

CALCULUS VCT PLC

PROSPECTUS

**PROPOSED MERGER WITH
NEPTUNE-CALCULUS INCOME AND GROWTH VCT PLC**

AND

**OFFER FOR SUBSCRIPTION
FOR THE TAX YEARS 2017/2018 AND 2018/2019
TO RAISE UP TO £5 MILLION
WITH AN OVER-ALLOTMENT FACILITY OF A FURTHER £5 MILLION**

4 AUGUST 2017

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

This document constitutes a prospectus (the "**Prospectus**") dated 4 August 2017 issued by Calculus VCT plc (the "**Company**"), prepared in accordance with the Prospectus Rules made under Section 84 of FSMA and has been approved by the Financial Conduct Authority ("**FCA**") in accordance with FSMA.

The Company and its Directors, whose names appear on page 80 of this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Calculus VCT plc

(Registered in England and Wales under company number 07142153)

Proposed Merger with Neptune-Calculus Income and Growth VCT plc

and

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

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

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

Application will be made to the UKLA for the Consideration Shares and the Offer Shares (together the "**New Shares**"), each 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 New 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 New Shares will commence three Business Days following their allotment.

The Merger is conditional, *inter alia*, upon the approval of the Shareholders of the Company at the general meeting of the Company to be held on 31 August 2017 (the "**Meeting**"). The Offer is conditional upon the approval of the Shareholders of the Company at the Meeting.

Copies of this Prospectus (and any supplementary prospectus published by the Company) are 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 and arrangers, RW Blears LLP, at 29 Lincoln's Inn Fields, London WC2A 3EG.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 13 to 15.

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SUMMARY

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

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

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

| A | | Introduction and warnings |
|----------|--|--|
| A1 | Warning | This summary should be read as an introduction to this document (the “ Prospectus ”). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| A2 | Consent for intermediaries | The Company and the directors of the Company (the “ Directors ”) consent to the use of the Prospectus by financial intermediaries in the UK, from the date of the Prospectus until the close of the offer for subscription for the tax years 2017/2018 and 2018/2019 (the “ Offer ”) to raise up to £5 million (with an over-allotment facility of up to an additional £5 million) for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offer is expected to close on 31 July 2018, subject to the Offer not having closed at an earlier date (if fully subscribed or otherwise at the Directors discretion) or unless previously extended by the Directors. There are no conditions attaching to this consent. Any financial intermediary using the Prospectus is required to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto. In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors. |
| B | | Issuer |
| B1 | Legal and commercial name | Calculus VCT plc (the “ Company ”). |
| B2 | Domicile / Legal form / Legislation / Country of incorporation | The Company is a public limited liability company which is registered in England and Wales with registered number 07142153. The principal legislation under which the Company operates is the Companies Act 2006 (the “ Act ”) and the regulations made thereunder. |
| B5 | Group description | Not applicable. The Company is not part of a group. |

| B6 | Material Shareholders / Different voting rights / Control | <p>All shareholders in the Company (the "Shareholders") have the same voting rights in respect of the existing share capital of the Company.</p> <p>As at 3 August 2017 (being the latest practicable date prior to the publication of this document), the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Company).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|---|---|---|--|--|---|---|---|-------------------|--|--|--|----------------------|------------|------------|----------|---------------|------------|------------|----------|---------------|---|---|------------|-------|------------|------------|------------|--------------------------------|--|--|--|----------------------|-----------|------------|------------|---------------|---------|------------|---------|---------------|---|---|------------|-------|-----------|------------|------------|----------------------------------|--|--|--|----------------------|-------|-------|-------|---------------|-------|-------|-------|---------------|---|---|-------|---------------------------------|--|--|--|----------------------|--------|---------|-------|---------------|------|------|--------|---------------|-----|-----|---|
| B7 | Selected financial information and statement of any significant changes | <p>Certain key historical information of the Company is set out below:</p> <table border="1" data-bbox="480 517 1401 1592"> <thead> <tr> <th></th> <th style="text-align: center;">Audited year end to 28 February 2015</th> <th style="text-align: center;">Audited year end to 29 February 2016</th> <th style="text-align: center;">Audited year end to 29 February 2017</th> </tr> </thead> <tbody> <tr> <td>Net Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td style="text-align: right;">£3,148,000</td> <td style="text-align: right;">£1,486,000</td> <td style="text-align: right;">£978,000</td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">£1,739,000</td> <td style="text-align: right;">£1,492,000</td> <td style="text-align: right;">£502,000</td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">£6,943,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">£4,887,000</td> <td style="text-align: right;">£2,978,000</td> <td style="text-align: right;">£8,423,000</td> </tr> <tr> <td>Total return before tax</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td style="text-align: right;">£(73,000)</td> <td style="text-align: right;">£(384,000)</td> <td style="text-align: right;">£(176,000)</td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">£61,000</td> <td style="text-align: right;">£(161,000)</td> <td style="text-align: right;">£16,000</td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">£(178,000)</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">£(12,000)</td> <td style="text-align: right;">£(545,000)</td> <td style="text-align: right;">£(338,000)</td> </tr> <tr> <td>Net asset value per Share</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td style="text-align: right;">66.4p</td> <td style="text-align: right;">31.4p</td> <td style="text-align: right;">20.6p</td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">90.1p</td> <td style="text-align: right;">77.3p</td> <td style="text-align: right;">26.0p</td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">92.4p</td> </tr> <tr> <td>Dividends paid per Share</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ordinary Share Fund:</td> <td style="text-align: right;">27.25p</td> <td style="text-align: right;">27.05p*</td> <td style="text-align: right;">7.0p*</td> </tr> <tr> <td>C Share Fund:</td> <td style="text-align: right;">4.5p</td> <td style="text-align: right;">4.5p</td> <td style="text-align: right;">52.1p*</td> </tr> <tr> <td>D Share Fund:</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p data-bbox="480 1603 1401 1912">* Including special dividends</p> <p data-bbox="480 1648 1401 1783">On 1 August 2017, the Company's Old Ordinary Shares and C Shares were converted into D Shares at a conversion ratio of 0.1442 D Shares per Old Ordinary Share and 0.2435 D Shares per C Share. The D Shares were subsequently redesignated as "Ordinary Shares".</p> <p data-bbox="480 1794 1401 1912">Save as noted above, both during the financial periods referred to above and in the period between 28 February 2017 and the date of publication of the Prospectus, there has been no significant change to the Company's financial condition or operating results.</p> | | | | Audited year end to 28 February 2015 | Audited year end to 29 February 2016 | Audited year end to 29 February 2017 | Net Assets | | | | Ordinary Share Fund: | £3,148,000 | £1,486,000 | £978,000 | C Share Fund: | £1,739,000 | £1,492,000 | £502,000 | D Share Fund: | - | - | £6,943,000 | Total | £4,887,000 | £2,978,000 | £8,423,000 | Total return before tax | | | | Ordinary Share Fund: | £(73,000) | £(384,000) | £(176,000) | C Share Fund: | £61,000 | £(161,000) | £16,000 | D Share Fund: | - | - | £(178,000) | Total | £(12,000) | £(545,000) | £(338,000) | Net asset value per Share | | | | Ordinary Share Fund: | 66.4p | 31.4p | 20.6p | C Share Fund: | 90.1p | 77.3p | 26.0p | D Share Fund: | - | - | 92.4p | Dividends paid per Share | | | | Ordinary Share Fund: | 27.25p | 27.05p* | 7.0p* | C Share Fund: | 4.5p | 4.5p | 52.1p* | D Share Fund: | n/a | n/a | - |
| | Audited year end to 28 February 2015 | Audited year end to 29 February 2016 | Audited year end to 29 February 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary Share Fund: | £3,148,000 | £1,486,000 | £978,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C Share Fund: | £1,739,000 | £1,492,000 | £502,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D Share Fund: | - | - | £6,943,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | £4,887,000 | £2,978,000 | £8,423,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total return before tax | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary Share Fund: | £(73,000) | £(384,000) | £(176,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C Share Fund: | £61,000 | £(161,000) | £16,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D Share Fund: | - | - | £(178,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | £(12,000) | £(545,000) | £(338,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net asset value per Share | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary Share Fund: | 66.4p | 31.4p | 20.6p | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C Share Fund: | 90.1p | 77.3p | 26.0p | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D Share Fund: | - | - | 92.4p | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividends paid per Share | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ordinary Share Fund: | 27.25p | 27.05p* | 7.0p* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C Share Fund: | 4.5p | 4.5p | 52.1p* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D Share Fund: | n/a | n/a | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| B8 | Key pro forma financial information | <p>As part of the ongoing process of the strategic consolidation, the Company is proposing to acquire the assets and liabilities of Neptune-Calculus Income and Growth VCT plc ("Neptune") in exchange for the issue for Consideration Shares to Neptune's shareholders (the "Merger"). Following the Merger, the Company as enlarged by the Merger (the "Enlarged Company") is expected to have net assets of approximately £10 million (assuming the Merger had been completed based on the unaudited NAVs of both the Company and Neptune (the "Companies") as at 30 June 2017, adjusted for declared dividends and estimated merger costs of £150,000 ("Merger Costs") of which two thirds will be borne by the Company and Neptune in equal shares.</p> <p>The Enlarged Company would have had a return on ordinary activities before tax for the year ended 28 February 2017 of approximately £(813,000) after deducting the estimated Merger Costs, assuming the Company and Neptune were one Enlarged Company.</p> <p>This pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.</p> |
| B9 | Profit forecast | Not applicable. There is no profit forecast in the Prospectus. |
| B10 | Qualifications in the audit report | Not applicable. There were no qualifications in the audit report for periods ended, 28 February 2015, 29 February 2016 or 28 February 2017. |
| B11 | Insufficient working capital | Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve-month period from the date of this document. |
| B34 | Investment objective and policy, including investment restrictions | <p>The Company is not proposing to make any changes to its current investment policy following the Merger. The Enlarged Company's investment objective and policy are set out below:</p> <p>Investment Objective</p> <p>The Company's principal objectives for investors are to:</p> <ul style="list-style-type: none"> • invest in a portfolio of Venture Capital Investments that will provide investment returns sufficient to allow the Company to maximise annual dividends and with the goal of capital growth over the medium to long term; • generate sufficient returns from a portfolio of Venture Capital Investments that will provide attractive long-term returns within a tax efficient vehicle beyond an interim return date; • 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 per cent. on the initial investment and receive tax-free dividends and capital growth. <p>Investment Policy</p> <p>It is intended that a minimum of 75 per cent of the monies raised by the Company will be invested within 60 days in a variety of investments which will be selected to preserve capital value, whilst generating income, and may include liquidity funds and fixed income securities issued by major companies and institutions as well as with counterparty credit rating of not less than A minus (Standard & Poor's rate)/A3 (Moody's rated).</p> |

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| | | <p>The balance will be used to meet initial costs and held in cash and will be available to invest in Venture Capital Investments and to fund ongoing expenses.</p> <p>The Company's policy is to build a diverse portfolio of Venture Capital Investments primarily in established unquoted companies across different industries and investments 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 Venture Capital Investments portfolio. The Board and 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.</p> <p>Where investment opportunities arise in one asset class which conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision. Under its Articles, the Company has the ability to borrow a maximum amount equal to 25% of the value of the gross assets of the Company. The Board will consider borrowing if it is in the Shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.</p> <p>The Company will not vary the investment objective or the investment policy, to any material extent, without the approval of Shareholders. The Company is a generalist VCT investing in a wide range of sectors.</p> |
| B35 | Borrowing limits | The Company has the ability to borrow a sum equal to 25% of the gross assets of the Company. The Board will consider borrowing if it is in the interests of Shareholders to do so. |
| B36 | Regulatory status | The Company is subject to the CA 2006 and the regulations made thereunder and in the UK generally, its shares are listed on the premium segment of the Official List and, as a qualifying VCT, it is subject to regulation by HMRC in order to retain such status. |
| B37 | Typical investor | A typical investor in the Company will be a retail investor who is a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £5,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment. |
| B38 | Investments of 20% or more in a single company | Not applicable. The Company does not and will not hold any investments which represent more than 20% of its gross assets in a single company or group at the time of investment. |
| B39 | Investments of 40% or more in a single company | Not applicable. The Company does not and will not hold any investments which represent more than 40% of its gross assets in a single company or group at the time of investment. |

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| B40 | Service providers | <p>Calculus Capital Limited (“Calculus Capital” or the “Manager”) acts as the investment manager, fund administration and company secretary to the Company and receives an annual fee of 1.75% of the attributable net assets of the Ordinary Shares and a company secretarial fee of £15,000 plus VAT per annum.</p> <p>Calculus Capital provides a total cap on annual expenses of the Company (excluding irrecoverable VAT, annual trail commission and performance incentive fees) of the aggregate of 3% of the gross amount raised under the Old Ordinary and C Share offers and 3.4% of the gross amount raised under the D Share offers. It is proposed that following the implementation of the Merger this cap will be reduced to 3.0% of the NAV of the Ordinary Shares.</p> <p>In addition, Calculus Capital will be entitled to a promoter’s fee in relation to the Offer. The promoter’s fee is calculated at either 3.0% or 5.0% of the NAV per Share issued to an investor pursuant to the Offer dependent upon the type of investor.</p> <p>Each of Calculus Capital and Investec Structured Products, the former manager of the Company’s structured products portfolio, are entitled to performance incentive payments once Shareholders have received distributions of at least 105p per £1 invested.</p> | | |
| B41 | Regulatory status of Calculus Capital | Calculus Capital is a private company registered in England and Wales with registered number 03861194. Calculus Capital is authorised and regulated by the Financial Conduct Authority, with registration number 190854. | | |
| B42 | Calculation of net asset value | The Company’s net asset value is calculated every quarter and published on an appropriate regulatory information service. If for any reason valuations are suspended, shareholders will be notified in a similar manner. | | |
| B43 | Umbrella collective investment scheme | Not applicable. The Company is not part of an umbrella collective investment scheme. | | |
| B44 | Absence of financial statements | Not applicable. The Company has commenced operations and published financial statements. | | |
| B45 | Investment portfolio | The Company invests in a portfolio of UK smaller companies in order to generate income and capital growth over the medium to long term. A summary of the Company’s portfolio is set out below (based on the latest unaudited management accounts). | | |
| B46 | Most recent NAV per Share | Unaudited NAV per Ordinary Share at 30 June 2017* | Number of investments as at 30 June 2017** | Carrying value of investments as at 30 June 2017** |
| | | 91.2p | 21 | £5,108,000 |
| | | <p>* NAV is a blended figure between Ordinary Shares (designated D Shares as at 30 June 2017) entitled to dividend for the year ending 28 February 2017 (93.3p) and those not entitled to that dividend (89.1p)</p> <p>** Aggregate number of investments and carrying value of investments across the Old Ordinary Class, C Class and D Class, subsequently merged into the redesignated Ordinary Share Class.</p> | | |
| C | | Securities | | |
| C1 | Description and class of securities and authority | <p>The securities being issued pursuant to the Merger are Ordinary Shares of 1 pence each (“Consideration Shares”) (ISIN: GB00BYQPF348).</p> <p>The securities being offered pursuant to the Offer are Ordinary Shares of 1 pence each (“Offer Shares”) (ISIN: GB00BDFB4953).</p> <p>The Consideration Shares, but not the Offer Shares, will rank for dividends payable by the Company in respect of the period ending 28 February 2018.</p> | | |

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| C2 | Currency | The Company's share capital currently comprises Ordinary Shares of 1 pence each (GBP). |
| C3 | Shares in issue | As at the date of this Prospectus there are 8,825,947 Ordinary Shares in issue (all fully paid up). The maximum number of Consideration Shares to be issued pursuant to the Merger is 5 million. The maximum number of Offer Shares to be issued pursuant to the Offer is 15 million (assuming the over-allotment facility is utilised in full). |
| C4 | Description of the rights attaching to the securities | The New Shares will rank equally with each other and with the existing Shares with respect to voting and the right to receive distributed income and capital from of the assets of the Company (although the Offer Shares will not rank for any dividends payable by the Company in respect of the period ending 28 February 2018). |
| C5 | Restrictions on transfer | The New Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable. |
| C6 | Admission | Application will be made to the UKLA for the New Shares to be listed on the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the Consideration Shares will commence three Business Days following completion of the Merger and allotment and that dealings in the Offer Shares will commence three Business Days following each allotment. |
| C7 | Dividend policy | The Board's policy is to maintain whenever possible a steady flow of tax-free dividends, generated from income or capital profits realised on the sale of investments. The Board has a stated objective of paying annual dividends equal to 4.5 per cent. of the NAV, at the end of each financial year, of the Ordinary Shares. |
| D | | Risks |
| D1 | Key information on the key risks specific to the Company or its industry | <ul style="list-style-type: none"> • There can be no guarantee that the Enlarged Company will meet its objectives, identify suitable investment opportunities or be able to diversify its portfolio. • The Scheme may not be approved by the Neptune Shareholders. If the Scheme is not approved, the Merger will not go ahead. • The past performance of investments made by the Company or other funds managed or advised by Calculus Capital (including Neptune) should not be regarded as an indication of the performance of investments to be made by the Company. • Shareholders may be adversely affected by the performance of the Enlarged Company's investments, whether made by the Company or acquired from Neptune. • Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Company and/or its ability to achieve or maintain VCT status. • There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position to fully to protect its interests. |

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| | | <ul style="list-style-type: none"> • The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult or impossible and may take considerable time. • Where more than one of the funds managed or advised by Calculus Capital wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash available for investment by each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment where the incumbent investor will have priority. • Investments in unquoted companies, by their nature, involve a higher degree of risk than investments in larger “blue chip” companies and their securities are not readily marketable and may be difficult to realise. |
| D3 | Key information on the key risks specific to the securities | <p><i>The Securities</i></p> <ul style="list-style-type: none"> • Completion of the Merger is dependent on a number of conditions precedent being fulfilled, including the approval of shareholders both in the Company and Neptune. Whilst the Board has identified a number of potential benefits to the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. • 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 Shares issued by the Company have been (and it is anticipated that the New Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange’s main market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. |
| E | | Offer |
| E1 | Merger and Offer net proceeds | <p>If effected, the Merger will result in an Enlarged Company with total net assets of approximately £10 million (after expected merger costs to be borne by the Companies of approximately £100,000). The Merger will not, however, result in any new money being raised by the Company.</p> <p>The Company is proposing to raise up to £5 million pursuant to the Offer (with an over-allotment facility of up to an additional £5 million). The total initial expenses of the Offer (assuming full subscription by non advised investors, professional client investors and/or direct investors only and no utilisation of the over-allotment facility) will be 5.0% of the gross proceeds and the total net proceeds are therefore estimated to be £4.75 million.</p> |

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| E2a | Reasons for the Merger and Offer and use of proceeds | <p>The Merger should result in the following benefits for Shareholders:</p> <ul style="list-style-type: none"> • a reduction in the expected annual running costs for Shareholders due to operational expenses being spread over a larger base; • a larger pool of potentially distributable reserves to support future dividend payments; • the opportunity for future buy backs, particularly for Shareholders who have held their shares for more than 5 years; and • exposure to a more diversified portfolio. <p>The Offer is being launched to provide additional capital for the Enlarged Company to continue its investment programme with the goal of increasing the Company's NAV and earnings.</p> <p>The additional funds raised under the Offer will be invested in accordance with the Company's investment policy.</p> |
| E3 | Terms and conditions of the Merger and the Offer | <p>The Merger, the implementation of which is conditional, <i>inter alia</i>, on the passing of resolutions at the General Meeting, will be effected by:</p> <p>(1) Neptune being placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the IA 1986; and</p> <p>(2) the assets and liabilities of Neptune being transferred to the Company in consideration for the issue of Consideration Shares directly to Neptune Shareholders.</p> <p>Offer Shares issued under the Offer will be at an offer price determined by the following pricing formula (rounded down to the nearest whole Share):</p> <p>The number of Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Share):</p> $\text{Number of Offer Shares} = \frac{\text{Amount subscribed less: (i) Promoter's Fee (ii) Initial Adviser Charge / Commission plus Applicable early application and/or loyalty discount} \times \text{Dividend Entitlement Factor}}{\text{Latest published NAV per Share}}$ <p>Where "Dividend Entitlement Factor" = 1.047</p> <p>The proceeds of the Offer will be invested in accordance with the Company's investment policy.</p> |
| E4 | Description of any interest that is material to the issue | Not applicable. There are no interests that are material to the issue. |
| E5 | Name of persons selling securities | Not applicable. No entity is selling securities in the Company. |

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| E6 | Amount and percentage of immediate dilution | <p>If the Merger goes ahead, Existing Shareholders will hold 78.8% of the Company's Shares immediately following the completion of the Merger.</p> <p>In addition, if the Offer goes ahead and is fully subscribed but the over-allotment facility is not utilised, Existing Shareholders (including former Neptune Shareholders) will hold 66.5% of the Company's Ordinary Shares.</p> <p>Existing Shareholders will suffer no NAV dilution as a result of the Merger (save in respect of Merger Costs borne by the Company) or the Offer (save, in the latter case, to the extent of the cost of early incentive and loyalty bonuses met by the Company).</p> |
| E7 | Expenses charged to the investor | <p>No expenses of the Merger are charged to investors.</p> <p>For applications under the Offer received from Non-Advised Investors, professional client investors and/or direct investors only, the costs of the Offer will be 5.0% of the Net Asset Value of each Offer Share issued pursuant to that investor's application which will cover Calculus Capital's 3.0% fee as promoter of the Offer and commission of 2.0% to authorised intermediaries (save for permissible trail commission which the Company will be responsible for).</p> <p>For applications received from retail client Investors, the investor will pay Calculus Capital's 3.0% fee as promoter of the Offer and the Company will facilitate any agreed Adviser Charge which the investor has negotiated with their financial intermediary via a reduction in the number of Offer Shares the investor will receive, calculated in accordance with a pricing formula.</p> |

RISK FACTORS

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

Risks related to the Scheme for Merger

- Completion of the Scheme is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and Neptune Shareholders. Whilst the Board has identified a number of potential benefits of the Merger for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. The Scheme is conditional on approval by the Shareholders of Neptune at a general meeting and notice of dissent not being received from Neptune Shareholders holding more than 10% in nominal value of the issued share capital of Neptune, neither of which can be guaranteed. If the Merger is not approved or does not for any reason proceed to completion, the benefits described in this document will not be realised but many of the costs of the Merger will still be borne by the Companies.
- Pursuant to the Merger, the Company will indemnify the liquidators of Neptune against any costs or losses arising from its liquidation and so may incur costs if creditors, or other liabilities of Neptune, come to light following the completion of the Merger.
- Shareholders may be adversely affected by the performance of the investments, whether acquired from Neptune or made by the Company. The performance of the investments in Neptune as well as the investments of the Company may restrict the ability of the Company following the Merger to distribute any capital and revenue gains achieved on the investments transferred from Neptune to the Company (as well as the investments of the Company).
- Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from Neptune, or the investments of the Company, are or become unable to meet VCT requirements.

Risks related to the Company

- The Company is a venture capital trust and whilst it and its investors benefit from a number of tax advantages, the levels and bases of reliefs from taxation may change and changes could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors. The Company's objectives have been set on the basis that all Investors obtain 30% VCT income tax relief on their subscriptions. Therefore, investment in the Company may not be suitable for Investors who do not qualify for the full 30% VCT income tax relief.
- The past performance of investments made by the Company or other funds managed by either Manager (including Neptune) 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 this cannot be guaranteed and macro-economic changes such as Brexit could lead to fewer willing buyers and a reduction in exit values.
- Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the prospects of investee companies as well as the operation of the Company itself and/or its ability to maintain VCT status. The Company (and similarly Neptune) has not had significant exposure to energy infrastructure investments and management buy outs which have been prohibited by recent changes to the VCT rules and the Company and the Manager believe the Enlarged Company is unlikely to be adversely effected by any further legislative changes to the venture capital trust scheme.

- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The Company's investment focus is on relatively young, unquoted trading companies and its strategy is that of a private equity manager seeking to create value by actively managing and supporting investee companies. The Company tends to make private equity style investments in genuine third party businesses (as opposed to structured investments in SPVs) so its relationships with external management teams is paramount to the success of its investments. However, the value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of the Company which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds raised must be invested in smaller, earlier stage companies which meet a number of criteria as to their size and activities as set out in the Income Tax Act 2007.
- Recent changes to the VCT Rules place restrictions on the range of investments into which the Company can deploy funds in the future and include 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 the proposed 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 the new rules may introduce, the Company will be able to satisfactorily adapt to the new rules and that they should not have a significant impact on the performance of the Company.
- There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. As the Company is required to invest new capital within specific time periods, this may lead to pressure to make less attractive investments sooner rather than wait for better ones. The Company will seek to manage this risk by reviewing a large number of potential investments well within the time frame allowed and by applying strict quality control and due diligence measures.
- Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position to fully to protect its interests. Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.
- Where more than one of the funds managed or advised by Calculus Capital wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash available for investment by each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment in which case the incumbent investor will 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 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 company 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 Enlarged 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 Enlarged Company to lose its exemption from corporation tax on capital gains.

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

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

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

FORWARD LOOKING STATEMENTS

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

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

Prospective investors should carefully review the "Risk Factors" above for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 2 of Part 5 of this document (Financial Information on the Company and Neptune).

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

EXPECTED MERGER TIMETABLE

EXPECTED TIMETABLE FOR THE COMPANY

2017

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| Latest time for the receipt of forms of proxy for the General Meeting | 11.00 a.m. on 29 August |
| General Meeting | 11.00 a.m. on 31 August |
| Calculation Date | 11 September |
| Effective Date for the transfer of the assets and liabilities of Neptune to the Company and the issue of Consideration Shares | 12 September |
| Completion of the Scheme | 12 September |
| Admission and dealings in the Consideration Shares to commence | 13 September |
| CREST accounts credited with the Consideration Shares issued pursuant to the Schemes | 13 September |
| Certificates for Consideration Shares dispatched by | 27 September |

EXPECTED TIMETABLE FOR NEPTUNE

2017

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| Date from which it is advised that dealings in Neptune Shares should only be for cash settlement and immediate delivery of documents of title | 23 August |
| Ex dividend date for special dividend | 5.00 p.m. on 24 August |
| Record date for payment of special dividend | 5.00 p.m. on 25 August |
| Latest time for receipt of forms of proxy for the First Neptune Meeting | 11.30 a.m. on 29 August |
| First Neptune Meeting | 11.30 a.m. on 31 August |
| Record Date for Shareholders' entitlements | close of business on 4 September |
| Register of members closed | close of business on 4 September |
| Latest time for receipt of forms of proxy for the Second Neptune Meeting | 3.00 p.m. on 8 September |
| Calculation Date | 11 September |
| Dealings in Neptune Shares suspended | 7.30 a.m. on 12 September |
| Second Neptune Meeting | 3.00 p.m. on 12 September |
| Effective Date for the transfer of Neptune's assets and liabilities to the Company and the issue of Consideration Shares pursuant to the Scheme | 12 September |
| Payment of special dividend | 18 September |
| Cancellation of the listing of the Neptune Shares | 8.00 a.m. on 20 September |

EXPECTED OFFER TIMETABLE, STATISTICS AND COSTS

Indicative Offer Timetable

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|---|---|
| Offer opens | 4 August 2017 |
| Closing date (for 2017/18 tax year) | 3 April 2018 |
| Closing date (for 2018/19 tax year) | 31 July 2018 |
| First allotment | no later than 5 April 2018 |
| 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

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| Maximum amount to be raised by the Company* | £5 million |
| Unaudited NAV per Share as at 30 June 2017** | 91.2p |
| Maximum number of Offer Shares to be issued*** | 5.45 million |
| Estimated net proceeds of the Offer*** | £4.75 million |
| Discount for applications received by 2 February 2018**** | 0.5% |
| Discount for applications received from existing investors in the Company**** | 0.5% |

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

** NAV is a blended figure between Ordinary Shares (designated D shares as at 30 June 2017) entitled to dividend for the year ending 28 February 2017 (93.3p) and those not entitled to that dividend (89.1p).

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

**** Discounts 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

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

Non-Advised Investors (through Intermediaries)

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|----------------|--|
| Promoter's Fee | 3.0% of funds invested |
| Commission | 2.0% up front |
| | 0.5% trail per annum (maximum of 3.0%) |

Direct investors (those without an Intermediary)

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|----------------|------------------------|
| Promoter's Fee | 5.0% of funds invested |
|----------------|------------------------|

DEFINITIONS

In this Prospectus the following expressions have the following meanings:

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| “Admission” | the date on which the Consideration Shares are listed on the Official List of the UK Listing Authority and admitted to dealing on the LSE’s main market for listed securities |
| “Annual Report” | the annual report and financial statements of the Company for the year ended 28 February 2017 |
| “Articles” | the articles of association of the Company, as amended from time to time |
| “Board” or “Directors” | the board of directors of the Company |
| “Boards” | the Board and the Neptune Board |
| “Brexit” | the UK’s decision in a referendum on 23 June 2016 to leave the European Union |
| “Business Day” | any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in the City of London |
| “CA 2006” | Companies Act 2006, as amended |
| “Calculation Date” | the date on which the number of Consideration Shares to be issued is determined, this being after the close of business on 11 September 2017 |
| “Circular” | the circular issued by the Company to Shareholders dated 4 August 2017 |
| “Companies” | the Company and Neptune |
| “Company” or “Calculus VCT” | Calculus VCT plc (company number: 07142153) |
| “Consideration Shares” | the new shares to be issued by the Company to the shareholders of Neptune in accordance with the Merger (and each a “Consideration Share”) |
| “C Shares” | the C ordinary shares in the capital of the Company which were merged with the D Shares and the Old Ordinary Shares pursuant to the Share Class Merger |
| “D Shares” | the D ordinary shares in the capital of the Company which were merged with the C Shares and the Old Ordinary Shares pursuant to the Share Class Merger |
| “Due Share of Merger Costs” | a proportion of the Merger Costs to be borne by the Companies and by the Manager in equal thirds (estimated to be approximately £50,000 in respect of the Company) |
| “Effective Date” | the date on which the Merger will be completed, anticipated as being 12 September 2017 |
| “Enlarged Company” | the Company, following implementation of the Merger |
| “Existing Shareholders” | holders of Shares as at the date of this Prospectus |
| “FCA” | the Financial Conduct Authority |
| “First Neptune Meeting” | the general meeting of Neptune to be held on 31 August 2017 |

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| “FSMA” | the Financial Services and Markets Act 2000, as amended |
| “General Meeting” or “Meeting” | the general meeting of the Company to be held on 31 August 2017 convened in accordance with notice enclosed with this Circular; |
| “HMRC” | HM Revenue & Customs |
| “IA 1986” | Insolvency Act 1986, as amended |
| “Independent Valuer” | Jeffreys Henry LLP |
| “Investor” | an individual who subscribes for Offer Shares pursuant to the Offer |
| “ITA 2007” | Income Tax Act 2007, as amended |
| “Liquidators” | Gareth Harris and Keith Marshall of RSM Restructuring Advisory LLP being the proposed liquidators for Neptune |
| “Listing Rules” | the listing rules of the UKLA |
| “London Stock Exchange” or “LSE” | London Stock Exchange plc |
| “Manager” | Calculus Capital Limited, the Company’s and Neptune’s investment manager in respect of their respective venture capital portfolios |
| “Merger” | the arrangements for merging the Company and Neptune being, primarily, the Scheme and the revised management arrangements applying to the Enlarged Company |
| “Merger Costs” | the costs of the Merger to borne by the Company, Neptune and the Manager, estimated to be £150,000 |
| “Merger Ratio” | the Roll-Over Value divided by the Merger Value rounded down to four decimal places |
| “Merger Regulations” | Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004 |
| “Merger Value” | the value of an Ordinary Share, calculated in accordance with Part 2 of this document |
| “NAV” | net asset value |
| “Neptune” | Neptune-Calculus Income and Growth VCT plc (company number: 05300876) |
| “Neptune Assets” | assets of Neptune which are transferred to the Company by the Liquidators pursuant to the Scheme |
| “Neptune Board” | the board of directors of Neptune |
| “Neptune Circular” | the circular to the Neptune Shareholders published on 4 August 2017 |
| “Neptune Meetings” | the First Neptune Meeting and the Second Neptune Meeting |
| “Neptune Shareholders” | holders of Neptune Shares (and each a “Neptune Shareholder”) |
| “Neptune Shares” | the ordinary shares of 10p each in the capital of Neptune (and each a “Neptune Share”) |
| “New Shares” | the Consideration Shares and/or the Offer Shares (as the context dictates) |

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| “Offer” | the offer to raise up to £5 million (with an over-allotment facility of up to an additional £5 million) by issues of new Ordinary Shares in the capital of the Company, as set out in Part 3 of the Prospectus |
| “Offer Shares” | the new Ordinary Shares to be issued pursuant to the Offer |
| “Official List” | the official list of the UKLA |
| “Old Ordinary Shares” | the separate class of ordinary shares of the Company in issue prior to the Share Class Merger |
| “Overseas Shareholders” | Shareholders who are not resident in the UK |
| “Proposed Director” | Diane Seymour-Williams |
| “Prospectus” | this document |
| “Record Date” | the record date by reference to which entitlements will be allocated pursuant to the Merger, anticipated as being 4 September 2017 |
| “Roll-Over Value” | the value of a Neptune Share, calculated in accordance with Part 2 of this document |
| “Scheme” | the proposed merger of the Company with Neptune by means of placing Neptune into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Neptune’s assets and liabilities in consideration for the issue of Consideration Shares |
| “Second Neptune Meeting” | the general meeting of Neptune to be held on 12 September 2017 |
| “Share Class Merger” | the merger of the Old Ordinary Shares, C Shares and D Shares of the Company to create a single class of Ordinary Shares, which was approved by Shareholders on 24 November 2015 and completed on 1 August 2017 |
| “Shareholder” | a holder of Shares |
| “Shares” or “Ordinary Shares” | ordinary shares of 1p each in the capital of the Company |
| “TCGA 1992” | Taxation of Chargeable Gains Act 1992, as amended |
| “Transfer Agreement” | the agreement between the Company and Neptune (acting through the Liquidators) for the transfer of all of the assets and liabilities of Neptune by the Liquidators to the Company pursuant to the Scheme |
| “UK” | the United Kingdom |
| “UKLA” or “UK Listing Authority” | the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 of the Financial Services and Market Act 2000 |
| “VCT” or “venture capital trust” | a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts |
| “VCT Rules” | the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts |

PART 1

MERGER OF THE COMPANY AND NEPTUNE

Introduction

On 1 August 2017, the Company's three share classes were merged to form a single class of Ordinary Shares, in a process approved by Shareholders back in November 2015. As part of an on-going process of strategic consolidation, the Board is now proposing to acquire the assets and liabilities of Neptune-Calculus Income and Growth VCT plc ("**Neptune**") in exchange for the issue of Consideration Shares to Neptune Shareholders. To complete the Merger process, Neptune will then be put into liquidation.

This document has been published in connection with the issue by the Company of Consideration Shares pursuant to a proposed Merger and in connection to the proposed Offer for subscription for the tax year 2017/2018 and 2018/2019 further details of which are set out in Part 3 of this Prospectus.

The Boards consider that the interests of shareholders in both Companies will be better served by an enlarged single company with reduced annual running costs per share. The Companies are each currently managed by Calculus Capital and so the continuity of the management will be preserved by the Merger.

The most cost-effective way to achieve this is to undertake a Scheme whereby Neptune is placed into members' voluntary liquidation and all of the assets and liabilities of Neptune are transferred to the Company in exchange for the issue of Consideration Shares to the Neptune Shareholders. The investment policies of the Company and Neptune are broadly similar and so continuity for shareholders of both Companies would be preserved.

The Consideration Shares are not being offered to the existing Shareholders of the Company or the public (though the Company proposes to launch a public share offer following the completion of the Merger). A total of approximately 2.38 million Consideration Shares are expected to be allotted pursuant to the Merger (assuming no dissenting shareholders).

In connection with the Merger, the Company has also published the Circular, which is being dispatched to Shareholders. The Circular contains proposals relating to the Merger which will include the Enlarged Company entering into a revised management agreement with the Company's Manager, Calculus Capital, which constitutes a related party transaction under the Listing Rules. Neptune has also published a similar circular.

Reasons for the Merger

In recommending that the Company participates in a merger, which will result in an Enlarged Company with a net asset base of approximately £10 million, the Board expects to bring a number of benefits to the Company's existing Shareholders and to Neptune Shareholders whilst maintaining or enhancing existing aspects of the Company.

Benefits of the Merger

The Merger should result in the following benefits for Shareholders:

- a reduction in the expected annual running costs for Shareholders due to operational expenses being spread over a larger base;
- a larger pool of potentially distributable reserves to support future dividend payments; and
- the opportunity for future buy backs, particularly for Shareholders who have held their shares for more than 5 years; and
- exposure to a more diversified portfolio.

Additional attractive features of the Merger include:

- the Company's venture capital investment manager, Calculus Capital Limited ("**Calculus Capital**") has agreed to contribute 33% of the costs of the Merger, meaning that the costs will be split evenly between Calculus, the Company and Neptune; and
- no impact on the tax position of Shareholders.

Transfer

The Merger of the Companies will be effected in the following way:

- Neptune will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 IA 1986; and
- all of Neptune's assets and liabilities will be transferred to the Company in consideration for the issue of the Consideration Shares to the Neptune Shareholders.

Following the transfer of the assets and liabilities of Neptune to the Company pursuant to the Merger, it is proposed that the listing the Neptune Shares will be cancelled and Neptune will be wound up.

Conditionality

The Scheme is dependent on:

- the relevant resolutions approving the Scheme being passed at the General Meeting, the First Neptune Meeting and the Second Neptune Meeting;
- notice of dissent not having been received from Neptune Shareholders who hold more than 10% in nominal value of Neptune's issued share capital;
- each of the Company and Neptune confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against the other which the relevant board of directors regard as material; and
- the Company and Neptune maintaining their VCT status,

and would become effective immediately after the passing of the special resolution for the winding up of Neptune at the Second Neptune Meeting.

Costs of the Merger

The costs of the Merger are estimated to be approximately £150,000 and will be borne by in equal thirds by the Company, Neptune and the Manager, Calculus Capital.

Terms of the Scheme

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of Neptune and shall deliver to the Company:

- particulars of all of the assets and liabilities of Neptune;
- a list certified by the registrars of the names and addresses of, and the number and class of Neptune Shares held by each of the Neptune Shareholders on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of Neptune which will form part of the Merger Costs; and
- the amount estimated to be required to purchase the holdings of any dissenting Neptune Shareholders.

On the Effective Date, the Company and the Liquidators (on behalf of Neptune) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Neptune to the Company in exchange for the issue of Consideration Shares (fully paid) to the Neptune Shareholders on the basis set out below.

The Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including but not limited to the implementation of the Merger, the winding up of Neptune and the purchase for cash of any holdings of dissenting Neptune Shareholders.

Once the Merger is effected, the Enlarged Company should have net assets of approximately £10 million and over 11 million Shares in issue. An important advantage of the Merger will be to reduce the running costs per Share and this benefit will accrue to all Shareholders within the Enlarged Company.

The Merger process is expected to complete in September 2017.

A reduction in the expected annual running costs

Subject to the Merger taking place, Calculus Capital has agreed to increase its potential contribution to the running costs of the Company by reducing the cost cap (excluding irrecoverable VAT, annual trail commission and performance incentive fees) from the aggregate of 3.0% of the gross amount raised under the Old Ordinary and C Share offers and 3.4% of the gross amount raised under the D Share offers to 3.0% of the net assets of the Enlarged Company.

Assuming full subscription under the Offer (including the over-allotment facility), the estimated annual costs of the Enlarged Company would be 2.9% of NAV.

The expected overall cost savings to be gained by spreading administration, directors' fees, audit and management costs over a greater capital base together with the proposed reduced cost cap is estimated to be in excess of £125,000 per annum, compared to the aggregate of the costs which would be incurred if each VCT were to maintain an independent existence. It is projected that the running costs savings that accrue to the Company over the 10 months following the Merger will exceed the costs of the Merger being borne by the Company and Neptune. Costs may be further reduced going forward by a reduction in the size of the Company's Board.

Investment Policy

The Enlarged Company will invest in line with the investment policy as set out in Part 3 on pages 29 and 30.

PART 2

THE SCHEME

Provision of Information

On the Effective Date, the Liquidators of Neptune shall receive all the cash, undertakings and other assets and liabilities of Neptune and shall deliver to the Company:

- particulars of all of the assets and liabilities of Neptune;
- a list certified by the registrars of the names and addresses of, and the number of Neptune Shares held by, each Neptune Shareholder on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of Neptune; and
- the amount estimated to be required to purchase the holdings of any dissenting Neptune Shareholders.

Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of Neptune) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Neptune to the Company in exchange for the issue of Consideration Shares (credited as fully paid up) to the Neptune Shareholders on the basis set out below.

In further consideration of such transfer of assets and liabilities of Neptune to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of Neptune and the purchase for cash of any holdings of dissenting Neptune Shareholders.

The Scheme Calculations

The number of Consideration Shares to be issued to the holders of Neptune Shares (save for any dissenting Neptune Shareholders) will be calculated as follows:

The Roll-Over Value of Neptune will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

- A = the most recent available unaudited net asset value of Neptune prior to the Calculation Date calculated in accordance with Neptune's normal accounting policies (including any adjustment that the Board and the Neptune Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of Neptune attributable to each Shareholder as at the Calculation Date, or to reflect any changes since the Calculation Date, including but not limited to adjustment for the proposed special dividend of 10.5p per share;
- B = the Due Share of Merger Costs attributable to Neptune (to the extent not already paid by Neptune as reflected in "A" above)
- C = the amount estimated to be required to purchase the holdings of Neptune Shares from dissenting Neptune Shareholders; and
- D = the number of Neptune Shares in issue following close of business on the Record Date (save for any held by dissenting Neptune Shareholders).

The Company - Merger Value

The Merger Value per Ordinary Share will be calculated as follows:

$$\frac{E - F}{G}$$

where:

- E = the most recent available unaudited net asset value of the Company prior to the Calculation Date, calculated in accordance with the Company's normal accounting policies (including any adjustment that the Board and the Neptune Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Company attributable to each Shareholder as at the Calculation Date, or to reflect any changes since the Calculation Date);
- F = the Due Share of Merger Costs attributable to the Company (to the extent not already paid by the Company as reflected in "E" above); and
- G = the number of the Shares in issue following close of business on the Calculation Date.

Number of Consideration Shares to be issued

The number of Consideration Shares to be issued to Neptune Shareholders (save for any dissenting shareholders) will be calculated as follows:

$$\frac{H}{I} \times J$$

Where:

- H = the Roll-Over Value;
- I = the Merger Value; and
- J = the number of Neptune Shares in issue as at close of business on the Record Date (save for any such shares held by dissenting Neptune Shareholders).

The number of Consideration Shares to be issued pursuant to the Scheme will not be greater than 5 million and will be issued directly to Neptune Shareholders pro rata to their existing holdings (disregarding Neptune Shares held by dissenting Neptune Shareholders) on the instruction of the Liquidators by applying the Merger Ratio to Neptune Shareholders' holdings of Neptune Shares.

The Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number of Consideration Shares. Any fractional entitlements of Consideration Shares in respect of each holding of Neptune Shares (which, in each case, will not exceed £1) will be retained for the benefit of the Enlarged Company.

Scheme Illustration

As at 30 June 2017, the unaudited NAV of a Neptune Share (taken from the Neptune management accounts to that date) was 29.66p. The Roll-Over Value, had the Scheme been completed on that date and calculated as set out above) would have been 18.71p (assuming no dissenting Neptune Shareholders).

The number of Consideration Shares that would have been issued to Neptune Shareholders, had the Scheme been completed on 30 June 2017 and calculated as set out above, would have been 2,379,931 (0.2123 Consideration Shares for every Neptune Share held).

Conditionality

The Scheme is dependent on:

- the relevant resolutions approving the Scheme being passed at the General Meeting, the First Neptune Meeting and the Second Neptune Meeting;
- notice of dissent not being received from shareholders who hold more than 10% in nominal value of the issued share capital of Neptune;

- each of the Company and Neptune confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against the other which the relevant board of directors regard as material; and
- the Company and Neptune maintaining their VCT status,

and so will proceed and become effective, subject to the above, immediately after the passing of the special resolution for the winding up of Neptune at the Second Neptune Meeting.

Dissenting Shareholders

Provided that a Neptune Shareholder does not vote in favour of the first resolution to be proposed at the First Neptune Meeting, such Neptune Shareholder may, within seven days following the First Neptune Meeting, express his/her dissent to the Liquidators in writing at the registered office of the Company and require the Liquidators to purchase that Neptune Shareholder's holding.

The Liquidators will offer to purchase the holdings of dissenting Neptune Shareholders at the break value price of a Neptune Share, this being an estimate of the amount a Neptune Shareholder would receive per Neptune Share in an ordinary winding-up of Neptune if all of the assets of Neptune had to be realised. The break value of a Neptune Share is expected to be significantly below the unaudited NAV per Neptune Share due to the nature of the underlying assets. Neptune Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering the repayment of up-front income tax relief received on the original subscription if the Neptune Shares have not been held for the requisite holding period to maintain such relief.

Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions, which may include changes to the timetable, as the parties to the Transfer Agreement may from time to time approve in writing.

Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Companies, the Boards, any individual director of the Companies, Calculus Capital, the Registrar or the custodians or bankers of the Companies or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

Liquidators' Liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or other default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme or the Transfer Agreement.

Valuation Report

Prior to the allotment of the Consideration Shares pursuant to the Scheme, the Company will provide to Neptune Shareholders who participate in the Merger, and will upload onto its website, the Section 593 Report prepared by an Independent Valuer. The Section 593 Report will confirm that the value of the assets and liabilities being transferred by Neptune to the Company as part of the Merger is not less than the aggregate amount treated as being paid up on the Consideration Shares being issued to Neptune Shareholders pursuant to the Scheme.

Governing law

The Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART 3

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 £147.2 million funds under management as at 31 May 2017 and a strong track record of profitable exits.
- **Record of delivering dividends to shareholders** – the Company has to date paid cumulative dividends of 84.05p per Old Ordinary Share and 73.1p per C Share.
- **Investment Strategy** – The Company advised by Calculus Capital, primarily invests in established businesses, with capable and experienced management teams, over a range of sectors. In advance of investing of VCT qualifying investments, the Company will invest in assets selected to preserve capital value whilst generating income.
- **Early application and loyalty benefits** – Applications received by 2 February 2018 will benefit from a 0.5% early application discount. Additionally, existing shareholders who apply will receive an 0.5% loyalty discount.

If you wish to invest, please read the whole Prospectus and complete the Application Form which is available separately from Calculus Capital (www.calculuscapital.com). If Investors have any questions regarding this investment they should contact their financial intermediary. For questions relating to an application, please telephone Calculus Capital on 020 7493 4940 or send an email to info@calculuscapital.com. Investors should note that no investment advice can be given by Calculus Capital and their attention is drawn to the risk factors set out on pages 13 to 15 of this document.

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

Background to the Offer

VCTs were introduced in 1995 to encourage individuals to invest indirectly in a range of small and growing UK trading companies. VCTs are investment companies whose shares are listed on the Official

List and traded on the London Stock Exchange. To date, over £6.6 billion has been raised by VCTs and £542 million was raised by VCTs in the 2016/17 tax year.

VCTs were created so that their investors could benefit from a spread of 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 4 August 2017 and will close at 5.00pm on 31 July 2018, unless extended. The Offer is conditional on the relevant resolutions being passed by Shareholders at the General Meeting. Applications will be accepted (in whole or part) at the discretion of the Board, but the Board intends to meet applications on a 'first come, first served' basis.

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

Investors whose applications are received by 2 February 2018 will benefit from a 0.5% early application discount. Existing Shareholders who apply will receive an additional 0.5% loyalty discount.

The minimum investment by an investor under the Offer is £5,000 (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):

$$\begin{array}{l} \text{Number of Offer Shares} \\ \text{Offer Shares} \end{array} = \begin{array}{l} \text{Amount subscribed less:} \\ \text{(i) Promoter's Fee} \\ \text{(ii) Initial Adviser Charge/} \\ \text{Commission plus} \\ \text{(iii) Applicable early application} \\ \text{and/or loyalty discount} \end{array} \times \begin{array}{l} \text{Dividend} \\ \text{Entitlement} \\ \text{Factor} \end{array} \div \begin{array}{l} \text{Latest NAV} \\ \text{per Share} \end{array}$$

Where "Dividend Entitlement Factor" = 1.047

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 NAV per Offer Share issued to investors who subscribe through authorised intermediaries;

and

- 5.0% of the NAV per Offer Share issued to investors who subscribe directly;

in consideration of its acting as Promoter of the Offer. The Company shall pay 2.0% initial commission to the financial intermediaries of Non Advised Investors and 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 of the NAV of the Offer Shares, subject to a cumulative maximum of 3.0% of the amount subscribed for them, to the authorised intermediaries of Non Advised Investors and 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, 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 including 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.

Direct Debit Investment

Investors can now purchase the Company's shares by monthly direct debit. Investors simply need to complete the 'direct debit' section in the Application Form and the Company will collect this amount from an investor's bank account via direct debit on or around day 14 of every month. 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 (2017/18 tax year), April (2017/18 tax year), and July (2018/19 tax year).

If the fundraising proves popular and looks to be reaching capacity early, the Company will stop taking new applications but will keep collecting money and allotting shares for existing direct debit customers. This aims to continue until the Offer formally closes on 31 July 2018. At the close of the Offer, Calculus Capital will contact investors to inform them whether the Company will be reopening for new investment, and to see if investors would like their direct debit to continue under a new share offer. Direct debits can be cancelled at any time by contacting your bank or building society or by calling City Partnership (UK) Limited on 0131 243 7210 and letting them know before the first day of the month in order for them to cancel that month's collection. The full direct debit guarantee is available at the back of the Application Form.

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 per cent. on the initial investment and receive tax-free dividends and tax-free capital growth.

Investment Policy

It is intended that approximately 75 per cent. of the monies raised by the Enlarged Company in relation to the Offer Shares will be invested within 60 days in a variety of investments selected to preserve capital value, whilst generating income, which may include liquidity funds and fixed income securities issued by major companies and institutions with counterparty credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated).

The balance will be used to meet initial costs and invested in cash and will be available to invest in Venture Capital Investments and to fund ongoing expenses.

The Company's policy is to build a diverse portfolio of Venture Capital Investments primarily in established unquoted companies across different industries and investments 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 per cent. and 10 per cent. respectively of the Venture Capital Investments portfolio. These percentages are measured as at the time of investment. The Board and 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.

Where investment opportunities arise in one asset class which conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision. Under its Articles, the Company has the ability to borrow a maximum amount equal to 25 per cent. of the value of the gross assets of the Company. The Board will consider borrowing if it is in the Shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.

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 8 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 per cent. 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 per cent. by value of the Company's investments; and
- d) not more than 20 per cent. 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. It is not intended that the Company will co-invest with Directors or members of the Calculus Capital management team (including family members).

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 per cent. 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 per cent. (or 10 per cent. 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 Managers. 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.

It is intended that Diane Seymour-Williams be appointed to the Board on completion of the Merger.

Michael O'Higgins (63) (Chairman)

Michael is an experienced private investor with significant VCT and EIS holdings. In his business career, Michael was a Managing Partner with PA Consulting (successfully leading its Government and IT Consulting Groups), a Partner at Price Waterhouse (now PricewaterhouseCoopers), and a Principal Administrator at the OECD. He began his working career as an academic at London School of Economics and the University of Bath, and more recently has been a Visiting Professor at both, as well as having held visiting appointments at Harvard University and the Australian National University. He is also Chairman of the Local Pensions Partnership, of the Advisory Committee of the YFM Equity Partners 2016 LP and of the Channel Islands Competition and Regulatory Authorities, and a non-executive director of Network Rail. Among previous roles, he was chairman of the Audit Commission, of The Pensions Regulator, of the charity Centrepoint and, for six years, a non-executive director of HM Treasury.

Kate Cornish-Bowden (50) (Audit Committee Chair)

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. Before joining Morgan Stanley, Kate spent two years at M&G Investment Management as a financial analyst. More recently Kate has acted as a consultant providing financial research to private equity and financial training firms. Kate is a non-executive director and chairman of the Remuneration Committee of Scancell Holdings plc, and a non-executive director of Arcis Biotechnology Ltd. She is a Chartered Financial Analyst (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Certificate.

John Glencross (63)

John co-founded Calculus Capital in 1999 and has been Chief Executive since its inception. Calculus is one of the UK's most successful, independent private equity firms focused on investing in smaller 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. John is also a director of the Enterprise Investment Scheme Association and a member of its Tax and Technical Committee. Before co-founding Calculus John was an Executive Director in European Corporate Finance for UBS for nine years. Prior to this, he was Head of the Mergers & Acquisitions Group of Phillips and Drew, a 100 year old London based financial institution. John qualified as a Chartered Accountant with Peat Marwick and subsequently worked for Deloitte Haskins & Sells in London and the Middle East. John graduated from Oxford University with an MA (Hons) in Philosophy, Politics and Economics.

Steve Meeks (59)

Steve has had a successful 30 year career in the financial markets with NatWest, UBS and Santander with a specialisation in structured products. Steve is also a former consultant to Investec, having assisted the Investec Structured Products team with the design and launch of the Company. Following a brief retirement, Steve is currently Executive Chairman of Smart Carbon Control Limited, a software business that provides energy management solutions to the commercial property and data centre market. Steve is also chairman of Get Smarter Energy Limited, an energy procurement business.

Diane Seymour-Williams (58)

Diane's executive career includes 23 years at Morgan Grenfell/Deutsche Asset Management where she was initially a portfolio manager and then Asian CIO and CEO. She subsequently became Head of Global Equity Products. More recently Diane spent 9 years at LGM Investments where she was Global Head of Relationship Management.

Her previous fund directorships include The China Fund (1993-2005), Pakistan Fund (1993-1996), Batavia Fund (1993-1996), and Chairman Greater Korea Trust (1993-1997). She has also served as a director on the Boards of BMO Investments (Ireland) plc (2013-2016), BMO Investments II (Ireland) plc (2008-2016), Irish domiciled UCITS companies and LG China Fund plc (2009-2016) also domiciled in Ireland. For 5 years from 2007, Diane was a non-executive director of Calculus Capital.

Diane is currently a non-executive director of Witan Pacific Investment Trust plc (2010-) and Brooks Macdonald Group plc, where, in addition, she chairs the Remuneration Committee. More recently she was appointed a non-executive director of Standard Life Private Equity Trust plc. Diane also serves on the Newnham College Cambridge Investment Committee.

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

Current and Past Directorships

Michael O'Higgins

Current

Local Pensions Partnership Ltd
Local Pensions Partnership
Administration Ltd
Local Pensions Partnership
Investments Ltd
Hedgehog (1) Limited
Network Rail Infrastructure Limited
Network Rail Limited
Calculus VCT plc
Millers Wharf Management
Company Limited
YFM Equity Partners 2016 LP
(Chairman of Advisory Committee)
Channel Islands Competition &
Regulatory Authorities
HM Treasury (non-executive
director)

Past 5 Years

Archimed LLP (member)
Oxford Medical Diagnostics
Limited
Centrepoint Soho
National Centre for Social
Research
ANU (UK) Foundation
The NHS Confederation
The NHS Confederation
(Services) Company Limited
The NHS Confederation Group
Company Limited

| | | |
|-------------------------------|--|---|
| Steve Meeks | Current Canley Consulting Limited Calculus VCT plc Get Smarter Energy Limited Smart Carbon Control Limited Stay Close Band Limited CNRG Technologies Limited | Past 5 Years |
| Kate Cornish- Bowden | Current Calculus VCT plc Scancell Holdings PLC Arcis Biotechnology Holdings Limited | Past 5 Years KCB Research Limited |
| John Glencross | Current 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 The EIS Association Limited The Alchemy Circle Ltd | Past 5 Years Hembuild Group Limited Human Race Group Limited Investec SPV Limited Neptune-Calculus SPV Limited |
| Diane Seymour-Williams | Current Neptune-Calculus Income and Growth VCT plc Brooks MacDonald Group plc Witan Pacific Investment Trust plc Standard Life Private Equity Trust plc | Past 5 Years LGM Investments Limited Gladstone Court (London) Management Limited |

Directors' Interests

As at 3 August 2017 (the latest practicable date prior to the publication of this document), the interests of the Directors and Proposed Director (and their immediate families) in the issued Ordinary Share capital of the Company were as follows:

| Director | Shares held | % of total issued share capital |
|------------------------|------------------------|--|
| Kate Cornish-Bowden | 37,301 Ordinary Shares | 0.42 |
| John Glencross | 23,796 Ordinary Shares | 0.27 |
| Steven Meeks | 7,838 Ordinary Shares | 0.09 |
| Michael O'Higgins | 79,383 Ordinary Shares | 0.9 |
| Diane Seymour-Williams | 2,884 Ordinary Shares | 0.03 |

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

Michael O'Higgins, Steven Meeks and John Glencross were appointed under letters of appointment dated 22 February 2010. Kate Cornish-Bowden was appointed under a letter of appointment dated 10

February 2011. The appointments are subject to an initial period expiring immediately following the first annual general meeting, and (subject to re-election at the first annual general meeting) thereafter the appointments may be terminated on 3 months' notice. No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office, nor have any amounts been set aside to provide pension, retirement or similar benefits. The total annual remuneration receivable by Michael O'Higgins as chairman is £20,000 (plus applicable employers' National Insurance Contributions). The total annual remuneration receivable by Steve Meeks and Kate Cornish-Bowden is £15,000 each (plus applicable employers' National Insurance Contributions). John Glencross does not receive any remuneration from the Company in respect of his appointment. Aggregate Directors' emoluments for the year ended 28 February 2017 were £50,000 (plus applicable employers' National Insurance Contributions).

Diane Seymour-Williams will receive an annual director's fee of £16,500 (equivalent to her current remuneration as Chairman of Neptune) and otherwise appointed on the same terms as Steven Meeks and Kate Cornish-Bowden on completion of the Merger.

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 9 of this document, under which Calculus Capital are entitled to fees, and co-investment by Calculus Funds, as at 3 August 2017 (this 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 or the Merger.

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 of any companies or partnership where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager during the previous five years.

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

The Manager

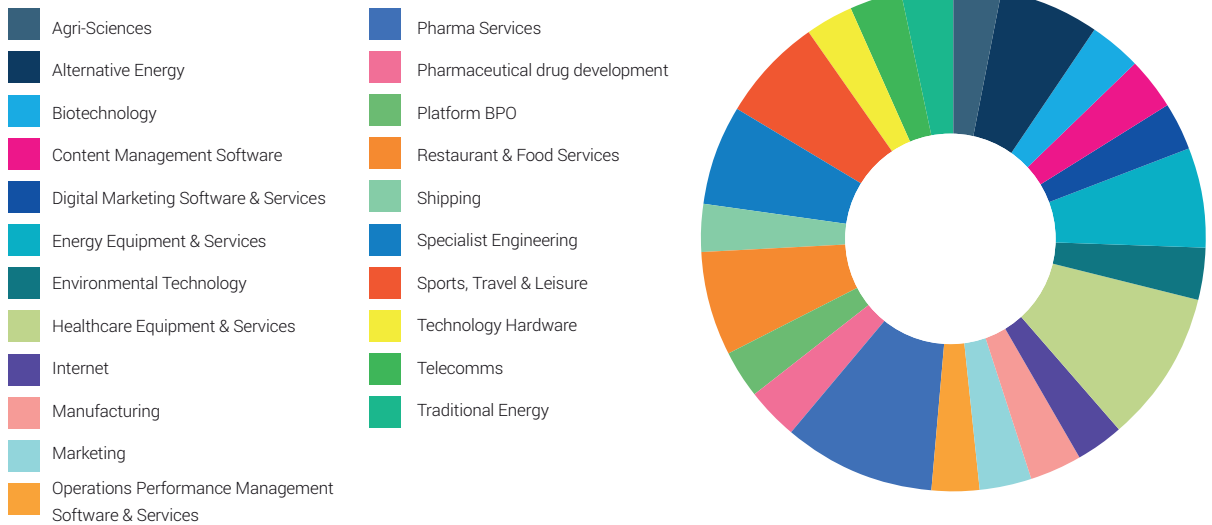
The Board has appointed Calculus Capital to manage its Venture Capital Investments. Calculus Capital will not advise the Board in relation to the Company's non-VCT qualifying capital preservation investments. The Board will, as required, consult a suitable adviser in respect of the investment of these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

Calculus Capital was incorporated on 19 October 1999 as a private limited company (with registered number 03861194) and is authorised and regulated by the FCA (with FCA number 190854). Calculus Capital is appointed as manager to the Company and also provides secretarial, administration and custodian services to the Company. A pioneer in tax efficient investing with a 17 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 17 EIS funds and has been managing VCTs since 2005. As at 31 May 2017, it had £147.2 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.

Unquoted investments broken down by industry



Data correct as at April 5, 2017

Calculus Capital intends to:

- invest in a diversified portfolio from a range of different sectors
- focus on companies with the following characteristics:
 - relatively predictable cash flows, recurring revenues and a strong balance sheet
 - their primary constraint to growth is access to finance
 - profits or a clear path to profitability
 - strong management teams
 - proven successful products or services
 - clear route to exit
 - companies which can achieve our target IRR of 20%
 - structure 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 three times, the latest at the 2016 Awards ceremony and was awarded "Best EIS Investment Manager" at the 2016 Growth Investor

Awards. Calculus Capital also attained the title of 'Best EIS Investment Exit' in 2012. Calculus Capital's success is underpinned by a disciplined investment process, strong risk management and very close monitoring of and partnership with portfolio companies.

Calculus Capital's investment portfolio across the UK

Our portfolio - investing in SMEs across the UK



Data correct as at April 5, 2017

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.

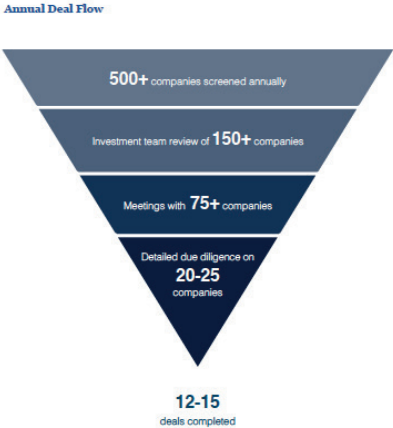
Due Diligence

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 per cent. of the net assets of the Ordinary Shares. Calculus Capital will also be entitled to a performance incentive fee equal to 20 per cent. of Shareholder proceeds in excess of 105p.

The Calculus Capital Team

John Glencross

Chief Executive

Details for John Glencross can be found on page 31.

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

Lesley Watkins

Finance Director

Lesley joined Calculus Capital in 2002. She has over 19 years' experience in investment banking and held senior posts at three international investment banks, where her responsibilities included advising several companies in the FTSE 100. Most recently, she was Managing Director, Global Investment Banking at Deutsche Bank, which took over BT Alex Brown, where she was a Managing Director in the UK Equity Advisory Division. Before that, Lesley spent 14 years at UBS, where she was a Managing Director in the Corporate Finance Division. She has extensive experience of fundraising, flotations, mergers and acquisitions, disposals and restructurings for her clients. Lesley has also been a Non-Executive Council Member of the Competition Commission, and a non-executive director of Panmure Gordon. She is currently a non-executive director of Game Digital plc and of Braemar Shipping Services plc. She is a fellow of the Institute of Chartered Accountants.

Robert Davis

Deputy Chief Executive and Head of Portfolio Management

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

Richard Moore

Head of New Investments

Richard joined Calculus Capital in 2013. Prior to this he was a Director at Citigroup, which he joined in 2005, and previously worked at JPMorgan and Strata Technology Partners. Richard has over 14 years' corporate finance experience advising public and private corporations and financial sponsors on a range of M&A and capital raising transactions. Richard began his investment banking career in the UK mid-cap advisory team at Flemings (acquired by JPMorgan in 2000), working with companies across a broad 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

Investment Director

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

Alexandra Lindsay

Investment Director

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

Roshan Puri

Investment Assistant Director

Roshan joined Calculus Capital in 2013. Prior to this, he qualified as a Chartered Accountant with Ernst & Young where he gained experience in transaction advisory, tax and audit. He has worked on structuring numerous domestic and international mergers and acquisitions and corporate restructuring transactions, modelling the transaction implications and project managing the transaction implementation. Roshan has significant experience advising businesses on tax efficient

transactions including; intellectual property optimization, efficient capital and corporate structuring. Roshan has a wide range of industry experience and since joining Calculus Capital, has worked with businesses within the leisure, healthcare and software sectors.

Daniela Tsoneva

Investment Associate

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

Toby Scregg

Investment Analyst

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

Natalie Evans

Director and Head of Fund Finance and Operations

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

PART 4

INVESTMENT PORTFOLIO OF THE COMPANY AND NEPTUNE

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

| | The Company | Neptune | Total | % |
|--|--------------------|----------------|--------------|---------------|
| | £'000 | £'000 | £'000 | |
| Terrain Energy Limited | 346 | 656 | 1,002 | 13.6% |
| Fidelity liquidity funds | 882 | 103 | 984 | 13.3% |
| Goldman Sachs liquidity funds | 880 | 100 | 980 | 13.3% |
| Aberdeen liquidity funds | 882 | 51 | 933 | 12.6% |
| Solab Group Limited | 338 | 266 | 604 | 8.2% |
| Scancell Holdings plc | 92 | 235 | 327 | 4.4% |
| AnTech Limited | 292 | - | 292 | 4.0% |
| Quai Administration Services Limited | 220 | - | 220 | 3.0% |
| Weeding Technologies Limited | 100 | 100 | 200 | 2.7% |
| Air Leisure Group Limited | 100 | 100 | 200 | 2.7% |
| Origin Broadband Ltd | 100 | 100 | 200 | 2.7% |
| Park Street Shipping Limited | 190 | - | 190 | 2.6% |
| Cornerstone Brands Limited | 150 | - | 150 | 2.0% |
| Blu Wireless Technology Limited | 150 | - | 150 | 2.0% |
| MicroEnergy Generation Services Limited | 123 | 25 | 148 | 2.0% |
| C4X Discovery Holdings plc | 63 | 84 | 147 | 2.0% |
| Tollan Energy Limited | 123 | - | 123 | 1.7% |
| Arcis Biotechnology Holdings Limited | - | 119 | 119 | 1.6% |
| Genedrive Plc | 38 | 81 | 119 | 1.6% |
| Synpromics Limited | - | 100 | 100 | 1.4% |
| Money Dashboard (The One Place Capital Limited) | 95 | - | 95 | 1.3% |
| <i>Other investments</i> | 93 | 3 | 97 | 1.3% |
| TOTAL | 5,258 | 2,123 | 7,381 | 100.0% |

Set out in the table above are investments with a value of greater than 1% of the Enlarged Company's gross assets. Investments are shown at the valuations contained in the unaudited management accounts of the Company and Neptune as at 30 June 2017.

Since 30 June 2017, the Company has invested £150,000 in Cornerstone Brands Ltd, as also shown in the table above and this investment is valued at cost.

The information set out below on the investee companies has been extracted primarily from the audited financial statements for the Company for the year ended 28 February 2017 and the audited financial statements for Neptune for the year ended 31 December 2016. This financial information on the investee companies is, for the purpose of this paragraph, "Third Party Information". The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Due to the aggregation of portfolios which will occur if the Merger goes ahead and changes in the underlying portfolios since the investments were made, the value of the Enlarged Company's investments in Terrain and Solab will each exceed 10% of the Enlarged Company's current combined portfolio of qualifying investments. The Board considers the Company's investment policy to be

appropriate for the Enlarged Company going forward and will seek to balance and further diversify the Enlarged Company's portfolio over the next 12-18 months through a programme of investment and fundraising.

Venture Capital Investments

Terrain Energy Ltd

Terrain has interests in eleven petroleum licences: Keddington, Kirklington, Dukes Wood, Burton on the Wolds, Whisby and Louth in the East Midlands, Larne in Northern Ireland, Brockham and Lidsey in the Weald Basin and Egmatung and Starnberger See in Germany. The Whisby-6 well was successfully drilled in 2016 and encountered a good oil-saturated basal sandstone with initial production of 168 barrels of oil per day ("bopd") (of which Terrain receives 85%). The operator is currently working to optimise production from this well following a waxing issue. The company is producing from wells at Keddington and Whisby; Brockham and Lidsey are currently shut-in pending drilling or, in the case of Brockham, analysis of recent drilling results. A new well at Lidsey is due to be drilled in 2017, with Keddington and Louth to follow in 2018. Terrain sold half of its interest in the Brockham licence to Angus Energy (the operator) in December 2016 (reducing Terrain's interest to 10%) in return for a cash consideration and carrying Terrain's remaining interest in the licence for the costs associated with the well. Angus has the option for a similar transaction in relation to Lidsey which would mean Terrain's costs would also be carried for this well. From the evidence so far, the drilling at Brockham appears to indicate a similar structure to the oil bearing Kimmeridge sections in the nearby Horse Hill-1 well (this well produced over 1600bopd on test). A geothermal well at Holzkirchen, which is on the Egmatung licence, drilled in 2016 encountered overpressured gas which had to be flared for 4 days before the well was brought back under control. This could be a significant discovery on Terrain's licence - interpretation of the limited data available to date suggests the potential for as much as 75BCF of gas to be present at approximately 4000 metres (equivalent to approximately 10 million barrels of oil). A first well on the Larne licence targeting the Woodburn prospect was drilled in May/June 2016, but did not encounter any hydrocarbon accumulation. The data collected in the well is being evaluated to decide where to focus future exploration activity in the basin.

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. This cosmetics business has been affected by difficult market conditions generally and by a significant reduction in volumes from its largest customer, The Body Shop, as a result of L'Oreal's decision to in-source manufacturing to French factories following its acquisition of The Body Shop. New business from third parties has, to date, partially replaced that lost turnover and Solab has also had some success in enlarging existing customer accounts. Solab has introduced several initiatives to increase revenues further and is currently installing a new highly automated production line targeting high volume, continuous production runs.

Antech Ltd

AnTech Limited is a specialist oil and gas engineering company both manufacturing products and providing services for directional coiled tube drilling. AnTech's Products Division supplies customised and standard products used mainly in production; its largest product category is technically advanced well head outlets. Sales from this division have declined over the last 2 years because of pressure on its customers from the low oil price but recent months have seen an increase in both sales and sales enquiries suggesting that the trend may have changed. Its Coiled Tube Drilling Services Division has developed a new generation of directional drilling tools. These tools, COLT and POLARIS, are effective for interventions in existing wells to enhance production yield and extend well life. As well as extensive testing, these tools have been used twice commercially with good results to date.

Scancell Holdings plc

Scancell is developing two distinct immune-oncology platforms, ImmunoBody® and Moditope®, each with broad applications. Both platforms are targeting multi-billion dollar markets. SCIB1 (based on the ImmunoBody® platform) has achieved unprecedented survival rates in a phase I/II clinical trial covering twenty patients for malignant melanoma. The initial results show survival and progression free data well beyond established norms. A phase II combination trial of SCIB1 together with Keytruda,

a checkpoint inhibitor, is planned to commence out of Massachusetts General Hospital in Boston and include Harvard Medical School, MD Anderson, Memorial Sloan Kettering and the Division of Medical Oncology at University of Colorado. The two drugs work in different ways and Keytruda is relatively toxic whilst SCIB-1 is far less so on evidence to date. It is believed that a combination treatment of the two drugs will significantly increase the success rate in the treatment of advanced melanoma beyond current norms without significant additional toxicity. A phase I trial for Modi-1 (based on the Moditope® platform) targeting triple negative breast cancer, osteosarcoma and ovarian cancer is scheduled for 2018. Scancell is also developing SCIB2 (based on the ImmunoBody® platform) for the treatment of non-small cell lung cancer (NSCLC) in combination with a checkpoint inhibitor. In January 2017, Scancell announced a collaboration with The Addario Lung Cancer Medical Institute and the Bonnie J. Addario Lung Cancer Foundation to evaluate the use of SCIB2 to treat NSCLC.

Weeding Technologies Ltd

Weedingtech is a cleantech company focused on replacing toxic herbicides, particularly in the municipal market, but with potential in the agricultural and domestic markets. 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. Increasingly, governments and regulators around the world are considering, or are already, banning the use of certain chemical herbicides (e.g. glyphosate, as used in Roundup, which studies have shown to be potentially carcinogenic) amid concerns about the risks they pose to human health and the environment. Globally, the herbicide market is estimated to grow at 6% a year to reach \$31bn by 2020 (Allied Market Research, October 2014), with glyphosate accounting for around three quarters of the total. As such there is huge potential for herbicide-free alternatives to increase their share as concerns around glyphosate grow. Funds managed by Calculus Capital invested £3m into Weedingtech in December 2016 of which £100,000 came from the Company.

Air Leisure Group Ltd

In the period under review, the Company made an unquoted investment in Air Leisure Group Limited. Air Leisure is the owner and the operator of trampoline parks in the UK and Europe. The company's first site opened in Gloucester in October 2015, trading under the brand name Jumptastic. Its second site in Denmark opened in February 2017. These sites incorporate approximately 90 interlinked trampolines and the Gloucester site has traded profitably since inception. The team has a strong pipeline of potential sites identified across Scandinavia which it will look to open in 2017 and 2018.

Origin Broadband Ltd

The Company invested £100,000 in Origin in December 2016, a provider of internet and phone services, based in Yorkshire. Since launch in 2011, when Origin acquired for no cost part of the Digital Europe network built with EU and government funding which Digital Europe was proposing to close, Origin has developed its own infrastructure and now has the sixth largest broadband network in the UK measured by points of presence. As an operator of its own physical network, Origin is able to deal directly with Openreach, the BT division that maintains the UK's main telecoms network. This gives the company greater control over the underlying circuits and equipment; allowing it to provide a better service level than a pure reseller and making it easier to give commitments on speed. The company's core network is composed of over 50 points of presence, together with diverse network links to locations including Manchester, London and datacentres including Telecity North and Telecity 8/9 Harbour Exchange. Origin is seen as an agile alternative to the unwieldy corporate giants, with a focus on providing faster broadband speeds, a competitive pricing model and first-class customer service. Current clients include Amazon - where Origin is the preferred provider for all new warehouse and corporate sites, NHS Sheffield and various UK universities.

C4X Discovery Holdings Ltd

In September 2016, the Company invested £75,000 in C4X as part of a £3 million equity investment by funds managed by Calculus Capital. C4X is an innovative company in the discovery, design and development of small molecule drugs. The company was spun out of the University of Manchester in July 2007. During 2016, the company enhanced its drug discovery engine through acquisitions and continued to broaden its portfolio of proprietary drug programmes. Approximately two-thirds of new drugs originate from smaller biotech companies. C4X continues to build and progress its pipeline of

programmes in a variety of therapeutic areas including addiction, diabetes, inflammatory diseases and cancer.

Quai Administration Services Ltd

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, the leading workplace pensions and savings business, selected Quai as the out-sourced investment administrator for its forthcoming Master Trust. At the same time, Punter Southall Aspire made a strategic investment in Quai, taking a small minority stake. Punter Southall Aspire provides actuarial advice, pensions' consultancy, administration, risk and investment services for pension scheme trustees, employers, private clients, Lloyd's insurers and other institutions. In total the Punter Southall Aspire group administers pensions for more than 320,000 members and manages £24bn of assets.

Park Street Shipping Ltd

Funds managed by Calculus Capital invested £4.75m in Park Street in February 2017, of which £150,000 came from the Company. Park Street was established to purchase and operate second hand dry bulk vessels. Calculus Capital set up the business in conjunction with Clarksons, the world's leading provider of integrated shipping services, and Nordic Hamburg, a technical manager which runs a fleet of over 30 ships with in-house technical and crewing services. We believe the current investment environment in the shipping industry is attractive, with second hand asset prices at historic lows and charter rates which are rising off historic lows. Park Street Shipping has already purchased MV Nordic London, a 7 year old, South Korean built, 35,000 dwt Handysize bulk carrier, with an average age of 11 years for the class. Younger vessels are more economical to run, attracting premium charter rates and lower operating expenses. These factors, in addition to the reputation of South Korean shipyards, should ensure a strong resale market for the vessel as the market recovers. Nordic Hamburg has an equity interest. Handysize vessels are smaller bulk carriers, often, as is the case with MV Nordic London, equipped with their own cranes. This, and their shallow draught, allows them to transport a wide variety of bulk commodities to a large selection of ports around the world. The flexibility this provides gives a degree of insulation from weak growth in major dry bulk trade volumes, as Handysize vessels are also able to transport minor bulk (such as steel, fertiliser, grains, etc.), a group of commodities that saw growth across 2016. Simon Beechinor, a Master Mariner with significant experience as CEO and Commercial Operations Director of several maritime companies, has been recruited as a director and has responsibility for commercial management and technical oversight.

Blu Wireless Technology Ltd

In June 2017, funds managed by Calculus Capital invested £2.4 million as lead investor in a £6.6 million institutional investment round in Blu Wireless Technology, which develops and licences semi-conductor designs to enable high speed low latency data transfer to be used in 4G, 5G and WiGig networks.

The institutional investment round followed a strategic investment earlier in the year by ARM Holdings plc.

Microenergy Services Ltd

MicroEnergy owns and operates a fleet of 166 small onshore wind turbines (<5kW) installed on farm land in East Anglia and Yorkshire. Revenues come from two sources, both of which are inflation protected, being directly linked to RPI. Firstly, there is the Government backed feed-in tariff (FIT) paid by the electricity suppliers for every kilowatt of electricity generated for twenty years. Secondly, there is an export tariff for any surplus electricity not used by the site owner that is exported to the grid. Annual generation to 31 March 2017 was c. 530,000kWh - materially lower than the previous year (806,000kWh) due to poor wind resource (the average UK wind speed was 19% below the ten year mean in the October to December 2016 quarter) and performance issues emerging with Chinese manufactured Huaying HY5 turbines comprising c.23% of the fleet.

Genedrive plc

Beyond the human healthcare market, funded trials for white spot detection in farmed shrimp have yielded very positive results. Sales of the TB assay have been slow due to sample preparation

complexities in the field specifically related to the TB assay. Genedrive's HCV assay to identify Hepatitis C achieved outstanding results in an independent trial of 950 patients and the company has applied European CE certification. Pathogen detection projects, most notably for the US Department of Defense, have underpinned revenue growth in the period.

Tollan Energy Ltd

Tollan owns a portfolio of solar systems on roof tops in Northern Ireland. The solar generating capacity, which is installed on residential and some commercial roofs in the Belfast area, benefits from Northern Ireland Renewable Obligation Certificates (NIROCs). In addition, the company benefits from the export tariff for any surplus electricity not used by the homeowner that is exported to the grid. Due to a change in legislation some of Tollan's systems are now considered oversized and the company has been conducting a programme to reduce the size of these systems before 31st March 2017 when the Renewables Obligation (RO) closes to all new generating capacity. The systems have demonstrated stable generation levels for the last two years of c. 975,000kWh per year but total generation will be reduced to c. 720,000kWh per annum following the resizing programme. The valuation has been adjusted downwards to reflect this.

Arcis Biotechnology Holdings Ltd

Arcis has developed an innovative DNA extraction process which is on the cusp of commercialisation.

DNA extraction, essentially opening cells to allow access to their DNA without damaging them, is a necessary preliminary step before DNA analysis and sequencing can be performed. Over the last 20 years, there have been huge advances in DNA analysis and sequencing, but little change in DNA extraction protocols, which are slow and cumbersome. Arcis' extraction process is much faster and simpler, and also offers a much higher level of DNA stabilisation. This enhanced stabilisation is important in dislodging long established laboratory procedures and, potentially very significantly, it extends to stabilisation of RNA which other processes cannot do (because RNA, which performs an information carrying role in a cell, is inherently less stable than DNA).

During 2016, Arcis' initial products, targeting both human and infectious disease DNA extraction, have undergone external validation with a number of companies and key opinion leaders and achieved CE-mark certification. In early 2017, heads of terms were signed with the first customer to include Arcis' products in their diagnostic devices, and some sales direct to end-users commenced.

From the same technology platform, Arcis has created two crop and turf yield improvement products. These are on the market and making a positive contribution, but do not have the same potential as DNA extraction and are considered non-strategic assets. The company is also working on the development of a novel biopesticide to treat nematodes. As its components are naturally occurring (rather than chemical) and trials to date have exceeded expectations, this product may have significant potential, although it is at a relatively early stage of development.

Synpromics Ltd

Synpromics Limited is a Scottish-based synthetic biology company. Synpromics creates commercial libraries of synthetic promoters (the "genetic engines" that control the production of proteins from the DNA code) comprising multiple sequence combinations that are higher yield, more specific and smaller than those which exist in nature. All of these individual sequences can be patent protected.

During 2016 Synpromics secured an extension to their gene therapy collaboration with Adverum (formerly Avalanche). The initial contract signed in 2015 was to look at diseases of the eye and given this project yielded promising early results, an extension was secured to look at promoters which regulate gene expression in specific types of liver cells.

Synpromics also successfully met the project goals in its collaboration with uniQure and produced synthetic promoters which were even smaller than required and showed high levels of activity. Synpromics and uniQure have now agreed to extend the programme under which Synpromics will further apply its technology and know-how to create ultra-small synthetic promoters.

The One Place Capital Ltd

Money Dashboard (the trading name of The One Place Capital Limited) empowers consumers to take control of their finances. Money Dashboard has built a database of over 100,000 users whose financial transactions from all their accounts (bank current and savings accounts, credit cards, store

cards, etc.) are automatically updated in one secure place, providing these consumers with a free-to-use view of their financial lives. Money Dashboard aggregates this data on an anonymous basis to analyse consumer spending trends which can be sold to institutional investors and others (the Data Insights product). Over the last 12 months, new product developments have included introducing (1) a white label version of the core Money Dashboard product for financial advisers, which will increase the database size by accessing the adviser's customers; and (2) a new mortgage affordability assessment product for mortgage brokers, which not only reduces the broker's workload by automating the process, but also provides an audit trail for this regulator-required assessment. Separately, cash flow generation has significantly improved both from a reduced cost base and from growth in the Data Insights' pipeline underpinned by large recurring contracts with global institutional investor clients. Money Dashboard won the Best Personal Finance App at the British Bank Awards 2017.

Non-Qualifying Portfolio

The Company holds £2.64 million in three money market funds during the period in accordance with its investment policy: Aberdeen Sterling Liquidity Fund, Goldman Sachs Sterling Liquidity Fund and Fidelity Sterling Liquidity Fund

Recent 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. An overview of the four recent exits from the Enlarged Company VCT portfolio is detailed below.

RMS Europe Limited

RMS is a port, logistics and related services business comprising 5 port facilities in the Humber estuary - Goole, Trent, Immingham, Grimsby and Hull. It is the 4th largest in the UK with 40,000 shipping movements and handling over 2m tonnes annually.

Neptune VCT invested £100,000 equity and £400,000 loan notes in 2007 as part of the financing of a secondary management buy-out. The loan notes were repaid in 2010 and 2012 and the equity was bought back by the company in March 2017 for a 5.4x return.

Human Race Group Limited

Human Race owns and operates over 60 mass participation sports events for over 90,000 participants of all abilities and ages, making it the largest owner and deliverer of such events in the UK. The portfolio includes the London Winter Run (which on launch in 2015 was the largest inaugural 10k run ever in the UK with 14,000 entries in year one), Dragon Ride, Tour de Yorkshire Ride and the Windsor Triathlon.

In late September, Human Race was sold to Amaury Sports Organisation (ASO), the owner of the Tour de France and leading European mass participation sports event organiser. Whilst the terms of this transaction have not been disclosed, the total return to the Calculus VCT on the £370,500 equity and loan investment was 32% after a 4+ year investment period.

Metropolitan Safe Custody Limited

Metropolitan runs two safe custody sites, one in Knightsbridge, the other in St. Johns Wood. These profitable, stable businesses serve several thousand customers, providing access to the vaults seven days a week. The investment was made in 2012 and Metropolitan has performed well and paid steady dividends. The shares were subscribed for at 6.319p per share and were sold at 11p per share in September 2016, giving a total investment return of 81%.

Horizon Discovery Group plc

Horizon is one of the leading life sciences companies in Europe, supplying research tools and services that power genomics research and the development of personalised medicines. In September 2015 shares in Horizon were sold through the AIM market, realising a 1.8x return on cash invested.

PART 5

FINANCIAL INFORMATION ON THE COMPANY AND NEPTUNE

1. Financial Information

The Company

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

The annual reports referred to above were all prepared 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). The Company confirms that the annual financial statements of the Company for the year ended 28 February 2015, which were prepared under UK GAAP, were presented and prepared in a form which is consistent with that adopted in the annual financial statements for the year ended 29 February 2016 and 28 February 2017, which were prepared under FRS 102, having regard to accounting standards, policies and legislation applicable to such annual financial statements, in so far as there are no material differences between the financial statements for this year prepared under these two accounting frameworks.

The 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) and are available for inspection through the national storage mechanism, which can be accessed at www.morningstar.co.uk/uk/NSM. Where these documents make reference 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.

| Description | Audited year end to 28 February 2015 | Audited year end to 29 February 2016 | Audited year end to 28 February 2017 |
|--|---|---|---|
| Statement of Financial Position | page 46 | page 41 | page 40 |
| Income Statement (or equivalent) | page 42 | pages 35-36 | page 34 |
| Statement showing changes in equity (or equivalent) | pages 44-45 | pages 37-38 | page 36 |
| Statement of cash flows | pages 49-50 | pages 42-43 | page 41 |
| Accounting policies and notes | pages 51-71 | pages 44-66 | pages 43-63 |
| Auditors' report | pages 39-41 | pages 31-34 | 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:

| Description | Audited year end to 28 February 2015 | Audited year end to 29 February 2016 | Audited year end to 28 February 2017 |
|---|---|---|---|
| Objectives | Inside front cover | Inside front cover | page 1 |
| Financial highlights | page 1 | Inside front cover | page 1 |
| Chairman's statement | pages 2-3 | pages 1-2 | pages 2-3 |
| Manager's report | pages 4-18 | pages 3-14 | pages 4-14 |
| Portfolio Summary (Old Ordinary Shares) | page 18 | page 15 | page 15 |
| Portfolio Summary (C Shares) | page 19 | page 16 | page 15 |
| Portfolio Summary (D Shares) | N/A | N/A | page 16 |
| Investment Policy | pages 20-22 | pages 17 | page 17 |

Neptune

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

The annual reports referred to above were all prepared 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). Neptune confirms that the annual financial statements of Neptune for the year ended 31 December 2014, which were prepared under UK GAAP, were presented and prepared in a form which is consistent with that adopted in the annual financial statements for the years ended 31 December 2015 and 31 December 2016, which were prepared under FRS 102, having regard to accounting standards, policies and legislation applicable to such annual financial statements, in so far as there are no material differences between the financial statements for this year prepared under these two accounting frameworks.

The annual reports contain a description of the Neptune'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) and are available for inspection through the national storage mechanism, which can be accessed at www.morningstar.co.uk/uk/NSM. Where these documents make reference 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.

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

This information has been prepared in a form consistent with that which will be adopted in Neptune'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 Neptune, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Review" and "Investment Portfolio" in the published audited statutory accounts of Neptune for the periods stated.

The reports also include operating/financial reviews as follows:

| Description | Audited year end to 31 December 2014 | Audited year end to 31 December 2015 | Audited year end to 31 December 2016 |
|-----------------------------|---|---|---|
| Objectives | page 1 | page 1 | page 10 |
| Financial highlights | page 1 | page 1 | page 1 |
| Chairman's statement | pages 2-3 | pages 2-3 | pages 2-3 |
| Investment Manager's Review | pages 4-6 | pages 4-6 | pages 4-7 |
| Portfolio Summary | page 7 | page 7 | page 8 |
| Investment Policy | page 10 | page 1 | page 10 |

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 Merger 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 acquired from Neptune and is expected, in the medium term, to have a positive impact on earnings.

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 30 June 2017, being the date of most recent unaudited management accounts of the Company, the Company has incurred no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, indirect or contingent. The Company has the power to borrow, details of which are set out on pages 57 and 58, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 30 June 2017 was as follows:

Shareholders' Equity

| | |
|------------------------------|-------------------|
| Called up share capital | £143,421 |
| Share premium | £7,163,832 |
| Special reserve | £888,798 |
| Capital reserve - realised | £635,398 |
| Capital reserve - unrealised | £(24,544) |
| Revenue reserve | £(765,867) |
| Total | £8,041,038 |

There has been no material change to the Company's capitalisation or indebtedness since 30 June 2017.

PART 6

PRO FORMA FINANCIAL INFORMATION

SECTION 1

ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The following is the full text of a report on Calculus VCT plc from Jeffrey's Henry LLP, Reporting Accountants, to the Directors of Calculus VCT plc and the Sponsor

The Directors
Calculus VCT plc
104 Park Street
London W1K 6NF

The Directors
Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London EC2M 2SJ

4 August 2017

Dear Sirs

Calculus VCT plc (the "Company")

Neptune-Calculus Income and Growth VCT plc ("Neptune")

The Company and Neptune, together the "Group"

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in Section 2 and Section 3 of Part 6 of the prospectus dated 4 August 2017 ("**Prospectus**") of Calculus VCT plc, which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ending 28 February 2017. This report has been prepared in accordance with the requirements of paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, and given solely for the purposes of complying with paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules, or consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of the Prospectus Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Yours faithfully

Jeffreys Henry LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION 2

PRO FORMA STATEMENT OF EARNINGS

The following pro forma information on the Company has been prepared for illustrative purposes only to show the impact of the proposed Scheme on the Company's earnings for the year ended 28 February 2017 had the Merger been completed as at 1 March 2016. The earnings for Neptune are stated for the year ended 31 December 2016.

This pro forma financial information has been prepared on the basis set out in the notes below and in a manner consistent with the accounting policies of Calculus VCT plc as adopted in its latest published accounts. The pro forma information, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results:

Unaudited pro forma statement of earnings

| | Adjustments | | | |
|---|-----------------|-----------------|---------------------------|----------------------------------|
| | Company | Neptune | Expenses of the scheme | Enlarged Company pro forma |
| | £'000 Note 1 | £'000 Note 2 | £'000 Note 3 | £'000 |
| Gains/(losses) on investments at fair value | 70 | (325) | | (255) |
| (Loss)/gain on disposal of investments | (214) | | | (214) |
| Income | 62 | 77 | | 139 |
| Investment management fee | (63) | - | | (63) |
| Other expenses | (193) | (127) | (100) | (420) |
| Deficit before taxation | (338) | (375) | (100) | (813) |
| Taxation | - | - | | - |
| Deficit attributable to shareholders | (338) | (375) | (100) | (813) |

Notes to the pro forma statement of earnings

1. The earnings of the Company have been extracted, without material adjustment, from the annual report and accounts for the year ended 28 February 2017.
2. The earnings of Neptune have been extracted, without material adjustment, from its annual report and accounts for the year ended 31 December 2016. This adjustment is expected to have a continuing impact on the earnings of the Company.
3. The approximate costs of the Scheme are £150,000 (divided in equal thirds between the Company, Neptune and the Manager) and an adjustment has been made to reflect these costs being expensed. This adjustment is not expected to have a continuing impact on the earnings of the Company.
4. The pro forma statement of earnings of the Company does not take account of any transactions or other changes in the income or expenditure of the Company since 28 February 2017 in respect of the Company and since 31 December 2016 in the case of Neptune.
5. No account has been taken of the effects of any synergies and of the costs for measures taken to achieve those synergies, that may have arisen had the Merger occurred on 1 March 2016 and that may have subsequently affected the results of the Company in the year ended 28 February 2017.
6. The financial information has been prepared in a manner which is consistent with the accounting policies adopted by the Company in its audited financial statements for the year ended 28 February 2017.

SECTION 3

PRO FORMA STATEMENT OF NET ASSETS

The following pro forma information on the Company has been prepared for illustrative purposes only to show the impact of the proposed Scheme on the Company's unaudited net assets had the Merger been completed as at 1 March 2017. The net assets of Neptune are stated as at 31 December 2016.

This pro forma financial information has been prepared on the basis set out in the notes below and in a manner consistent with the accounting policies of Calculus VCT plc as adopted in its latest published accounts. The pro forma information, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results:

| | Adjustments | | | | |
|---|-------------------------|-------------------------|-------------------------|-----------------------------------|---|
| | Company | Neptune | Dividends | Expenses of the scheme | Enlarged Company pro forma |
| | £'000 Note 1 | £'000 Note 2 | £'000 Note 4 | £'000 Note 3 | £'000 |
| Investments at fair value through profit and loss | 4,906 | 3,645 | | | 8,551 |
| Debtors | 14 | 25 | | | 39 |
| Cash at bank and on deposit | 3,782 | 37 | (1,791) | (100) | 1,928 |
| Creditors: amounts falling due within one year | (279) | (68) | | | (347) |
| | 8,423 | 3,639 | (1,791) | (100) | 10,171 |

Notes

1. The net assets of the Company have been extracted, without material adjustment, from the annual report and accounts for the year ended 28 February 2017.
2. The net assets of Neptune have been extracted, without material adjustment, from its annual report and accounts for the year ended 31 December 2016.
3. The approximate costs of the Scheme are £150,000 (dividend in equal thirds between the Company, Neptune and the Manager) and an adjustment has been made to reflect these costs reducing the cash available to the Enlarged Company.
4. An adjustment has been made to reflect the final dividend of 2p per Neptune Share paid on 30 June 2017, special dividends of 7p per Old Ordinary share and 3p per C Share, paid on 16 June 2017, and special dividend of 10.5p per Neptune Share to be paid on 12 September 2017 conditional on the merger. No account has been taken of the proposed final dividend of 4.25p per eligible Ordinary Share for the year ended 28 February 2017.
5. The pro forma statement of net assets of the Company does not take account of any transactions or other changes in the value of the assets and liabilities of the Company since 28 February 2017 in respect of the Company and 31 December 2016 for Neptune save for in respect of the dividend payments set out in note 4 above.
6. The Company now proposes to acquire the investment portfolio and all of the other assets and liabilities of Neptune as set out in Part 2 of the Prospectus. As at 30 December 2016 these amounted to, in aggregate, £3.64 million.
7. The financial information has been prepared in a manner which is consistent with the accounting policies adopted by the Company in its audited financial statements for the year ended 28 February 2017.

PART 7

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.

The following summary of the Company's Articles assumes the passing of a resolution to amend the Articles to be proposed at the General Meeting. The amendments from the Articles in force as at the date of this document have been made to remove historic references to C Shares and D Shares which are no longer relevant following the Share Class Merger.

Articles

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

1. Voting Rights

Subject to paragraph 4 below and 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. Class Consents and Variation Rights

At any time when the share capital of the Company is divided into more than one class, the members of each class shall be required to approve and, accordingly, without such approval, the special rights attached to those classes shall be deemed to be varied, inter alia, by:

- (i) any alteration to the memorandum of association or the Articles; or
- (ii) any consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued or authorised share capital of the Company; or
- (iii) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company other than pursuant to the exercise of subscription rights in accordance with the terms of the share options granted or to be granted in relation to performance related incentive fees to the investment manager(s) of the Company from time to time; or
- (iv) the selection of any accounting reference date other than 28 February.

5. Redeemable Shares

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

6. 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.

7. 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 5 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 2 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.

8. 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.

9. 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.

10. 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 3 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.

11. Directors

Unless otherwise determined by the Company the maximum number of directors shall be 10 and the minimum shall be 2. The quorum for meetings of the Board shall be 2 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.

12. 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 one per cent. 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 itself 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.

13. 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.

14. 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 32 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.

15. 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.

16. 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 9 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.

17. 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.

18. 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 8

TAXATION

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

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

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

Receipt by Neptune Shareholders of Consideration Shares under the Scheme

HMRC have confirmed that the effective exchange of existing Neptune Shares for Consideration Shares will not constitute a disposal of such shares for the purposes of UK taxation. Instead, the new holding of Consideration Shares will be treated as having been acquired at the same time and at the same cost as the existing Neptune Shares from which they are derived.

For Neptune Shareholders holding (together with their associates) more than 5% of Neptune Shares in issue, clearance has been obtained from HMRC in terms of section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5% of Neptune Shares in issue will also apply to them.

Dissenting Neptune Shareholders

Neptune Shareholders who do not vote in favour of the Merger and express their dissent in writing may require the Liquidators to purchase their shares at break-value price, this being an estimate of the amount they would receive in an ordinary winding up of Neptune if all of the assets had to be realised. The break-value is expected to be significantly below Neptune's net asset value.

In addition, Neptune Shareholders should note that a sale of Neptune Shares to the Liquidators will be regarded as a disposal triggering clawback of any up-front income tax relief received on the original subscription if the Neptune Shares have been held for less than five years. This will apply to Neptune Shareholders who subscribed in the top up offer held in 2013. The value received by a dissenting Neptune Shareholder may not be sufficient to cover the amount of tax due.

Relief from Income Tax

An investor subscribing up to £200,000 in the 2017/18 and/or 2018/19 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 Calculus VCT plc within six months either side of the subscription for the such shares, then for the purposes of calculating income tax relief on the Offer Shares 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 2017/18 and 2018/19 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 company, 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 company; 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

VCTs are 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 Venture Capital Investments, of which 70% by VCT Value must be in eligible shares;
- (e) have at least 10% by VCT Value of each Venture Capital Investment in eligible shares;
- (f) 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);
- (g) not retain more than 15% of its income derived from shares and securities in any accounting period; and
- (h) 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;
- (i) not make an investment in a company over seven years old (10 years for 'knowledge intensive' companies) unless certain exemptions apply;
- (j) 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 (£20 million for 'knowledge intensive' companies);
- (k) not make an investment in a company where the money is used to acquire another business; and
- (l) 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.

Venture Capital Investments

A Venture Capital 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.

The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company. 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. In addition, to be qualifying holdings, VCT funds must invest in companies which have no more than 250 full time (equivalent) employees and do not obtain more than £5 million 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. 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.

Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM or ISDX-listed) and must carry on a qualifying trade. For this purpose, certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). Qualifying Companies must have a permanent establishment in the UK but the company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 90% owned.

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. 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 9

ADDITIONAL INFORMATION

Incorporation and Registered Office

- 1.1 The legal and commercial name of the Company is Calculus VCT plc.
- 1.2 The Company was incorporated and registered in England and Wales as a public company with limited liability on 1 February 2010 with registered number 07142153. The Company was issued with a trading certificate under section 761 of CA 2006 on 18 February 2010.
- 1.3 The principal legislation under which the Company operates is the CA 2006 and regulations made thereunder. The Company operates in conformity with its articles of association, key provisions of which are set out on pages 53 to 61.
- 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 29 and 30.
- 1.6 In order for the future of the Company to be considered by the members, the Directors shall procure that a resolution will be proposed at the tenth annual general meeting after the last allotment of shares (and thereafter at five yearly intervals) to the effect that the Company shall continue as a venture capital trust. If, at such meeting, the resolution is not passed, the Directors shall, within nine months of the meeting, convene a general meeting to propose a special resolution for the re-organisation or reconstruction of the Company and a resolution to wind up the Company voluntarily. If the resolution to wind up the Company is not passed the Company shall continue as a venture capital trust.
- 1.7 The Company is not authorised and/or regulated by the FCA or an equivalent overseas regulator. The Company is subject to the requirements for VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. The Company is not otherwise regulated.
- 1.8 The Company's existing Ordinary Shares, created under the CA 2006, are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities with ISIN GBO0BYQPF348 (for those shares entitled to a dividend in respect of the year ending 28 February 2018 and GBO0BDD9H811 (for those not entitled to such dividend).
- 1.9 An application will be made to the UK Listing Authority for the New Shares to be admitted to the Official List and to the London Stock Exchange plc for such New 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 New 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 2014, the date from which the financial information set out in Part 5 has been prepared, 4,738,463 Old Ordinary Shares and 1,931,095 C Shares were in issue. The same number of Old Ordinary Shares and C Shares were in issue as at 28 February 2017.
- 2.4 Since 28 February 2017, the Company issued 160,810 shares for a gross consideration of £155,000. Since 28 February 2017, it has not undertaken any share buy-backs. On 1 August 2017, the Company converted 4,055,220 Old Ordinary Shares and 1,460,898 C Shares into deferred shares which are to be repurchased by the Company for 1p in aggregate and cancelled. The remaining C Shares and the D Shares were then redesignated as 'Ordinary Shares'. As at 3 August 2017, being the latest practicable date prior to the issue of the Prospectus, the Company had 8,825,947 Ordinary Shares of 1p each in issue.
- 2.5 The following resolutions, *inter alia*, are to be proposed at a General Meeting of the Company to be held on 31 August 2017:
- 2.5.1 That, subject to the Scheme becoming unconditional:
- 2.5.1.1 the acquisition of the assets and liabilities of Neptune-Calculus Income and Growth VCT plc on the terms set out in the Circular be and hereby is approved; and
- 2.5.1.2 the directors of the Company be and hereby are generally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all of the powers of the Company to allot up to 5 million Shares in the capital of the Company in connection with the Scheme provided that the authority conferred by this paragraph 2.5.1.2 below shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in a general meeting.
- 2.5.2 That, conditionally upon the passing of the Resolution set out in 2.5.3 below, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot Ordinary Shares having the rights and being subject to the restrictions set out in the articles of association of the Company and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to an aggregate nominal amount of £150,000 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.
- 2.5.3 That, the Directors be and hereby are given the general power to allot equity securities (as defined by section 560 of CA 2006) for cash pursuant to the authority conferred by the Resolution set out in paragraphs 2.5.1 and 2.5.2 above as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities with an aggregate nominal value not exceeding £200,000 in connection with the Scheme and the Offer.
- 2.5.4 That, in accordance with Section 641 of the Companies Act 2006, the Company be generally authorised to reduce its share premium account by up to £20,000,000 at any time provided that any reduction pursuant to this resolution is confirmed by order of the Court. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.
- 2.5.5 That, the investment management agreement with Calculus Capital be amended to reduce the cost cap.
- 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 New Shares pursuant to the Merger (if approved) and 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 17 million Ordinary Shares with an aggregate nominal value of £170,000.

- 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 New Shares to be issued pursuant to the Merger and 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 New 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 Merger and 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 in which the Company proposes to make. The Directors will also ensure that the Board and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 3.3 As is customary in the private equity industry, Calculus Capital will retain the right to charge arrangement and syndication fees to the private companies in which the Company invests. Such charges are in line with industry practice. The costs of all deals that do not proceed to completion will be borne by Calculus Capital and not by the Company. Calculus Capital may also receive ongoing directors' fees and monitoring fees from the investee companies as appropriate and in line with market practice.
- 3.4 All unquoted investments will be valued in accordance with IPEV Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter are valued at fair value. Investment in AIM quoted or NEX-listed companies (formerly known as ISDX-listed companies) or other quoted investments will be valued at the bid price of the shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. The Company's net asset value will be calculated quarterly and published on an appropriate regulatory information service.
- 3.5 The Company has appointed its manager Calculus Capital to provide company secretarial services for an annual fee of £15,000 plus VAT. The services to be provided will include all necessary secretarial, bookkeeping and accounting services required in connection with the business and operation of the Company.
- 3.6 PricewaterhouseCoopers LLP will provide legal advice and assistance in relation to the maintenance of the VCT status of the Company and will receive usual hourly rates or fees as agreed with the Directors in connection with other VCT tax and legal advice and assistance. If requested by the Company, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of the Company to ensure continuing compliance capital with the balance to be met from income.

3.7 A maximum of 75 per cent. 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 blended cap of 3.0% of the gross amount raised under the Old Ordinary Share and C Share offers and 3.4% plus VAT of the gross amount raised by D Share offers, excluding irrecoverable VAT, annual trail commission and performance incentive fees with any excess to be paid by Calculus Capital.

It is proposed that, subject to the completion of the Merger, Calculus Capital provides a total cap on annual expenses of the Company (excluding irrecoverable VAT, annual trail commission and performance incentive fees) of 3.0% of the NAV of the Ordinary Shares.

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 2.9% (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; and
- 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 Merger and 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); and
- in light of the responsibilities retained by the Board and the Audit Committee and of the responsibilities delegated to Calculus Capital, Capita Registrars and PricewaterhouseCoopers, the Company has not appointed a chief executive officer, deputy chairman or a senior

independent non-executive director and the provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable.

- Given the structure of the Company, and the Board, the Board does not believe it necessary to appoint separate remuneration or nomination committees and the roles and responsibilities normally reserved for these committees are resolved by the Board.
- The Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are renewed by the Board. The need for an internal audit function is renewed annually by the Board.

Material Contracts

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

- 4.1 An investment management agreement dated 2 March 2010, between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the Company in respect of the Venture Capital Investments portfolio and to advise in respect of the Company's investments in near cash assets. The agreement covered an initial period up to 14 December 2015 and the appointment may be terminated on 12 months' notice expiring on 14 December 2015 or at any time thereafter. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Calculus Capital receives an annual management fee of 1 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 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 per cent. (in respect of Investors through intermediaries) and 5.0 per cent. (in respect of direct investors) of the gross amount subscribed under the Offer out of which certain costs, charges and expenses of or incidental to the Offer will be paid. The Company will bear the costs of paying commission to the authorised intermediaries of investors under the Offer.

The following contracts will be entered into subject, inter alia, to the approval of Shareholders of the Resolutions to be proposed at the General Meeting and Neptune Meetings.

- 4.8 A transfer agreement between the Company and Neptune (acting through the Liquidators) pursuant to which all of the assets and liabilities of Neptune will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for the issue of the Consideration Shares in accordance with Part 2 of this document (the "Transfer Agreement"). The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of Neptune will be transferred on receipt to the Company as part of the Scheme. This agreement will be entered into as part of the Scheme and is subject to non-material amendments.
- 4.9 A limited indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Schemes. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the Merger calculations. This agreement will be entered as part of each Scheme. The Company's liability to the Liquidators under the indemnity is limited to a sum equal to the assets of Neptune.
- 4.10 A deed of amendment and restatement 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 costs cap as described on page 23. This agreement is conditional upon the Merger becoming effective.

Miscellaneous

- 5.1 Save for the completion of the Share Class Merger which was completed on 1 August 2017, there has been no significant change in the financial or trading position of the Company which has occurred since 28 February 2017, being the date of the most recent audited financial report and accounts of the Company.
- 5.2 The Board believes that the Merger and 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 from Neptune pursuant to the Merger and from Investors under the Offer, expected to be approximately £2.1 million and £4.75 million (assuming full subscription but no utilisation of the over-allotment facility) respectively.
- 5.3 If the Merger goes ahead, Existing Shareholders will hold 78.8% of the Company's Shares immediately following the completion of the Merger. If the Offer goes ahead (and assuming full subscription but no utilisation of the over-allotment facility), Existing Shareholders (including former Neptune Shareholders) will hold 66.5% of the Company's Ordinary Shares. Existing Shareholders will suffer no NAV dilution as a result of the Merger or the Offer (save, in the latter case, to the extent of the cost of early incentive and loyalty bonuses met by the Company) but will be diluted in terms of their voting power.
- 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 professional client Investors and Non Advised Investors and the professional fees of its advisers. Investors will bear the costs of the Promoter's Fee of 3.0% (or 5.0% depending on the category of Investor) and any up front commission or adviser charges payable through the application of the Pricing Formula.
- 5.6 The issue premium for the Offer Shares will be the difference between the issue price of the Offer Shares and their nominal value of 1 penny. The Offer is not underwritten. The issue premium for the Consideration Shares will be the difference between the aggregate value of the assets and liabilities transferred to the Company by Neptune pursuant to the Scheme and the aggregate nominal value of the Consideration Shares.
- 5.7 The Company has paid dividends amounting to 84.05p per Old Ordinary Share and 73.1p per C Share since incorporation to date. A final dividend of 4.25p per Ordinary Share (payable only in respect of those 4,966,995 Ordinary Shares entitled to such dividend which includes some Old Ordinary Shares and C Shares converted to Ordinary Shares pursuant to the share class merger) is payable in September 2017, subject to shareholder approval at the Company's annual general meeting on 29 August 2017.

- 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 29 to 30 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 Enlarged Company's net asset value, which will be prepared quarterly for approval by the Directors in accordance with the International Private Equity and Venture Capital Association ("IPEVC") valuation guidelines. The net asset value of the Company will be communicated to investors through a Regulatory Information Service provider at the same frequency as the determinations. The calculation of the net asset value would only be suspended in circumstances where the underlying data necessary to value the investments of the Company could not readily, without undue expenditure, be obtained. In the event of a suspension, valuations are held at the suspended price and a view is taken with consideration to best market practice and information from advisers. Shareholders will be notified of any suspension by announcement through a Regulatory Information Service.
- 5.11 Calculus Capital may retain for its own benefit and without liability to account to the Company (subject to full disclosure having been made to the Board) any arrangement fees and directors' or monitoring fees which it receives in connection with any investments made by the Company. The Company will not be liable for legal, accounting and any other fees incurred on potential investments which do not proceed to completion.
- 5.12 Calculus Capital has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.
- 5.13 Beaumont Cornish Limited has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.
- 5.14 Jeffrey's Henry LLP has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear and Jeffrey's Henry LLP have authorised the contents of Part 6 of the Prospectus.
- 5.15 The Company and the Directors accept responsibility for the information contained in the Prospectus with respect to the subsequent resale or final placement of securities by financial intermediaries and consent to the use of the Prospectus by financial intermediaries in the UK, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offer is expected to close on 31 July 2018, subject to the Offer not having closed at an earlier date (if fully subscribed or otherwise at the Directors' discretion) or unless previously extended by the Directors. There are no conditions attaching to this consent.
- 5.16 **Any financial intermediary using the Prospectus is required to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto. In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.**
- 5.17 Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 5.18 The Company has not issued any profit forecast or dividend forecast which remains outstanding as at the date of this document.

Other Information

Shareholders

As at 3 August 2017 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA, a holding of 3 per cent. 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 Merger are ordinary shares of one penny each (ISIN: GB00BYQPF348).

The securities being issued pursuant to the Offer are ordinary shares of one penny each (ISIN: GB00BDFB4953).

The New Shares will be allotted and issued pursuant to resolutions to be proposed at the General Meeting and under the Companies Act 2006 and, in the case of the Merger, the Insolvency Act 1986. All Shareholders will have the same voting rights in respect of the existing share capital of the Company.

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

General Meeting - Resolutions Relating to the Offer

The Merger and the Offer need to be approved by Shareholders in order to proceed. Accordingly, a general meeting of the Company has been convened for 31 August 2017 at the offices of Calculus Capital, 104 Park Street, London W1K 6NF. In summary Shareholders' approval is being sought for the Company to:

- approve the acquisition of the assets and liabilities of Neptune in consideration for the issue of Consideration Shares;
- authorise the Directors to allot Offer Shares pursuant to the Offer;
- dis-apply statutory pre-emption rights for these purposes;
- authorise the Company to reduce its share premium account subject to confirmation by an order of the High Court; and
- approve the adoption of new articles of association; and
- approve amendments to the Company's investment management agreement with Calculus Capital.

Documents available for Inspection

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

- the Memorandum and existing and proposed Articles of the Company;
- the material contracts referred to in paragraph 4 of Part 9 of this document;
- the circular to shareholders dated 4 August 2017;
- the consent letters set out in paragraph 5.12 to 5.14 of Part 9 of this document; and
- this Prospectus.

PART 10

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER

1. The contract created by the acceptance of applications in the manner herein set out will be conditional upon the Admission of the Offer Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities unless otherwise so resolved by the Board. Offer Shares will be issued conditional on the relevant Resolutions being passed at the General Meeting. If any application is not accepted or if any application is accepted for fewer Offer Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by the Company in a separate client 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 Regulations 2007 (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 31 July 2018 (3 April 2018 in respect of applications for the 2017/18 tax year) or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications, which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures contained in the Application Form. In particular, but without limitation, the Company (after consultation with Beaumont Cornish Limited) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions. The Offer is not underwritten. The Offer will be suspended if at any time any of the Company is prohibited by statute or other regulations from issuing Offer Shares.
6. Save where the context requires otherwise, terms defined in the Prospectus and any supplementary prospectus filed with the FCA bear the same meaning when used in these terms and conditions of application and in the Application Form.
7. Authorised financial intermediaries who, acting on behalf of their clients where those clients are Non Advised investors or have classified their clients as 'professional clients' under the FCA Rules, 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 5 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 2 February 2018 will be entitled to a 0.5% early application discount. Existing Shareholders will be entitled to an additional 0.5% loyalty discount on applications received at any time prior to the closing of the Offer. All such early application and loyalty discounts will be applied through the mechanism of the Pricing Formula.
9. Where Application Forms are returned by you or on your behalf by an authorised financial intermediary who has given you a personal recommendation in respect of your application having first categorised you as a retail client under the FCA Rules, the Company will facilitate the payment of any Adviser Charge agreed between you and your intermediary, as validated by your completion of the relevant box on the Application Form. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment equal to the Adviser Charge direct to the intermediary which will be taken into account when applying the Pricing Formula to your subscription, and will reduce, the number of Offer Shares which are issued to you on the basis set out on page 28.

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 4 August 2017 and will close on 31 July 2018, 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 ten business days of allotment of the Offer Shares. Allotments will be announced on an appropriate Regulatory Information Service. Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. To the extent that any application is not accepted any excess payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.

CORPORATE INFORMATION

Directors

Michael O'Higgins (Chairman)
Kate Cornish-Bowden
Arthur John Glencross
Steven Guy Meeks

Proposed Director

Diane Seymour-Williams

Investment Manager, Fund Administrator and Company Secretary

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Company Registration Number

07142153

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