)	3 April 2020
Closing date (for 2020/21 tax year)*	28 August 2020
First allotment	no later than 5 April 2020
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 2019	73.53p
Maximum number of Offer Shares to be issued**	13 million
Estimated net proceeds of the Offer**	£9.5 million
Discount for applications received by 31 January 2020***	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 £10 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 with FCA rules on inducements. 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:

<b>“2018 Offer”</b>	the Offer for subscription for Ordinary Shares launched in 2018 which closed on 30 August 2019
<b>“Admission”</b>	the date on which the Offer Shares are listed on the Official List of the FCA and admitted to dealing on the LSE’s main market for listed securities
<b>“Annual Report”</b>	the annual report and financial statements of the Company for the year ended 28 February 2019
<b>“Articles”</b>	the articles of association of the Company, as amended from time to time
<b>“Board” or “Directors”</b>	the board of directors of the Company
<b>“Brexit”</b>	the UK’s decision in a referendum on 23 June 2016 to leave the European Union
<b>“Business Day”</b>	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in the City of London
<b>“CA 2006”</b>	Companies Act 2006, as amended
<b>“Class Merger”</b>	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
<b>“Company” or “Calculus VCT”</b>	Calculus VCT plc (company number: 07142153)
<b>“C Shares”</b>	the C ordinary shares of the Company that were in issued prior to the completion of the Class Merger
<b>“D Shares”</b>	the D ordinary shares of the Company that were in issued prior to the completion of the Class Merger
<b>“Existing Shareholders”</b>	holders of Shares as at the date of this Prospectus
<b>“FCA”</b>	the Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IA 1986”</b>	Insolvency Act 1986, as amended
<b>“Investor”</b>	an individual who subscribes for Offer Shares pursuant to the Offer
<b>“ITA 2007”</b>	Income Tax Act 2007, as amended
<b>“Listing Rules”</b>	the listing rules of the FCA
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc
<b>“Manager” or “Calculus Capital”</b>	Calculus Capital Limited, the Company’s investment manager in respect of its venture capital portfolio
<b>“NAV”</b>	net asset value
<b>“Neptune”</b>	Neptune-Calculus Income and Growth VCT plc (in liquidation)

<b>“Neptune Merger”</b>	the merger of the Company with Neptune which completed on 12 September 2017
<b>“Offer”</b>	the Offer to raise up to £10 million (with an over-allotment facility of up to an additional £10 million) by issues of new Ordinary Shares in the capital of the Company, as set out in this Prospectus
<b>“Offer Shares”</b>	the new Ordinary Shares to be issued pursuant to the Offer
<b>“Official List”</b>	the official list of the FCA
<b>“Old Ordinary Shares”</b>	the ordinary shares of the Company that were in issue prior to the completion of the Class Merger
<b>“Overseas Shareholders”</b>	Shareholders who are not resident in the UK
<b>“Prospectus”</b>	this document
<b>“Shareholder”</b>	a holder of Shares
<b>“Shares” or “Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“TCGA 1992”</b>	Taxation of Chargeable Gains Act 1992, as amended
<b>“UK”</b>	the United Kingdom
<b>“VCT” or “venture capital trust”</b>	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
<b>“VCT Rules”</b>	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 £172 million funds under management as at 31 July 2019 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.
- **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 in 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 31 January 2020 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](http://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](mailto: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 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 £8 billion has been raised by VCTs and £731 million was raised by VCTs in the 2018/19 tax year<sup>1</sup>.

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 24 September 2019 and will close at 5.00pm on 28 August 2020, unless extended. 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 31 January 2020 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):

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

*\*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

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<sup>1</sup> Source: AIC Statistics, [theaic.co.uk](http://theaic.co.uk)

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 (2019/20 tax year), April (2019/20 tax year), and August (2020/21 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 28 August 2020. 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

### **Dividend Reinvestment Scheme**

Investors have the option of receiving their dividends directly in cash to their specified bank account, or can elect to have their dividend reinvested into the Company for additional Ordinary Shares. By reinvesting dividends, investors are able to increase the size of their holding without incurring any additional offer costs, and, subject to their personal circumstances, will receive an additional 30% income tax relief on amounts reinvested on their total VCT investments of up to £200,000 per tax year, subject always to the prevailing VCT rules and limits. The full terms and conditions of the Company's dividend reinvestment scheme are set out in Part 8 of this Prospectus.

### **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 four non-executive Directors, three 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.

### **Jan Ward (Chairman)**

Jan Ward joined the board on the 1 March 2019 and was appointed Chairman after the retirement of Michael O Higgins on the 4 July 2019. Jan brings strategic and operational experience gained from more than thirty years in the oil, gas, petrochem and power industries. Jan is the founder and CEO of Corrotherm International Ltd which specialises in supplying advanced metals for fabricating oil, gas and power generating equipment. Corrotherm is a significant exporter of UK manufactured products and has grown to 10 offices globally. Jan was named a CBE in the 2015 New Year's Honours list for services to business.

An adviser and non-executive board member to a number of manufacturing companies and government departments, she is also the Director of the Saudi British Joint Business Council and UAE UK Business Council, Director of Energy Industries Council. She is a NatWest everywoman award winner, as well as IoD London and South East Global Director of the year. Jan was awarded a CBE for services to Business and Honorary Doctorate of Engineering.

### **Kate Cornish-Bowden (Audit Committee Chair)**

Kate Cornish-Bowden joined the board in February 2011, and was appointed Chair of the Audit committee in 2012. Kate is a non-executive Director of Finsbury Growth & Income Trust plc, CC Japan Income & Growth Trust plc, and Schroder Oriental Income Fund Limited. 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. Kate is an experienced equity portfolio manager, having managed funds on behalf of both retail investors and pension fund 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.

Kate holds a Masters in Business Administration (MBA) and has completed the Financial Times Non-Executive Director Diploma.

### **John Glencross**

John Glencross 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.

### **Claire Olsen**

Claire Olsen was appointed to the board on the 3 January 2019. Claire has a background in financial services marketing and research and is currently an independent consultant. Prior to this, she was Head of European Corporate & Research Marketing for equity research firm, AB Bernstein where she was responsible for directing the strategy, growth, development and execution of the EMEA corporate research marketing programme. During her eleven years at Bernstein, she developed their European Strategic Decisions Conference to become Europe's largest and most respected generalist conference, rated by institutional investors and corporate management teams. Claire was ranked yearly under "Specialist Sales" across multiple sectors in the European Extel Survey.

Before joining Bernstein, Claire consulted for a number of Corporate Finance Boutiques, Investment Management firms and High Net Worth Individuals. Claire began her career working JPMorgan Chase (previously Flemings Investment Bank) and is a qualified Paralegal and Legal Executive.

*Current and Past Directorships*

<b>Jan Ward</b>	<b>Current</b> Calculus VCT plc Antech Ltd Red Penguin Associates Corrotherm International Energy and Utility Skills Group Millers Oils Ltd J Holmes Ltd CIL UK Holdings Ltd Inco Alloys Ltd Saudi British Joint Business Council	<b>Past 5 Years</b> Hardide PLC Hampshire Chamber of Commerce Southampton Cultural Development Trust JJHL Ltd Solent Enterprise Partnership Ltd
<b>Kate Cornish-Bowden</b>	<b>Current</b> Calculus VCT plc Finsbury Growth & Income Trust plc CC Japan Income & Growth plc Schroder Oriental Income Fund Ltd	<b>Past 5 Years</b> KCB Research Limited Arcis Biotechnology Holdings Limited Scancell Holdings PLC
<b>John Glencross</b>	<b>Current</b> Calculus Advisory Limited Calculus Asset Management Limited Calculus Capital Limited Calculus Capital Partners Limited Calculus Holdings Limited Calculus Nominees Limited Calculus VCT plc McDonald Glencross Limited Terrain Energy Limited Neptune-Calculus Income and Growth VCT plc (in liquidation) The EIS Association Limited The Alchemy Circle Ltd	<b>Past 5 Years</b> Hembuild Group Limited Human Race Group Limited Investec SPV Limited Neptune-Calculus SPV Limited

<b>Claire Olsen</b>	<b>Current</b>	<b>Past 5 Years</b>
	Calculus VCT plc	
	Leaf Management Services Limited	

#### *Directors' Interests*

As at 23 September 2019 (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:

<b>Director</b>	<b>Shares held</b>	<b>% of total issued share capital</b>
Kate Cornish-Bowden	80,291 Ordinary Shares	0.36
John Glencross	61,341 Ordinary Shares	0.28
Jan Ward	No holdings	-
Claire Olsen	No holdings	-

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.

John Glencross was appointed under a letter of appointment dated 22 February 2010. Kate Cornish-Bowden was appointed under a letter of appointment dated 10 February 2011. Claire Olsen was appointed under a letter of appointment dated 13 December 2018. Jan Ward was appointed under a letter of appointment dated 31 January 2019. 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 Jan Ward as chairman is £24,000 (plus applicable employers' National Insurance Contributions). The total annual remuneration receivable by Kate Cornish-Bowden (plus applicable employers' National Insurance Contributions) is £20,000 and the total annual remuneration received by Claire Olsen is £18,000 (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 2019 were £65,000 (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 23 September 2019 (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.

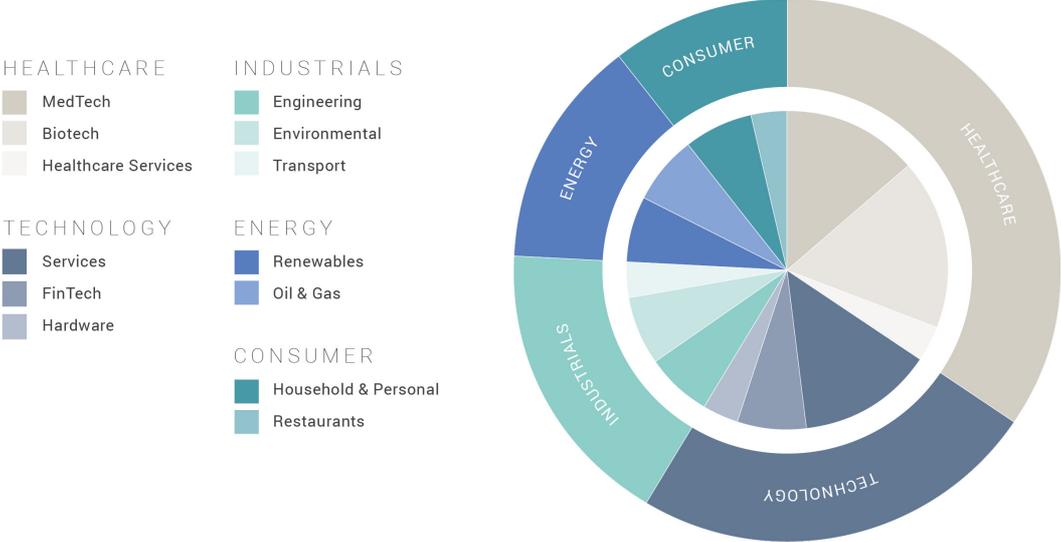
### **The Manager**

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 under the laws of England and Wales where it is registered as a private limited company with registered number 03861194 and its Legal Entity Identifier is 213800ZZS2KUF9Y6LF44. Calculus Capital 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 2019, it had £172 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 28 February 2019.



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 has been awarded the EIS Association ‘Best EIS Fund Manager’ award five times, the latest at the 2019 Awards ceremony. In 2018 Calculus was awarded for the second time as “Best Investment Manager”. Calculus also attained the title of “Best EIS generalist” in 2017 and “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'.



## 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.

### **Richard Moore**

*Co-Head of 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 a 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**

*Co-Head of Investments*

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 Assistant Director*

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.

**Matthew Connor***Investment Associate*

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***Finance Director and Company Secretary*

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.

**Dominic Harris***Portfolio Management Director*

Dominic joined Calculus Capital in 2019. Prior to this he was an Investment Director at Valtegra, a mid-market, private equity firm. He has over 20 years investment experience, including as an investment banker in both M&A execution and coverage across the industrials, transport, shipping and services sectors. He previously worked at HSBC, Nomura, KPMG, Citigroup and BDO. Dominic has a Masters in Finance from London Business School, an MBA from SDA Bocconi Business School, Milan and a BA(Hons) in economics from the University of Manchester. He is also a Chartered Accountant having qualified with BDO.

**PART 2**  
**INVESTMENT PORTFOLIO OF THE COMPANY**

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

	<b>£'000</b>	<b>%</b>
Fidelity Sterling Liquidity Fund	1,896	14.2%
Aberdeen Sterling Liquidity Fund	1,882	14.1%
Goldman Sachs Liquidity Funds	1,880	14.1%
Terrain Energy Limited	881	6.6%
Blu Wireless Technology Limited	745	5.6%
Every1Mobile Limited	430	3.2%
Quai Administration Services Limited	370	2.8%
IPV Limited	359	2.7%
The One Place Capital Limited	332	2.5%
Wazoku Limited	300	2.3%
Wheelright Limited	300	2.3%
Solab Group Limited	295	2.2%
Arcis Biotechnology Holdings Limited	275	2.1%
Mologic Limited	266	2.0%
Weeding Technologies Limited	258	1.9%
Synpromics Limited	254	1.9%
Cloud Trade Technologies Limited	249	1.9%
Oxford Biotherapeutics Limited	243	1.8%
MIP Diagnostics Limited	240	1.8%
Open Energy Market Limited	230	1.7%
Essentia Analytics Limited	219	1.6%
Scancell Holdings Public Limited Company	215	1.6%
Park Street Shipping Limited	199	1.5%
Duvas Technologies Limited	198	1.5%
AnTech Limited	186	1.4%
Cornerstone Brands Limited	150	1.1%
	<b>12,852</b>	<b>96.4%</b>

Set out in the table on the previous page 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 2019. The top 10 Investments were included in the audited annual accounts of the Company for the year end 28 February 2019.

Since 31 July 2019, the Company has made no further investments.

### **Venture Capital Investments**

#### **Terrain Energy Ltd**

Terrain has interests in a balanced portfolio of eleven onshore licences in the East Midlands & Weald Basin in England, the Molasse Basin in Germany and the Lough Neagh Basin in Northern Ireland. They include production, development, appraisal and exploration assets. Terrain is currently producing from three oil fields which supports its overheads. The main value lies in the Egmatung licence to the south of Munich following several hydrocarbon discoveries by geothermal companies in recent years; current estimates of recoverable resources are 23.4bcf of gas and 7 million barrels of oil. The initial testing of the Brockham well was inconclusive so an additional test is being performed at a further cost; this has negatively impacted the company's value. Terrain is seeking an exit event in the next 12 months, potentially a merger with an AIM quoted company.

#### **Blu Wireless Technology Ltd**

In April 2019 Calculus VCT plc invested £300,000 in Blu Wireless Technology Ltd. Blu Wireless provides the technology required for microchips to process data transmitted at very high-frequencies (mmWave), used in the roll-out of WiGig and 5G networks. Blu Wireless has an impressive customer base which includes many of the world's leading semiconductor, technology and consumer electronics companies who have incorporated its IP into application-specific integrated circuits and application-specific standard products that they manufacture, market and sell to consumer electronics companies.

#### **Every1Mobile Limited**

Every1Mobile provides digital communication solutions and online community management through a bespoke platform to multi-national corporates, international development agencies and non-profit organisations across Africa.

The company has delivered programmes across South Africa, Kenya, Nigeria, Ghana, Cote d'Ivoire, Uganda, Sierra Leone, Zambia, and Rwanda. These initiatives help to achieve key development goals in areas such as sexual health, digital and financial literacy, business skills, family planning, gender and nutrition.

Since Calculus' original investment in October 2017, Every1Mobile has grown 60% year on year, in line with its expansion plan and has won several major contracts for operations in Africa and in emerging markets outside Africa, including its first software-as-a-service contract for delivery of online education services.

#### **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.

#### **IPV Limited**

Calculus VCT completed a £340,000 investment in IPV, a Cambridge based company providing media asset management software to the global broadcast industry. IPV's proprietary software enables News, Media and Sports broadcast production companies to access, store, modify, tag and transfer their content as quickly as possible, significantly improving their processes. Calculus was attracted to the company as it sits in a high growth, global

market, with an established blue chip customer base such as CNN, Sony Entertainment and A+E New York (one of the fastest growing TV cable networks in the US), as well as having market leading, well developed products. Funds will be used to grow the sales team and to expand the international reach which already includes Europe, North America and the Pacific Rim.

### **The One Place Capital Limited (“Money Dashboard”)**

Money Dashboard is a free web based personal financial management app, which offers its users a view of their finances (from bank accounts, credit cards, store cards, etc.) in one secure place. Money Dashboard has taken advantage of the introduction of the Open Banking Standards in January 2018 (after significant delays) to acquire new users and so enhance the efficacy of its data analytics. This has helped the company reach a number of important milestones in 2018, including surpassing one million bank accounts connected to its app, driven by its 450,000 users. At the 2018 British Bank Awards, it was also awarded Best Personal Finance App for the second year running.

### **Wazoku Limited**

In March 2019 Calculus VCT invested £300,000 in Wazoku, an innovation management software company with blue-chip customers, including John Lewis, HSBC and Bristol-Myers Squibb. Wazoku’s core product suite, Idea Spotlight, is a customisable, off-the-shelf solution with modular design ensuring scalability, whilst meeting the diverse requirements of complex global businesses. Sales are made on a Software-as-a-Service (SaaS) basis meaning that, instead of a single upfront purchase, customers license the software, giving a closer ongoing relationship and a high level of recurring revenues year on year. As well as its attractive market position and product suite, Wazoku has an impressive client list, strong management and a robust SaaS business model. Calculus Capital’s investment will be used to expand Wazoku’s sales capability, in particular building indirect sales through channel partners, and for continued product development to ensure its leading position is maintained.

### **WheelRight Limited**

WheelRight has developed and commercially proven a fully automatic drive-through tyre check system capable of measuring tyre pressure and temperature, tread depth and weight-in-motion, as well as identifying tyre defects and reading the tyre sidewall data. The number of deployed systems has doubled in the year and the company is now reviewing which of the possible target markets (commercial fleet, open fleet/retail, government/regulatory) to focus on and the best strategy for this. Calculus VCT invested £100,000 equity in November 2018 and made a further £100,000 loan in January 2019.

### **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. Solab has been affected by difficult market conditions, exacerbating the impact of the significant reduction in volumes from the loss of its largest customer, The Body Shop, several years ago. Initiatives introduced to improve performance, including a drive to win new business and enlarge existing customer accounts, recruiting Julien Laporte (former CEO of Crabtree & Evelyn) as a part time director and diversifying into pet products and online direct sales, have unfortunately had limited success and the company is considering its strategic options.

### **Arcis Biotechnology Holdings Limited**

Arcis Biotechnology Holdings Limited (Arcis) has developed an innovative way of extracting DNA (and potentially RNA) which has significant advantages over other techniques. Nucleic acid extraction is an essential preliminary step before all molecular diagnostic tests and genetic analysis and so is a large, growing market. Arcis’ chemistry, unlike competitor products, also protects the DNA / RNA from degradation; this preservation is novel and highly beneficial. Commercialisation progress is slow, but positive. Teleflex, a US \$ multi-billion diagnostics company, has signed an exclusive licence, including upfront payments, to develop a bedside sepsis test and discussions are at an advanced stage with Hygiena, the world’s largest food testing company, which would lead to several million tests per annum.

## **Mologic Ltd**

Mologic is a Point of Care diagnostics company which is developing a new generation of diagnostic devices to improve accuracy or target diseases for which Point of Care diagnosis is underdeveloped, with the first two products having received an EU CE mark. 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. The Bill & Melinda Gates Foundation has provided substantial grant funding to Mologic to develop advanced rapid diagnostics capable of 1pg/ml sensitivity. Calculus Capital first invested in 2015; to support its development efforts. The company raised a further £4 million in April 2018 which was led by Foresight with funds managed by Calculus investing £500,000 including £200,000 from the VCT. The funds are being used to support the launch of further diagnostics (including neglected tropical diseases) and international expansion of the Contract Research business.

## **Weeding Technologies Limited**

Weeding Technologies is a cleantech company focused on replacing toxic herbicides, particularly in the municipal market. Weedingtech's technology treats weed and moss using environmentally friendly hot foam (which keeps the heat on long enough to kill the weed or moss) rather than herbicides such as Glyphosate. 2018 has seen increased legal and public focus on the use of herbicides, particularly in public areas. In August 2018, a California court awarded \$289m against Monsanto, the manufacturer of Glyphosate based herbicide Round-Up, in respect of a single cancer sufferer (subsequently reduced to \$78m) and a further case has been launched in January 2019. France's agriculture minister indicated last week that France expects to have cut the use of Glyphosate by 80% by 2021. In 2018 Weedingtech continued to position itself as a global leader in alternative weed control. It has significantly strengthened its dealer network, particularly on the East and West coasts of the USA and has a strong pipeline for 2019 consequently.

## **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 "promoters" 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.

On 7 August 2019, the company sold its investment in Synpromics Ltd, acquired in April 2017, with a return on investment significantly exceeding target returns.

## **Cloud Trade**

CloudTrade provides a solution to a problem faced by many medium to larger sized enterprises – how to smoothly and efficiently process invoices and other business documents received in multiple different formats. CloudTrade's patented software receives e-documents on behalf of the customer via a dedicated email address. Relevant information is automatically extracted with 100% accuracy from the email, with no manual intervention, converted to EDI or XML format and injected directly into the client's accounting or processing system. Calculus invested £2 million of which the VCT invested £200,000 as part of a £2.2 million investment round in CloudTrade in July 2018. The Company will invest the new capital primarily in sales, marketing and delivery.

## **Oxford Biotherapeutics Limited**

In July 2018 £200,000 was invested in Oxford BioTherapeutics (OBT), a clinical stage oncology company committed to the discovery and development of novel therapies for various cancer types. OBT has a strong pipeline of immunology (IO) therapies, which are used to re-engage and recruit the body's immune system to attack cancer cells. Moreover, OBT has two unique development platforms to support the discovery of novel therapeutics. OBT announced in December 2018 that it had received Investigational New Drug (IND) clearance from the US FDA for

OBT076, an experimental treatment for women with high risk HER2 negative breast cancer, as well as other solid tumours expressing this target antigen including gastric, lung, bladder and ovarian cancer. The Company has raised over £5 million in additional funding from UK and Chinese institutional investors since our investment and is looking to raise a larger round in mid-2019 prior to an IPO in 2020, following positive OBT076 clinical readouts.

### **MIP Diagnostics Limited**

MIP Diagnostics is a novel affinity reagent company. Founded in 2015 as a spin out from the University of Leicester to commercialise various forms of Molecularly Imprinted Polymers (MIPs), sometimes called 'plastic antibodies'. The Company's proprietary technology includes a novel method to make nanoMIPs which circumvents the drawbacks of traditional MIP manufacturing methods. The robust nature of MIPs and nanoMIPs make them ideal reagents for a wide range of applications including point-of-care diagnostics and in field-based testing. The Calculus VCT invested £200,000 in MIP in October 2018. The investment will enable the company to further develop in house assets for future licensing, increase revenues, bring products to market and continue development of the platform.

### **Open Energy Market Limited**

Open Energy Market Limited has created an online platform on which corporate energy contracts are traded. These contracts require a bespoke price quote from the energy suppliers due to the large quantity of energy expected to be consumed. 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. The company has introduced digital innovation into the antiquated, manual energy brokerage process in order to improve transparency and decrease energy costs for its clients. Calculus Capital invested £3 million in January 2018. OEM will use the funds to increase their direct sales force and software team, implement platform development including extensions into other commodities such as water.

### **Essentia Analytics Limited**

Essentia Analytics provides decision analytics in order to improve the performance of asset managers. Essentia's proprietary software conducts a full algorithmic analysis, using machine learning of all past investment decisions, to identify each individual portfolio manager's behavioural biases. The software then continuously monitors their portfolio including individual stock performance and trading and creates proactive behavioural nudges to help the fund manager improve his or her alpha performance. Calculus Capital invested £2.5 million in the company in January 2019 of which the VCT invested £200,000. The investment will be used to expand the product offering and drive growth by strengthening the US and European sales and marketing capability.

### **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.

### **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.

### **Duvas Technologies Limited**

In August 2018, £208,000 was invested in Duvas Technologies Limited. Duvas develops and produces specialised emissions detection equipment using ultra-violet (UV) spectroscopy. Duvas' highly sensitive detection technology enables remote sensing and identification of airborne chemicals at a "parts per billion" level. The Duvas core technology includes software and algorithms, together with an expanding 'gas library' of gas signatures that allow Duvas to programme its devices to recognise such gases. The company's first commercial, patented UV spectroscopy unit is called the DV3000, which has obtained CE marking for sales in Europe and is also being sold in China and the US. Duvas' primary target is the petrochemical industry where tighter regulation is driving demand growth.

### **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).

### **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.

## **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.

In August 2016 the company sold its holdings in Horizon Discovery (a gene editing technology company), acquired in May 2013, for a 1.82 return of capital invested. In the following month, on 1 September, the Company sold its investment in Metropolitan Safe Custody (a safe deposit company), acquired in February 2012 for a return of 1.81 of capital invested.

On 7 August 2019, the company sold its investment in Synpromics Ltd, acquired in April 2017, with a return on investment significantly exceeding target returns.

**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 Company’s auditors for each of the last three financial years, 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). At the annual general meeting of the Company held on 4 July 2019, BDO LLP of 55 Baker Street, London W1U 7EU were appointed as the Company’s statutory auditors.

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 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, which are incorporated by reference into this document, can be accessed at the Calculus website ([www.calculuscapital.com](http://www.calculuscapital.com)) and are available for inspection through the national storage mechanism, which can be accessed at [www.morningstar.co.uk/uk/NSM](http://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.

<b>Description</b>	<b>Audited year end to 28 February 2019</b>	<b>Audited year end to 28 February 2018</b>	<b>Audited year end to 28 February 2017</b>
Statement of Financial Position	page 58	page 49	page 38-40
Income Statement (or equivalent)	page 55	Page 46	page 34-35
Statement showing changes in equity (or equivalent)	page 56 - 57	Page 47-48	page 36-37
Statement of cash flows	page 59	page 50	page 41-42
Accounting policies and notes	page 60 -74	Page 51-67	pages 43-63
Auditors’ report	page 48 -54	Page 40-45	pages 30-33

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:

<b>Description</b>	<b>Audited year end to 28 February 2019</b>	<b>Audited year end to 28 February 2018</b>	<b>Audited year end to 28 February 2017</b>
Objectives	Inside front cover	Inside front cover	page 1
Financial highlights	page 5	page 5	page 1
Chairman's statement	page 6 - 7	pages 7-8	pages 2-3
Manager's report/review	Page 8 - 10	pages 9-12	pages 4-14
Portfolio Summary (Old Ordinary Shares)	page 12	Page 13	page 15
Portfolio Summary (C Shares)	N/a	N/a	page 15
Portfolio Summary (D Shares)	N/a	N/a	page 16
Investment Policy	page 24	Page 22	page 17

## **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 2019, being the date of the latest available unaudited financial information 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 43 and 44, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 31 July 2019 was as follows:

<b>Shareholders' Equity</b>	
Called up share capital	£207,704
Share premium	£7,429,953
Special reserve	£8,725,897
Capital redemption reserve	£57,046
Capital reserve – realised	£133,086
Capital reserve – unrealised	£(104,672)
Revenue reserve	£(1,176,710)
<b>Total</b>	<b>£15,272,304</b>

There has been no material change to the Company's capitalisation or indebtedness since 31 July 2019.

## 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 subscribe for Shares under the Offer.

#### **Relief from Income Tax**

An investor subscribing up to £200,000 in the 2019/20 and/or 2020/21 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 2019/20 and 2020/21 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;
- (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 (500 for 'knowledge intensive' companies);
- have a permanent establishment in the UK (but need not be UK resident);
- 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, nor more than £12 million in total (£20 million for 'knowledge intensive' companies).

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. The Company's legal identity identifier (LEI) is 2138005SMDWLMMNPVA90
- 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 40 to 48.
- 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 21.
- 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 FCA 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 FCA 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 FCA 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 2016, 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 23 September 2019 was 22,104,821.
- 2.4 Since 28 February 2019, the Company has issued 3,760,727 shares for a gross consideration of £2,922,360.40. Since 28 February 2019, the Company has bought back 78,279 Ordinary Shares for cancellation at a price of 69p per share.
- 2.5 The following resolutions, *inter alia*, were passed at the annual general meeting of the Company held on 4 July 2019:
- 2.5.1 That, in addition to existing authorities, 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, in addition to existing authorities, 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 paragraph 2.5.1 above as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall expire on the conclusion of the annual general meeting of the Company to be held in 2020.
- 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 35 million Ordinary Shares with an aggregate nominal value of £350,000.
- 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 IPEVC Guidelines. 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, the 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.

- 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.
- 4.11 A promoter's agreement dated 24 September 2019 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 position or financial performance of the Company which has occurred since 28 February 2019, 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 (ignoring the over allotment facility) and approximately 12.98 million new Ordinary Shares are issued, the existing 22,104,821 shares in issue would represent approximately 63% 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. 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 11.65p per ordinary share (including original D shares) 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 to 21 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 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 28 August 2020, 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.
- 5.13 **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.**
- 5.14 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.
- 5.15 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 23 September 2019 (being the latest practicable date prior to publication of this document), no Shareholder had a holding of 3% or more of the Company's issued Shares. Under UK law, 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.

### 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 available for download on the Calculus Capital website [www.calculuscapital.com/calculus-vct](http://www.calculuscapital.com/calculus-vct)

- the Memorandum and Articles of the Company; 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 FCA and to trading on the London Stock Exchange's main market for listed securities unless otherwise so resolved by the Board. 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 28 August 2020 (3 April 2020 in respect of applications for the 2019/20 tax year) or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). Shares may be allotted notwithstanding that the Offer is not subscribed in full and 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 FCA rules) 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 31 January 2020 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 on the Investor's behalf 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 24 September 2019 and will close on 28 August 2020, 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.

## PART 8

### DIVIDEND REINVESTMENT SCHEME

#### PART I: INTRODUCTION

The Board are pleased to offer all Shareholders in the Company the opportunity to participate in a Dividend Reinvestment Scheme (the “**Scheme**”) administered by The City Partnership (UK) Limited (“**Scheme Administrator**”).

The Company has a stated objective of paying annual dividends equal to 4.5% of the prevailing NAV of the Ordinary Shares per annum, subject to investment performance, availability of distributable reserves and the need to retain cash for investment purposes and annual running costs. Whilst the maintenance of dividend payments in the future cannot be guaranteed, dividends of this level have been paid in each of the last three years.

With the introduction of the Scheme, Shareholders may elect, instead of receiving dividends in cash, to receive New Shares, credited as fully paid, of the equivalent value. This is a simple, cost effective method for Shareholders to increase the size of their holding in the Company and to benefit from additional VCT income tax relief.

**There are no costs applied to subscriptions for New Shares pursuant to the Scheme. Costs of subscribing under a public offer are often 5.0% or more and so the Board consider participation in the Scheme to be the most cost-effective way of increasing exposure to the Company’s shares and obtaining further VCT tax reliefs.**

#### ***VCT Tax Reliefs***

Participants will be eligible for the income and capital gains tax advantages available to shareholders in VCTs, in respect of the New Ordinary Shares subscribed under the Scheme, subject to their personal circumstances. In particular, investors who participate in the Scheme will be entitled to income tax relief at the rate of 30% on the amount reinvested for New Shares, so long as their total investment in VCTs, including these New Shares, does not exceed £200,000 the relevant tax year.

Legislation introduced by the Government in its 2014 Budget restricts income tax relief on the subscription of new VCT shares where an investor has sold shares in the same VCT within the period of six months before to six months after the subscription. **Please note that this restriction does not apply to Shares subscribed for through dividend reinvestment schemes and so will not apply to New Shares subscribed for under the Scheme**

#### ***Shareholders wishing to participate***

The Scheme is being made available to all registered Shareholders in respect of their entire holdings. Beneficial Shareholders can elect to participate through their nominees. The Scheme is available to UK Shareholders only.

If you wish to participate in the Scheme, you can make an election using the election form or through The City Hub (in accordance with the procedures available at <https://calculus-capital.cityhub.uk.com>).

Nominees may make a partial election in respect of some of the Shares held in an account holding. A cash dividend will be paid in respect of the balance of Shares not included in the election. Partial elections can be made using the election form or through The City Hub and shall only apply to the relevant dividend for which the election has been received. A separate election must be made to participate in the Scheme for each dividend.

Shareholders who hold their shares in CREST can elect to participate in respect of a particular dividend either by completing and returning an election form or by providing an election through The City Hub. A separate election must be made to participate in the Scheme for each dividend.

*Completed election forms should be returned to the Scheme Administrator at The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield, HD4 7BH*

If you have any queries, please contact The City Partnership (UK) Limited on 01484 240 910 (during normal office hours) or by email at [registrars@city.uk.com](mailto:registrars@city.uk.com). Neither the Company nor the Scheme Administrator is able to provide you with any financial, tax or investment advice.

## PART II: RISK FACTORS

- The Net Asset Value of the New 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.
- Investments made by the Company will be in companies which have a higher risk profile than larger "blue chip" companies and whose securities are not readily marketable and therefore may be difficult to realise
- If an Investor who subscribes for New Shares under the Scheme 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.
- Although the existing Ordinary Shares issued by the Company have been (and it is anticipated that the New Shares will be) admitted to the Official List of the FCA 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.
- 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.
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which could affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Although the Company may receive customary venture capital rights in connection with its investments, as a minority investor it will not be in a position to protect its interests fully.

### PART III: TERMS AND CONDITIONS

1. Elections to participate in the Scheme should be addressed to the Scheme Administrator, in accordance with condition 20, and will only be effective for dividends to be paid ten Business Days (or thereafter) following receipt of the election by the Scheme Administrator. 'Business Day' means any day excluding Saturdays, Sundays and bank holidays in the UK.
2. Election to participate may be through an election form made available by the Scheme Administrator ("**Election Form**"), through an election contained in an offer for subscription application form, through an election using The City Hub (in accordance with the procedures available at <https://calculus-capital.cityhub.uk.com>) or as may otherwise be agreed with the Scheme Administrator (on behalf of itself and the Company). In respect of CREST Participants, notwithstanding the provisions of conditions 3 – 11, elections to participate in the Scheme must be given in respect of each dividend in accordance with condition 21.
3. The Company, acting through the Scheme Administrator, shall have absolute discretion to accept, reject or cancel elections. An applicant shall become a member of the Scheme upon acceptance of his or her election by the Scheme Administrator on the Company's behalf (Participants). The Scheme Administrator will provide written notification if an election is rejected. Only registered shareholders of the Company may join the Scheme ("**Shareholders**").
4. Participants may only participate in the Scheme if all ordinary shares of 1p each in the capital of the Company ("**Shares**") registered in their name are mandated to the Scheme in relation to the specific account holding for which an election has been made unless condition 5 applies. By joining the Scheme in relation to a specific account holding, Participants hereby instruct the Scheme Administrator that the election shall apply to the full number of Shares held by them in relation to that account as entered onto the share register of the Company from time to time. A separate election must be made in relation to each account holding where multiple account holdings are held.
5. Shareholders who hold their shares as nominees ("**Nominee Participants**") may make a partial election under the Scheme in respect of some of the Shares held in a specific account. A cash dividend will be paid in respect of the balance of Shares not included in the election. A partial election shall only apply to the relevant dividend for which the election has been received and will not apply to future dividends in accordance with condition 22.
6. The Company shall use dividends on Shares to be paid to Participants in the subscription of further Shares of behalf of the Participants. The Scheme Administrator shall not have the discretion, and Participants may not instruct the Scheme Administrator, to apply those dividends ("**Funds**") towards any investments other than investment in Shares as set out in this condition 6.
7. New Shares under the Scheme will only be allotted to the registered Shareholder and added to the specific account holding for which the election has been received and not any ultimate beneficial holder. Nominee Participants shall not be entitled to instruct the Scheme Administrator to allot shares to a beneficial holder (and Participants are advised to read condition 26 in respect of the consequences for VCT tax reliefs).
8. On or as soon as practicable after a day on which any dividend on the Shares is due to be paid to Shareholders or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter ("**Payment Date**"), a Participant's Funds held by the Company shall, subject to conditions 17, 19 and 32 below, the Company having the requisite authorities to allot Shares and any other statutory or regulatory restrictions, be applied on behalf of that Participant to subscribe for the maximum number of whole new Shares which can be allotted with such Funds pursuant to condition 9.
9. The number of Shares to be allotted to a Participant pursuant to condition 8 above shall be calculated by dividing the amount of Participant's Funds held by the last published net asset value per existing Share immediately prior to allotment (adjusted to take into account the relevant dividend to be paid unless the latest published net asset value already reflects such dividend to be paid). Shares will not be allotted at less than their nominal value.

10. Fractional entitlements will not be allotted and any cash balance will be retained by the Company and carried forward and included in the Participant's Funds available in calculating the number of Shares to be issued to the Participant on the next Payment Date. No interest shall accrue or be payable in respect of any such cash balances carried forward.
11. The Company shall not be obliged to allot Shares under the Scheme to the extent that the total number of Shares allotted by the Company pursuant to the Scheme in any rolling 12 month period would exceed 10% of the aggregate number of Shares at the beginning of that period. In such circumstances, the Company may allocate the availability of the Scheme as it sees fit.
12. The Scheme Administrator shall as soon as practicable after the allotment of Shares in accordance with condition 8 procure that the Participants are entered onto the share register of the Company as the registered holders of such Shares and that Share certificates (unless such Shares are to be uncertificated) and, where applicable, income tax relief certificates (Tax Certificates) are sent, at the Participant's own risk, to Participants to the address set out in the register of members for the relevant Participant. Where the Shares within the specific account holding are held in CREST, the relevant CREST account will be credited with the Shares issued to the relevant Participant.
13. The Scheme Administrator will also, as soon as practicable after the allotment of Shares in accordance with condition 8, send to Participants a statement detailing.
  - 13.1 the total number of Shares held at the record date for which a valid election was made;
  - 13.2 the number of Shares allotted;
  - 13.3 the price per Share allotted;
  - 13.4 the cash equivalent of the Shares allotted;
  - 13.5 the date of allotment of the Shares;
  - 13.6 any funds to be carried forward for investment on the next Payment Date.
14. Each Participant warrants to the Company and the Scheme Administrator that all information set out in any Election Form (or equivalent, including any electronic election) on which the election to participate in the Scheme is contained is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator (on behalf of himself and the Company) and that during the continuance of his or her participation in the Scheme he or she will comply with the provisions of condition 15 below.
15. The right to participate in the Scheme will not be available to any person who has a registered address in any jurisdiction outside the UK. No such person receiving a copy of the Scheme Terms and Conditions or any other Scheme related documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s). By providing an election to participate in the Scheme, the Participant declares that he, she or it not resident in any foreign jurisdiction that requires the Company to comply with any governmental or regulatory procedures arising out of this mandate and nor does the Participant hold the shares to which this mandate relates as nominee or trustee for any beneficial owner who is so resident. The Participant undertakes to notify the Scheme Administrator (on behalf of itself and the Company) should there be a change in this declaration.
16. Participants acknowledge that neither the Company nor the Scheme Administrator is providing a discretionary management service. Neither the Company nor the Scheme Administrator shall be responsible for any loss or damage to Participants as a result of their participation in the Scheme unless due to the negligence or wilful default of the Company or the Scheme Administrator or either of their respective employees and agents.

17. Participants may at any time by notice to the Scheme Administrator terminate their participation in the Scheme (in respect of all or some of their account holdings where multiple accounts are held). Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Administrator at least ten Business Days prior to such Payment Date. Such notice will be deemed to have been served where, in respect of any specific account holding, the shareholding of the Participant reduces to nil. Upon receipt of notice of termination (or deemed termination), any Funds in excess of £5 held by the Company shall be returned to the Participant as soon as reasonably practical by means of a crossed cheque sent, at the risk of the Participant, to the address set out in the register of members for the relevant Participant, subject to any deductions which the Company may be entitled or bound to make hereunder.
18. Cash balances of less than £5 held by the Company on behalf of Participants who have withdrawn from the Scheme (or on deemed termination) will be retained by the Company and used for its own purposes.
19. The Company shall be entitled at its absolute discretion, at any time and from time to time to:
  - 19.1 suspend the operation of the Scheme;
  - 19.2 terminate the Scheme without notice to the Participants; and/or
  - 19.3 resolve to pay dividends to Participants partly by way of cash and partly by way of new Shares pursuant to the Scheme.
20. Save for elections being made through The City Hub, all Election Forms (or equivalent) and notices and instructions (including where the original election was through The City Hub) in connection with this Scheme shall be given to the Scheme Administrator and delivered by hand or posted to The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield, HD4 7BH. Notices and instructions must be in writing.
21. If a Participant's shareholding is in uncertificated form in CREST (including a CREST sponsored member), and was in uncertificated form as at the record date for the relevant dividend, the Participant can elect to participate in the Scheme in respect of the relevant dividend. The election can be made using an Election Form or through The City Hub. A separate election must be made to participate in the Scheme for each dividend.
22. Partial elections by Nominee Participants can be made using an Election Form or through The City Hub. A separate election must be made to participate in the Scheme for each dividend.
23. An election other than those falling under condition 21 and/or 22 will remain valid for all dividends paid to the Participant by the Company in respect of all Shares held within the relevant account holding (including new Shares added to that account whether pursuant to the Scheme or otherwise) until such time as the Participant gives notice in writing to the Scheme Administrator that the Participant no longer wishes to participate in the Scheme.
24. The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. Amendments arising as a result of any change in statutory or other regulatory requirements may be effected without notice unless in the Company's opinion the change materially affects the interests of Participants. Amendments to these Scheme Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may also be effected without notice.
25. By completing and delivering the Election Form (or equivalent, including any electronic election), the Participant:
  - 25.1 agrees to provide the Company with any information which it may request in connection with such election and participation in the Scheme and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and

- 25.2 declares that a loan has not been made to the Participant or, in the case of any Nominee Participant, the beneficial owner on whose behalf the Shares are held (or any associate of either of them), which would not have been made, or not have been made on the same terms, but for the Participant electing to receive new Shares and that the Shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.
26. Elections by individuals for Shares should attract applicable VCT tax reliefs (depending on the particular circumstances of a particular individual) for the tax year in which the Shares are allotted. Shares allotted to Nominee Participants may attract tax relief for their beneficial owners (where HM Revenue & Customs accepts that the beneficiary is the underlying participant of the Scheme and, therefore, the applicant for such Shares). Participants and beneficial owners are, however, responsible for ascertaining their own tax status and liabilities and should obtain tax advice in relation to their own particular circumstances. Neither the Company nor the Scheme Administrator provides any guarantee that VCT tax reliefs will be available or accepts any liability in the event that VCT tax reliefs are not obtained.
27. The Tax Certificate can be used to claim any relevant income tax relief either by obtaining from HM Revenue & Customs an adjustment to a Participant's tax coding under the PAYE system or by waiting until the end of the year and using the Self-Assessment Tax Return. Nominee Participants may need to provide supporting evidence as to the beneficial holder and that participation in the Scheme is at the request, and on behalf, of the beneficial owner.
28. Participants should be aware of the following (which is based on VCT legislation in place as at 31 July 2019 and is subject to change):
- 28.1 Up-front income tax relief of up to 30% will only be available on amounts subscribed in VCT shares up to an aggregate amount of £200,000 in any one tax year (subject to the Participant's income tax liability being reduced to nil).
- 28.2 A disposal of VCT shares will be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained if such shares are sold within five years of issue. HM Revenue & Customs operate a first in, first out policy to shares disposed of.
- 28.3 Whilst it is the intention of the board of directors of the Company (Board) that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained.
29. The Company will, save as otherwise provided in these Scheme Terms and Conditions, issue Shares in respect of the whole of any dividend payable (for the avoidance of doubt irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the Scheme Administrator has been notified to the contrary in writing at least ten Business Days before a Payment Date.
30. Shareholders electing to receive Shares rather than a cash dividend will be treated as having received a normal dividend. Shareholders qualifying for VCT tax reliefs should not be liable to income tax on Shares allotted in respect of dividends from qualifying VCT shares.
31. For capital gains tax purposes, Shareholders who elect to receive Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Shares. The new Shares will be treated as a separate asset for capital gains purposes.
32. The Company shall not be obliged to accept any application or issue Shares hereunder if the Board so decides in its absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Board, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the Scheme Administrator.
33. The amount of any claim or claims a Participant has against the Company or the Scheme Administrator shall not exceed the value of such Participant's Shares in the Scheme. Nothing in these Scheme Terms and

Conditions shall exclude the Company or the Scheme Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the Scheme Administrator will be responsible for:

- 33.1 acting or failing to act in accordance with a court order of which the Company and/or the Scheme Administrator has not been notified (whatever jurisdiction may govern the court order); or
  - 33.2 forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from a Shareholder (or, where relevant, a nominee) are genuine; or
  - 33.3 losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the Scheme Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these Scheme Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
  - 33.4 any indirect or consequential loss.
- 34. The Company reserves the right to interpret these Scheme Terms and Conditions and apply them (and instruct the Scheme Administrator to apply them) as modified from time to time to be able to operate, and to achieve the intended principles of, the Scheme.
  - 35. The Company respects the privacy of its Shareholders and Participants in the Scheme and is committed to protecting their personal information. To find out more about how the Company uses and looks after personal information, please refer to the Company's privacy notice, which can be found at <https://www.calculuscapital.com/privacy-policy/>.
  - 36. Shareholders and Participants have certain rights in relation to their personal information, including the right to receive a copy of the information that is held about them. For more details, please see the privacy notice referred to above.
  - 37. Certain information may be shared with the Scheme Administrator, the Company's registrars and/or other delegates for the purposes of processing elections, participation in the Scheme and in relation to a Shareholder's ongoing investment in the Company. Information may also be shared with regulatory bodies to the extent any of the above entities are required, or consider themselves obliged, to do so in accordance with any statute, or regulation or if governmental, judicial and law enforcement bodies require.
  - 38. Each Participant authorises the Company and its delegates (including the Scheme Administrator) to provide any information provided by or to the Participant in connection with that Participant's participation in the Scheme to any authorised financial intermediary of the Participant notified to the Company (or on its behalf) from time to time.
  - 39. These Scheme Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.
  - 40. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
  - 41. These Scheme Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

**Shareholders in any doubt about their tax position should consult their independent professional adviser.**

## CORPORATE INFORMATION

### Directors

Jan Ward (Chairman)  
Kate Cornish-Bowden  
Arthur John Glencross  
Claire Olsen

### Registered Office

104 Park Street  
London W1K 6NF

Telephone: 020 7493 4940

### Company Registration Number

07142153

### Investment Manager, Fund Administrator and Company Secretary

Calculus Capital Limited  
104 Park Street  
London W1K 6NF

Telephone: 020 7493 4940

Website: [www.calculuscapital.com](http://www.calculuscapital.com)

### Registrars

The City Partnership (UK) Limited  
Suite 2 Park Valley House  
Park Valley Mills  
Meltham Road  
Huddersfield HD4 7BH

### Current Auditors (appointed May 2019)\*

BDO LLP  
55 Baker Street  
London W1U 7EU

### Receiving Agent

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

### Former Auditors (resigned May 2019)\*

Grant Thornton UK LLP  
20 Finsbury Square  
London EC2P 2YU

### Sponsor

Beaumont Cornish Limited  
10<sup>th</sup> Floor  
30 Crown Place  
London EC2A 4EB

### Reporting Accountants

Jeffreys Henry LLP  
5-7 Cranwood St  
London EC1V 9EE

### Solicitors

RW Blears LLP  
29 Lincoln's Inn Fields  
London WC2A 3EG

\* BDO LLP were appointed as the Company's auditors following a tender that took place on 25 March 2019