

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the FSMA.**

This document, comprising a prospectus dated 14 December 2010 prepared in accordance with the Prospectus Rules made under Part VI of the FSMA, has been approved for publication by the FSA under section 87 of FSMA and the Prospectus Rules. This document has been prepared for the purposes of complying with the prospectus directive, English law and the rules of the UK Listing Authority and the information disclosed may not be the same as that which would be disclosed if this document had been prepared in accordance with the laws of a jurisdiction outside England.

The Company and the Directors, whose names appear on page 56, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Persons receiving this document should note that, in connection with the Offer, Howard Kennedy is acting as sponsor for the Company and Unicorn Asset Management Limited ("Unicorn AM") is acting as promoter to the Offer (and in each case, 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 any other person for providing the protections afforded to customers of Howard Kennedy and Unicorn AM (respectively) for providing advice in connection with the Offer.

Martineau, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

The existing Shares issued by the Company are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities. Application has been made to the UK Listing Authority for all of the New Shares to be issued 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 such admission will become effective and that trading in the New Shares will commence within three days of the allotment of such New Shares.

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## **UNICORN AIM VCT PLC**

(Registered in England and Wales with registered number 04266437)

### **Offer for Subscription to raise up to £15 million by way of an issue of New Shares**

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The attention of Shareholders of the Company who are resident in, or citizens of, territories outside the United Kingdom is drawn to the information under the heading "Overseas Shareholders" in paragraph 5 of Part VII of this document. In particular, the New Shares to be issued pursuant to the Scheme have not and will not be registered under the United States Securities Act 1933 or the United States Investment Company Act 1990.

Copies of this Prospectus (and any supplementary prospectus published by the Company) are available free of charge from the national storage mechanism ([www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do)) and the promoter of the Offer:

Unicorn Asset Management Limited  
First Floor Office  
Preacher's Court  
The Charterhouse  
Charterhouse Square  
London EC1M 6AU  
telephone: 020 7253 0889  
download: [www.unicornam.com](http://www.unicornam.com)  
email: [info@unicornam.com](mailto:info@unicornam.com)

The procedure for, and the terms and conditions of, application under this Offer are set out at the end of this document together with an Application Form. Completed Application Forms must be posted or delivered by hand (during normal business hours) to the receiving agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Offer opens on 14 December 2010 and will close on 30 June 2011 (or as soon as the Offer is fully subscribed or otherwise at the Board's discretion). The Board in its absolute discretion may decide to extend or increase the Offer (subject to the issue of a supplementary prospectus).

**YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 6 TO 7.**

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# Summary

This summary should be read as an introduction to this Prospectus. Any decision to invest in the transferable securities of the Company should be based on consideration of the Prospectus as a whole by such investors. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

## The Company

The Company is a well established VCT which meets the qualification requirements set out by HM Revenue and Customs. Unlike a new VCT the Company already has an increased potential to deliver capital growth and a tax free dividend stream from a developed portfolio of existing investments.

The Company is the largest AIM based VCT in the market with net assets of more than £65 million prior to this Offer, with significant distributable reserves. The annual running costs of the Company are spread over this asset base, thus reducing the total expense ratio.

## The Offer

The Company proposes to raise up to £15 million (unless increased at the discretion of the Directors subject to the issue of a supplementary prospectus) pursuant to the Offer by offering New Shares for subscription. The Offer opens on 14 December 2010 and closes on 30 June 2011 (unless extended or fully subscribed before this date), and allows investors to subscribe for both the 2010/2011 and 2011/2012 tax years.

The Offer Price at which the New Shares will be allotted will be calculated on the basis of the Pricing Formula, being:

**most recently published NAV of the Shares in the Company divided by 0.945 (to allow for issue costs of 5.5 per cent.), rounded up to the nearest 0.1 pence per New Share.**

The Company publishes monthly NAVs and may publish NAVs more frequently for the purposes of the Offer. The Offer Price, as it will be based on the most recent published NAV, is, therefore, subject to change.

## Reasons for the Offer

The reasons for the Offer are:

- Timing – the Board believes that it is an advantageous time in the economic cycle, when prices of assets continue to be attractive, to raise further capital to enable the Company to continue making investments in accordance with its investment strategy.
- Diversity and liquidity – the Offer should enable the Company to maintain a diverse portfolio whilst enabling the payment of dividends and running costs whilst also maintaining funds available for investment.
- Annual running costs – the fixed running costs for the Company will be spread over a larger asset base.

The Company raised a significant proportion of its funds prior to 5 April 2006. This new fundraising exercise should have the effect of maximising the Company's ability to invest monies previously raised in companies which qualify for VCT investment under the less restrictive rules which prevailed before 5 April 2006. The funds proposed to be raised through the Offer may be used to make new investments, but they can also be more efficiently allocated to pay certain costs, contribute to shareholder liquidity through share buy-backs and for the payment of dividends. This would leave a greater amount of the funds raised earlier to benefit from investing under the more attractive earlier investment rules.

## Tax Benefits

The Company provides qualifying investors with access to the attractive tax benefits associated with an investment in a VCT. Qualifying investors will receive up to 30 per cent. income tax relief on amounts subscribed in each of the 2010/11 and 2011/12 tax years (subject to a maximum investment in VCTs of £200,000 in a tax year, an investor's tax liability being reduced to nil and provided the New Shares are held for at least five years). Distributions for Qualifying Investors will also be tax-free and capital gains exempt.

## The Manager

The Company's manager, Unicorn AM, specialises in managing portfolios of UK smaller quoted companies and has a proven and successful track record in this area of the market. The investment management team at Unicorn AM is well established, with the two leading fund

managers at Unicorn AM sharing more than 30 years experience in managing smaller company portfolios. The Manager's aim is to continue to deliver superior long term performance across the Company's portfolio by adhering to a disciplined investment process.

### **The Board**

The Board comprises five non-executive directors, all of whom (save for Malcolm Diamond) are independent of the Manager: Peter Dicks (Chairman), Malcolm Diamond, James Grossman, Jeremy Hamer and Jocelin Harris. The Board has significant relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investing in small companies.

### **Objective**

The objective of the Company is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maximising the stream of dividend distributions to Shareholders from the income and capital gains generated by the portfolio.

### **Investment Policy Summary**

The investment policy of the Company is to invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM, that displays a majority of the following characteristics: experienced and well-motivated management, products and services supplying growing markets, sound operational and financial controls and good cash generation to finance development allied with a progressive dividend policy.

### **Dividend Policy**

The Board has a policy of maintaining a steady stream of dividend distributions to Shareholders and intends to continue with this policy. The Company is aiming to pay annual tax free dividends of 6p per Share.

### **Management Fees**

Unicorn AM receives an annual management fee of 2.0 per cent. of the net asset value of the Company (together with any applicable VAT), save for investments made by the Company in other Unicorn AM managed funds, in which case no fee will be payable in respect of such investments.

Unicorn AM is also entitled to receive performance incentive fees of an amount equivalent to 20 per cent. of dividends made to Shareholders over and above the Target Return in any accounting period. The Target Return for these purposes will be 6p per Share (or, if the relevant accounting period is less than or greater than 12 months, an amount equal to a pro rata reduction or increase to 6p per Share for that accounting period). Any cumulative shortfalls below the 6p per annum dividend hurdle after the financial period ended on 30 September 2010 will have to be made up in later years. Such payment will continue to be subject to maintaining NAV at no less than 125p per Share.

### **Share Capital**

The issued share capital of the Company as at the date of this document is 59,441,691 Shares. Up to a maximum of 17.5 million New Shares will be issued pursuant to the Offer.

### **Financial Review**

As at 30 September 2010, the date on which the most recent audited financial information on the Company has been made up to, the Company had net assets of £62,279,000. The unaudited net assets of the Company as at 30 November 2010 (taken from the unaudited management accounts to 30 November 2010) was £65,933,388.

There has been no significant change in the financial or trading position of the Company since 30 September 2010, the date to which the last audited financial statements have been published, to the date of this document.

## Risk Factors

An investment in the Company is subject to a number of risks (the material risks being set out below) which could materially and adversely affect its value. The value of the Shares could decline due to any of these risk factors, and investors could lose part or all of their investment.

- The value of Shares and the income from them can fluctuate and Investors may not get back the amount they invested. There is no certainty that the market price of the Shares will fully reflect the underlying net asset value. In addition, there is no guarantee that dividends will be paid by the Company or that any dividend objective stated will be met.
- Although the existing Shares issued by the Company have been (and it is anticipated that the New Shares in the Company to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities, it is possible that there will not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and investors may find it difficult to realise their investment. Investment in the Company should be seen as long term.
- 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 the Company's status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained.
- The information, including tax rules, contained in this document is based on existing legislation but these may change during the life of the Company and such changes could be retrospective.
- If a Qualifying Investor disposes of his or her shares within five years of issue, (three years if such shares were issued on or between 6 April 2000 and 5 April 2006), he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed.
- Investment in unquoted companies, AIM-traded and PLUS markets companies by its nature involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange and there may be difficulties in valuing and disposing of investments in such companies.
- The past performance of the Company or other funds managed by Unicorn AM is not necessarily an indication of the future performance of the Company.

# Risk Factors

Existing and prospective investors 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 Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believes are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of the Shares could decline due to any of these risk factors described below, and investors could lose part or all of their investment. Investors should consult an independent financial adviser authorised under FSMA. The attention of prospective investors is drawn to the following risks.

The Offer is conditional on the approval of the Resolutions being approved at the Annual General Meeting. If such Resolutions are not approved, the Offer will lapse and the benefits expected to be achieved from raising funds under the Offer will not be achieved.

The value of Shares, and the income from them, can fluctuate and Shareholders may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any Share buy-back policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV. In addition, there is no guarantee that dividends will be paid by the Company or that any dividend objective will be met.

Although the existing Shares have been (and it is anticipated that the New Shares to be issued pursuant to the Offer will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares bought in the secondary market and because VCT shares usually trade at a discount to NAV) and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as long-term.

The past performance of the Company and/or Unicorn AM is no indication of future performance. The return received by Shareholders will be dependent on the performance of the underlying investments. The value of such investments, and interest income and dividends therefrom, may rise or fall.

Although the Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.

The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.

Investment in AIM-traded, the PLUS market-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation, regulatory, and other changes. In addition, the market for securities in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

If a Shareholder disposes of his or her Shares within five years of issue (three years if such Shares were issued on or between 6 April 2000 and 5 April 2006), he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed.

If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue or wind-up have been announced which may adversely affect the value of and returns from Shares.

The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which may limit the number of new qualifying investment opportunities and/or reduce the level of returns which would otherwise have been achievable.

Changes in legislation concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investment opportunities and/or reduce the level of returns which would otherwise have been achievable.

Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts, (which may reduce the spending power and operations of the investee companies and the companies they contract with) could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the value of and returns from Shares and/or their ability to achieve or maintain final VCT status.

# Offer Timetable, Statistics & Costs

## Indicative Offer Timetable

Offer opens	14 December 2010
Closing date for 2010/2011 tax year	12.00 pm on 5 April 2011
Offer closes (for 2011/2012 tax year)	12.00 pm on 30 June 2011
Allotment	monthly
Effective date for the listing of New Shares and commencement of dealings	three Business Days following allotment
Share certificates and tax certificates to be dispatched	within ten Business Days of allotment

*The Board reserves the right to extend the closing date of the Offer or increase the size of the Offer at their discretion (subject to the issue of a supplementary prospectus). The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Board's discretion. The Offer is conditional on the approval of the Resolutions at the Annual General Meeting. If such Resolutions are not approved, the Offer will lapse. Allotment of New Shares may be made more frequently than monthly or delayed at the discretion of the Board.*

## Offer Statistics

Maximum amount to be raised for the Company	£15,000,000
Indicative Offer Price (based on the latest unaudited NAV per Share of 110.27p (as at 30 November 2010))	116.7p
Estimated maximum number of New Shares to be issued*	12,853,470

\* assuming full subscription (and assuming the Offer is not increased) at the indicative Offer Price for the New Shares set out above and ignoring New Shares issued pursuant to reinvested commission.

## Costs and Commissions Relating to the Offer

Offer costs as a percentage of the gross proceeds**	5.5%
Initial commission to intermediaries***	2.25%
Annual trail commission to intermediaries (subject to payment of a maximum cumulative trail commission payment of 2.25% of the Offer Price)****	0.375%

\*\* excluding trail commission which is payable by the Company.

\*\*\* initial commission will be included in the 5.5% Offer costs.

\*\*\*\* payable by the Company.



# Letter from the Chairman

Unicorn AIM VCT plc  
One Vine Street  
London  
W1J 0AH  
(Registered number 04266437)

14 December 2010

Dear Investor

I am pleased to invite you to subscribe for New Shares in the Company pursuant to the Offer to raise up to £15 million (before expenses).

Unicorn AIM VCT plc is a well established VCT which meets the qualification requirements set out by HM Revenue and Customs. Unlike a new VCT the Company already has the potential to deliver capital growth and a tax free dividend stream from a developed portfolio of existing investments.

## Introduction

Earlier this year the Company completed a restructuring of its share capital to consolidate its various share classes and subsequently completed a merger with Unicorn AIM VCT II plc. This restructuring has created the largest AIM based VCT in the market, with net assets of more than £62 million prior to this Offer and with significant distributable reserves. The annual running costs of the Company are spread over this asset base.

After two difficult years, the AIM market has started to recover in 2010 and the Board anticipates that the recent improvement in investor sentiment will be maintained. The Board, therefore, believes that this is an advantageous time in the UK economic cycle to be making investments in the AIM market. Prices of such assets continue to be attractive and, historically, some of the best returns have been made following a recession.

## The Opportunity

The Board is seeking to raise further funds to take advantage of these opportunities. These additional funds will enable the Company to spread its annual costs over a larger asset base, as well as enhance the Company's ability to maximise investment of funds raised prior to April 2006, which are subject to less restrictive investment rules.

The Company has an established investment portfolio. The majority of funds raised by the Company were raised before April 2006 and hence such funds are not subject to the more recently introduced restrictive investment rules regarding qualifying investments. The Board expects the existing portfolio, which has been performing well, to continue to produce returns earlier than might be achieved through an investment in a new fund. Investors in the Offer will participate in the performance of the portfolio from the outset.

The Company is aiming to pay annual tax free dividends of 6p per Share. Based on an indicative Offer Price of 116.7p, this would equate to a gross equivalent yield of 6.9 per cent. to a 40 per cent. taxpayer.

## The Manager

The Company's manager, Unicorn AM, specialises in managing portfolios of UK smaller quoted companies and has a proven and successful track record in this area of the market. The investment management team at Unicorn AM is well established, with the two leading fund managers sharing more than 30 years of experience in managing smaller company portfolios. The existing portfolio provides broad diversification in qualifying companies and is further diversified by substantial exposure to non-qualifying investments. The Manager's aim is to continue to deliver superior long term performance across the Company's portfolio by adhering to a disciplined investment process.

## The Offer

The Company proposes to raise £15 million (unless increased, subject to the issue of a supplementary prospectus) pursuant to the Offer with the Offer Price per New Share being determined by the following Pricing Formula:

**most recently published NAV of the Shares in the Company divided by 0.945 (to allow for issue costs of 5.5 per cent.), rounded up to the nearest 0.1 pence per New Share.**

The Company publishes monthly NAVs and may publish NAVs more frequently for the purposes of the Offer. The Offer Price, as it will be based on the most recent published NAV, is, therefore, subject to change.

The Offer opens on 14 December 2010 and closes on 30 June 2011 (unless extended or fully subscribed before this date), and allows investors to subscribe for both the 2010/2011 and 2011/2012 tax years.

The closing date for applications for the 2010/2011 tax year is 12.00 pm on 5 April 2011 (or earlier if the maximum subscription level has been reached before this time). The closing date for applications for the 2011/2012 tax year is 12.00 pm on 30 June 2011 (or earlier if the maximum subscription level has been reached before this time).

### **Tax Benefits**

The Company provides qualifying investors with access to the attractive tax benefits associated with an investment in a VCT. Qualifying investors will receive up to 30 per cent. income tax relief on amounts subscribed in each of the 2010/11 and 2011/12 tax years (subject to a maximum investment in VCTs of £200,000 in a tax year, an investor's tax liability being reduced to nil and provided the New Shares are held for at least five years). Distributions for Qualifying Investors will also be tax-free and capital gains exempt (subject to the annual investment limits).

### **Next Steps**

In order to invest, please read the Prospectus and then complete the Application Form which is at the end of this document.

If you have any questions regarding the Offer you should contact your financial adviser or call Unicorn AM on 020 7253 0889. Please note that Unicorn AM is not able to provide you with investment, financial or tax advice and your attention is also drawn to the Risk Factors on pages 6 and 7.

I look forward to welcoming you as a Shareholder.



**Peter Dicks**  
*Chairman*

# Part I – The Offer

The Company is seeking to raise up to £15 million (before expenses) through the Offer (subject to a maximum of 17.5 million New Shares being issued), unless increased.

## Attractive Investment Opportunity

The Board believes that the Offer is an attractive investment opportunity for both existing Shareholders and new investors for the following reasons:

- Timing – the Board believes that it is an advantageous time in the economic cycle, when prices of assets continue to be attractive, to raise further capital to enable the Company to continue making investments in accordance with its investment strategy.
- Diversity and liquidity – the Offer should enable the Company to maintain a diverse portfolio whilst enabling the payment of dividends and running costs whilst also maintaining funds available for investment.
- Annual running costs – the fixed running costs for the Company will be spread over a larger asset base.

The Company raised a significant proportion of its funds prior to 5 April 2006 and this fundraising exercise should have the effect of maximising the Company's ability to invest these monies in companies which qualify for VCT investment under these less restrictive rules which prevailed before this date. While the funds proposed to be raised through the Offer may also be used to make new investments, they can also be more efficiently allocated to pay certain costs, contribute to shareholder liquidity through share buy-backs and also for the payment of dividends, leaving a greater amount of the funds raised earlier to benefit from investing under the more attractive earlier investment rules.

## Performance

In March 2010 the Company merged with Unicorn AIM VCT II plc to create what is now the largest AIM based VCT in the market. The performance of the Company since the merger has been strong with the net asset value appreciating by 20.2% in the period from the effective merger date on 9 March 2010 to 30 November 2010.

In order to demonstrate the longer term performance of the various original share classes in both the Company and Unicorn AIM VCT II plc, the table below shows the total net asset value return (NAV plus dividends paid) achieved relative to the total return of the FTSE AIM All-Share Index:

	Total NAV return*	Gain/(loss)**	Relative performance to FTSE AIM All-Share Index total return***
Unicorn AIM VCT ordinary shares	112.5p	19.1%	+9.6%
Unicorn AIM VCT series 2 shares	106.7p	12.9%	+11.0%
Unicorn AIM VCT II ordinary shares fund	104.3p	10.4%	+22.3%
Unicorn AIM VCT II C ordinary shares	82.6p	-12.6%	+3.4%
Unicorn AIM VCT series 3 shares (current Shares)	111.3p	17.8%	+53.4%

\* NAV (adjusted based on the merger ratio) plus dividends paid per share since shares of the relevant class were first admitted to trading on the London Stock Exchange (this being 5 November 2001, 5 February 2004, 7 January 2005, 5 January 2006 and 11 April 2007 respectively) as at 30 November 2010, disregarding the dividend of 4p per Share declared but not yet paid.

\*\* total return percentage increase/decrease from the initial net asset value since first admission of the relevant class (as referred to above), this being 94.5p, after issue costs.

\*\*\* total return performance relative to the FTSE AIM All-Share Index total return from first admission of the relevant class (as referred to above) to 30 November 2010.

The above table shows that the portfolios of each of the former share classes in the Unicorn AIM VCT have out-performed the AIM market since their respective launch dates.

The table below illustrates the total share price return (bid price plus dividends paid) in respect of the various original share classes in both the Company and Unicorn AIM VCT II plc relative to the total return of the FTSE AIM All-Share Index for both a basic rate and a 40 per cent. taxpayer.

	Applicable upfront income tax relief on first allotment	Total share price return for (a 20% tax payer)*	Relative performance to FTSE AIM All-Share Index total return**	Total share price return (for a 40% tax payer)***	Relative performance to FTSE AIM All-Share Index total return****
Unicorn AIM VCT ordinary shares	20%	+29.1%	+18.8%	+48.0%	+36.2%
Unicorn AIM VCT series 2 shares	20%	+18.6%	+16.6%	+27.5%	+25.3%
Unicorn AIM VCT II ordinary shares fund	40%	+52.8%	+69.3%	+60.0%	+77.3%
Unicorn AIM VCT II C. ordinary shares	40%	+19.2%	+40.9%	+20.5%	+42.5%
Unicorn AIM VCT series 3 shares (current Shares)	30%	+37.1%	+78.6%	+37.6%	+79.2%

\* total return (bid share price, adjusted based on the merger ratio, plus dividends paid since shares of the relevant class were first admitted to trading on the London Stock Exchange (as referred to above) as at 30 November 2010 for a 20 per cent. tax payer, disregarding the dividend of 4p per Share declared but not yet paid) percentage increase from the cost (net of the relevant applicable upfront income tax relief) of a share first allotted in such relevant class.

\*\* total return performance for a basic rate tax payer relative to the FTSE AIM All-Share Index total return from first admission of the relevant class (as referred to above) to 30 November 2010.

\*\*\* as per \*, save that dividends paid have been grossed up by 33 per cent. for a 40 per cent. tax payer.

\*\*\*\* total return performance for a 40 per cent. tax payer relative to the FTSE AIM All-Share Index total return from first admission of the relevant class (as referred to above) to 30 November 2010.

### Terms of the Offer

The Offer opens on 14 December 2010 and will be open (unless fully subscribed earlier or extended by the Directors) until:

- 5 April 2011 (in the case of applications for the 2010/11 tax year); and
- 30 June 2011 (in the case of applications for the 2011/12 tax year).

The Offer is conditional on the approval of the Resolutions being proposed at the Annual General Meeting on 7 January 2011. If such Resolutions are not approved, the Offer will lapse. If the Offer does not become unconditional all subscription monies will be returned without interest.

The Directors may also in their absolute discretion, decide to increase the Offer (subject to the issue of a supplementary prospectus).

The Offer Price at which the New Shares will be allotted will be calculated on the basis of the Pricing Formula, being:

**most recently published NAV of the Shares in the Company divided by 0.945 (to allow for issue costs of 5.5 per cent.), rounded up to the nearest 0.1 pence per New Share.**

The Company publishes monthly NAVs and may publish NAVs more frequently for the purposes of the Offer. The Offer Price, as it will be based on the most recent published NAV, is, therefore, subject to change.

The number of New Shares to be allotted by the Company will be rounded down to the nearest whole number and fractions of New Shares will not be allotted.

The minimum investment by an investor under the Offer is £5,000. Applications thereafter can be for any amount, subject to being in multiples of £1,000 (though investors are reminded that VCT upfront income tax relief is only available in respect of investments of up to £200,000 in VCTs in any one tax year).

Subscription monies greater than £1 and not used to subscribe for New Shares will be refunded. No interest shall accrue or be payable on any amounts refunded. The Offer is not underwritten and there is no minimum subscription level so investors can be sure, subject to the Resolutions being approved, that the Offer will proceed.

The Pricing Formula, which is based on the latest published NAV, prevents a diminution in the net asset value of the existing Shares. The application of the Pricing Formula also avoids the need to repeatedly announce the Offer Price during the Offer period (though the Offer Price will be announced following each allotment) and makes explicit the basis on which the price of the New Shares will be determined.

Investors' New Shares will rank *pari passu* with the existing Shares in issue in respect of dividends declared from the date of issue of the relevant New Shares. Qualifying Investors will also benefit from up to 30 per cent. income tax relief on their subscription for New Shares, which would not be available if Shares were purchased in the secondary market.

Applications under the Offer will normally be accepted on a first come, first served basis (provided cheques are not post-dated), subject always to the discretion of the Directors. Subscribers are encouraged to submit their Application Form early in order to be confident that their application will be successful.

The full terms and conditions of the Offer can be found at the end of this document.

### **Use of Funds**

It is intended that the proceeds of the Offer will be used by the Company in accordance with its investment policy, further details of which are set out in Part III of this document.

### **Offer Costs**

The Offer costs will be 5.5 per cent. of funds subscribed under the Offer (excluding annual trail commission) amounting to a maximum of £825,000 (assuming full subscription). Any costs above this will be met by Unicorn AM.

The net proceeds of this Offer will, assuming full subscription, therefore amount to approximately £14,175,000 for the Company.

### **Adviser Commission**

Authorised financial intermediaries will normally be paid commission of 2.25 per cent. of the value of the relevant investment on successful applications under the Offer.

In addition, provided that they continue to act for their client and the client continues to hold his or her New Shares, authorised financial advisers will normally be paid by the Company an annual trail commission of 0.375 per cent. of the net asset base value for each such New Share. For this purpose, 'net asset base value' means the net assets attributable to such New Share as determined from the audited annual accounts of the Company as at the end of the preceding financial year.

The annual trail commission will be paid shortly after the later of the annual general meeting of the Company and, where applicable, the date of payment of the final dividend in each year.

The Company will be entitled to rely on a notification from a Shareholder that he or she has changed his or her adviser. No payment of trail commission will be made to the extent that the cumulative trail commission would exceed 2.25 per cent. of the Offer Price of the New Share in question.

# Part II – The Board and the Manager

## The Board

The Board comprises five non-executive directors, all of whom (save for Malcolm Diamond) are independent of the Manager. Peter Dicks (Chairman), Malcolm Diamond, James Grossman, Jeremy Hamer and Jocelin Harris. Malcolm Diamond is a shareholder of Unicorn AM.

The Board sets the Company's policies and objectives and ensures that its obligations to the Shareholders are met. The Board has overall responsibility for the Company's affairs, including approving valuations (prepared by Unicorn AM) and NAVs (calculated by Matrix-Securities Limited). Its members have significant relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investing in small companies.

## The Directors are:

### **Peter Dicks (Chairman) (68)**

Peter Dicks was a founder director, in 1973, of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies including Polar Capital Technology Trust plc, Graphite Enterprise Trust plc, Daniel Stewart Securities plc, Gartmore Fledging Trust plc, Private Equity Investor plc, Sportingbet plc and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he is a director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc and Foresight Clearwater VCT plc.

### **Malcolm Diamond MBE (62)**

Malcolm Diamond established the Bluesky Partnership whose mission is to grow stakeholder value principally for private, VCT and institutional shareholders. This is achieved by direct involvement through non-executive or part time executive directorships or, where appropriate, through interim management. He is currently the chairman of Cathedral Works Organisation (Chichester) Limited and co-founder and partner in Soundscape Environmental Structures LLP. Between 1984 and 2002, he was managing director of Trifast plc which he led to a full listing in 1994. Although he retired from Trifast plc in 2002, he returned in March 2009 to become executive chairman.

### **James H Grossman (71)**

James Grossman is an international business lawyer and arbitrator with over 35 years' experience in mergers and acquisitions and venture capital transactions and serves on the boards of several public companies in the UK and overseas. He is also a member of the arbitration panels of the International Centre for Dispute Resolution, the American Arbitration Association's Complex Commercial Cases and Oil and Gas Panels and the Domain Name Dispute Panel of the World Intellectual Property Organisation in Geneva. He is a non-executive director of Canoe International Energy Limited, an oil exploration and production company based in Canada with interests in Tunisia and Argentina, whose shares are traded on TSX Venture Exchange (Toronto) a non-executive director of Thalassa Energy Holdings Limited, an oil related technology company, whose shares are traded on AIM and a non-executive director of FreshTL plc, a cloud computing company whose shares are traded on the PLUS market.

### **Jeremy Hamer (58)**

Jeremy Hamer is a chartered accountant who spent 16 years in industry before spending five years as a VCT investment manager. Currently, he has a portfolio of executive and non-executive director roles particularly with AIM listed companies, as well as being a qualified executive coach.

### **Jocelin Harris (65)**

Jocelin Harris is a qualified solicitor and is chief executive of Durrington Corporation Limited, which provides management and financial support services to small and developing businesses, where he has worked since 1986. Before this he was a director of a private bank in the City. He is currently non-executive chairman or director of a number of private companies in the United Kingdom and the United States.

## The Manager

Unicorn AM is an independently owned and managed investment management company formed in July 2000. Unicorn AM (telephone 0207 253 0889), was incorporated and registered in England and Wales on 4 February 2000 as a limited liability company with registered number 03919499. Unicorn AM's registered office and principal place of business is at First Floor Office, Preacher's Court, The Charterhouse, Charterhouse Square, London EC1M 6AU. Unicorn AM is authorised and regulated by the FSA to provide investment management services. The principal legislation under which Unicorn AM operates is the provisions of the Companies Acts (and regulations made thereunder).

The investment management team at Unicorn AM is well established, with the two leading fund managers at Unicorn AM sharing more than 30 years of experience in managing smaller company portfolios. The existing portfolio provides broad diversification in qualifying companies and is further diversified by substantial exposure to non-qualifying investments. Unicorn AM also manages a range of open and closed ended investment funds, designed to satisfy a variety of investor requirements.

As at 30 November 2010, Unicorn AM funds under management are allocated across three fund classes:

- Open Ended Investment Companies (£16 million);
- Offshore Income Fund (£30 million); and
- AIM VCT (£65.9 million).

VCTs remain an integral part of Unicorn AM's business, with a significant number of quoted VCT qualifying investments managed for the Company, on behalf of the Shareholders.

### **Investment Management**

Unicorn AM specialises in managing portfolios of UK smaller quoted companies. The Unicorn AM team has a long established and successful track record in this area of the market and follows a traditional and conservative approach to fund management. The aim is to deliver superior long term performance across a range of diversified portfolios by adhering to a disciplined investment process and to reduce risk by focusing investment resource on those businesses which are led by experienced management teams, which have an established history of profitability and cash generation and which are capable of delivering sustained growth.

### **Senior Management Team**

#### **Chris Hutchinson, *Investment Manager***

Chris has been managing UK smaller companies funds for over 12 years. Since joining Unicorn AM in 2005, he has been primarily responsible for managing the Company's AIM funds. Prior to joining Unicorn AM, he was a fund manager at Montanaro Investment Managers Limited where he specialised in investing in UK smaller quoted companies.

#### **John McClure, *Investment Manager***

John has specialised in investing in UK smaller companies for over 20 years. Before joining Unicorn AM in July 2000, John was responsible for running smaller company portfolios at both Granville and Guinness Flight Global Asset Management Limited. Prior to this he managed funds at United Friendly Assurance and Hermes Asset Management.

# Part III – Investment Objective and Policy

## Investment Objective

The objective of the Company is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maximising the stream of dividend distributions to Shareholders from the income and capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a VCT, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 70 per cent. of the Company's total assets are to be invested in qualifying investments.

## Investment Policy

In order to achieve the Company's investment objective, the Board has agreed an investment policy which requires the Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM, that display a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- good cash generation to finance development allied with a progressive dividend policy.

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. Specific conditions for HMRC approval of VCTs include the requirement that no single holding may represent more than 15 per cent. (by value) of the Company's investments, at the date of investment.

The Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. In order to maintain compliance with HMRC rules, however, and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Manager and Matrix-Securities Limited on a monthly basis. When the Manager proposes to make an investment in an unquoted company, the prior approval of the Board is required.

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or in excess of the 70 per cent. VCT qualification threshold, it may be invested in collective investment funds or in non-qualifying shares and securities in smaller listed UK companies.

To date the Company has operated without recourse to borrowing. The Board may, however, consider the possibility of introducing modest levels of gearing up to a maximum of 10 per cent. of its net assets (as permitted under the Articles), should circumstances suggest that such action is in the interests of Shareholders.



# Part IV – Management and Administration

## Fees and Expenses

Unicorn AM receives an annual management fee of an amount equivalent to 2.0 per cent. of the net asset value of the Company (together with any applicable VAT), save for investments made by the Company in other Unicorn AM managed funds, in which case no additional management fee will be payable in respect of such investments.

A maximum of 75 per cent. of the Company's management expenses is currently charged against capital, with the balance to be met from income.

Unicorn AM is also entitled to receive performance incentive fees of 20 per cent. of dividends made to Shareholders over and above the Target Return in any accounting period. The Target Return for these purposes will be 6p per Share (or, if the relevant accounting period is less than or greater than 12 months, an amount equal to a pro rata reduction or increase to that amount for that accounting period). Any cumulative shortfalls below the 6p per annum dividend hurdle after the financial period ended on 30 September 2010 will have to be made up in later years. Such payment will be subject to maintaining NAV at no less than 125p per Share. Although the arrangement allows for the performance incentive calculation to be adjusted in such manner as the auditors confirm in writing where the Company issues further Shares, it has been agreed that no adjustment will be made as a result of the Offer which would result in a reduction to the requirement to maintain NAV at no less than 125p per Share.

## Annual Expenses Cap

The annual expenses of the Company are capped at 3.6 per cent. of net assets. Any excess over this amount will be borne by Unicorn AM. Annual expenses include expenses incurred by the Company in the ordinary course of its business (including management and administration fees, Directors' remuneration, fees payable to the registrar, stockbroker, auditor, solicitors and the VCT status adviser). Annual expenses do not include exceptional items, trail commission to authorised financial intermediaries or performance incentive fees.

## VCT Status Monitoring

PricewaterhouseCoopers LLP is the Company's VCT status adviser. It carries out reviews of the Company's investment portfolio to ensure compliance and, when requested to do so by the Board or Unicorn AM, reviews prospective investments to ensure that they are qualifying investments.

## Custody Arrangements

Bank of New York Mellon (being incorporated and registered in the United States, but whose UK establishment has its registered office at One Canada Square, London E14 5AL with registered number BR000818, its telephone number being 020 7570 1784 and being authorised and regulated by the FSA) acts as custodian of the Company's quoted assets and, in that capacity, is responsible for ensuring safe custody and dealing and settlement arrangements. Matrix-Securities Limited is responsible for administering the certificates of investment in unquoted companies through the Company's safe custody account with Natwest.

## Dividend Policy

The Board has a policy of maintaining a steady stream of dividend distributions to Shareholders and intends to continue with this policy. The Company is aiming to pay annual tax free dividends of 6p per Share. Based on an indicative Offer Price of 116.7p this would equate to a gross equivalent yield of 6.9 per cent. to a 40 per cent. taxpayer.

The ability to pay dividends and the amount of such dividends depends on the performance of the Company's investments, available reserves and cash, as well as the need to retain funds for further investment and ongoing expenses.

## Share Buy-Backs

The Board believes that it is in the best interests of the Company and its shareholders to make occasional market purchases of its Shares, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to reduce to a degree any prevailing discount to NAV in the current market price that might otherwise prevail. The Board agrees the discount to NAV at which Shares will be bought back and keeps this under regular review.

The Board intends to continue with the above buy-back policy. Any such future repurchases will be made in accordance with guidelines established by the Board from time to time and will be subject to the Company having the appropriate authorities from Shareholders and sufficient funds available for this purpose.

Share buy-backs will also be subject to the Listing Rules and any applicable law at the relevant time. Shares bought back in the market will ordinarily be cancelled.

### **Duration of the Company**

The Articles provide for a resolution to be proposed for the continuation of the Company as a VCT at the annual general meeting falling after the fifth anniversary of the last issue of Shares and thereafter at five-yearly intervals.

### **Valuation Policy**

All unquoted investment valuations are subject to approval by the Directors on the recommendation of Unicorn AM in accordance with IPEVC Guidelines under which investments are valued at fair value, as defined in those guidelines. Any AIM or other quoted investment will be valued at the closing bid price of its shares, in accordance with generally accepted accounting practice. The net asset value of the Shares will be calculated monthly and published on an appropriate regulatory information service.

### **Investor Communications**

The Board places a great importance on communications with its Shareholders and supports open communication with Shareholders. In addition to the announcement and publication of the annual report and accounts and the half-yearly results for the Company as detailed below, the Company also publishes interim management statements as required by the Disclosure and Transparency Rules.

### **Reporting Dates**

Year end	30 September
Announcement and publication of annual report and accounts to Shareholders	December
Announcement and publication of half-yearly results	May

## Part V – Largest Investments

Set out below are the largest investments held by the Company with a value of greater than 5 per cent. of its gross assets and an aggregate value greater than 50 per cent. of the Company's portfolio, as at the date of this document.

The current cost is the original investment cost made by both the Company and Unicorn AIM VCT II plc, less capital repayments to 30 November 2010.

<b>Abcam plc</b> ( <i>Date of first investment October 2005</i> )			
Cost (£,000)	879	<i>Accounts for the year ended 30 June 2010</i>	
Valuation (£,000)	8,745	Turnover (£,000)	71,106
Valuation basis	Bid price	Profit before tax (£,000)	25,831
% of equity held	1.4	Net assets (£,000)	53,222
% of portfolio	13.2		
Located in Cambridge – Online distributor of therapeutic antibodies for research purposes.			

<b>Mattioli Woods plc</b> ( <i>Date of first investment November 2005</i> )			
Cost (£,000)	1,331	<i>Accounts for the year ended 31 May 2010</i>	
Valuation (£,000)	2,791	Turnover (£,000)	13,678
Valuation basis	Bid price	Profit before tax (£,000)	4,270
% of equity held	5.8	Net assets (£,000)	18,982
% of portfolio	4.2		
Located in Leicester – Consultants in the provision of pension and wealth management services.			

<b>Green Compliance plc</b> ( <i>Date of first investment December 2009</i> )			
Cost (£,000)	1,750	<i>Accounts for the year ended 31 March 2010</i>	
Valuation (£,000)	2,650	Turnover (£,000)	547
Valuation basis	Bid price	Loss before tax (£,000)	3,320
% of equity held	9.7	Net assets (£,000)	6,389
% of portfolio	4.0		
Located in Cirencester – Compliance related business support and risk consultancy services.			

<b>Mears Group plc</b> ( <i>Date of first investment March 2008</i> )			
Cost (£,000)	2,672	<i>Accounts for the year ended 31 December 2009</i>	
Valuation (£,000)	2,587	Turnover (£,000)	470,146
Valuation basis	Bid price	Profit before tax (£,000)	18,379
% of equity held	1.3	Net assets (£,000)	105,928
% of portfolio	3.9		
Located in Brockworth, Gloucester – Maintain, repair and upgrade social housing and domiciliary care.			

<b>SnackTime plc</b> ( <i>Date of first investment December 2007</i> )			
Cost (£,000)	2,560	<i>Accounts for the year ended 31 March 2010</i>	
Valuation (£,000)	2,263	Turnover (£,000)	7,651
Valuation basis	Bid price	Profit before tax (£,000)	1,312
% of equity held	8.5	Net assets (£,000)	11,573
% of portfolio	3.4		
Located in Wokingham, Berkshire – Operator of vending machines.			

**Kiotech International plc** (Date of first investment November 2006)

Cost (£,000)	1,630	Accounts for the year ended 31 Dec 2009	
Valuation (£,000)	1,961	Turnover (£,000)	10,995
Valuation basis	Bid price	Profit before tax (£,000)	1,409
% of equity held	12.9	Net assets (£,000)	13,605
% of portfolio	3.0		

Located in Worksop, Nottinghamshire – Manufacturer of aquaculture products.

**Animalcare Group plc** (Date of first investment December 2007)

Cost (£,000)	900	Accounts for the year ended 30 June 2010	
Valuation (£,000)	1,915	Turnover (£,000)	19,921
Valuation basis	Bid price	Profit before tax (£,000)	(399)
% of equity held	8.0	Net assets (£,000)	14,081
% of portfolio	2.9		

Located in North Yorkshire – Manufacturer & supplier worldwide of livestock, healthcare & management products.

**Access Intelligence plc** (Date of first investment December 2004)

Cost (£,000)	2,214	Accounts for the year ended 30 November 2009	
Valuation (£,000)	1,546	Turnover (£,000)	6,015
Valuation basis	Bid price	Profit before tax (£,000)	566
% of equity held	8.3	Net assets (£,000)	4,311
% of portfolio	2.8		

Located in London – Subscription based sales and marketing support.

**Maxima Holdings plc** (Date of first investment November 2004)

Cost (£,000)	2,501	Accounts for the year ended 31 May 2010	
Valuation (£,000)	1,546	Turnover (£,000)	51,006
Valuation basis	Bid price	Loss before tax (£,000)	782
% of equity held	7.2	Net assets (£,000)	23,974
% of portfolio	2.3		

Located in Cheltenham – Implementation and support of enterprise software solutions.

In addition, the following open ended investment company also represents more than 5 per cent. of the Company's gross assets:

**Unicorn Investment Funds ICVC** (Date of first investment December 2001)

Cost (£,000)	7,735
Valuation (£,000)	10,020
Valuation basis	Market valuation
% of equity held	N/A
% of portfolio	15.13

Open Ended Investment Company.

**Note:**

Investment and portfolio information in this Part V has been extracted from the Company's accounting records as at 30 November 2010. In respect of the information on investee companies' sales, profits and losses and net assets in this Part V, these have been taken from the latest financial year end accounts published by those investee companies as referred to in this Part V ("Third Party Information"). As at the date of this document, there has been no material change in the valuations set out in this Part V since 30 November 2010. The Third Party Information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information provided, no facts have been omitted which would render the reproduced information inaccurate or misleading.

# Part VI – Taxation

## TAX POSITION OF INVESTORS

### 1. Tax Reliefs

The following is only a summary of the law concerning the tax position of individual Qualifying Investors in VCTs and does not constitute legal or tax advice. Potential investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a VCT.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Offer. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Qualifying Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

#### (a) Income Tax

##### (i) *Relief from income tax on investment*

A Qualifying Investor subscribing for New Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year.

To obtain relief a Qualifying Investor must subscribe on his own behalf although the New Shares may subsequently be transferred to a nominee.

The relief is given at the rate of 30 per cent. on the amount subscribed regardless of whether the Qualifying Investor is a higher rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

##### (ii) *Dividend relief*

A Qualifying Investor who acquires shares in VCTs in any tax year (including New Shares) having a value of up to a maximum of £200,000 will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

##### (iii) *Purchasers in the market*

A Qualifying Investor who purchases existing Shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

##### (iv) *Withdrawal of relief*

Relief from income tax on a subscription for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period as detailed below.

Dividend relief ceases to be available if the VCT loses its approval within this period as detailed below.

#### (b) Capital Gains Tax

##### (i) *Relief from capital gains tax on the disposal of Shares*

A disposal by a Qualifying Investor of New Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

##### (ii) *Purchasers in the market*

An individual purchaser of existing Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b(i) above).

#### (c) Loss of VCT Approval

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid

in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

## 2. Illustration of Effect of Tax Relief for Qualifying Investors

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial tax reliefs available can reduce the effective cost of an investment of £10,000 in a VCT by a Qualifying Investor subscribing for VCT shares to only £7,000:

	Effective cost	Tax relief
Investor unable to claim any tax reliefs	£10,000	Nil
Qualifying Investor able to claim full 30 per cent. income tax relief	£7,000	£3,000

The combined effect of the initial income tax relief, tax free dividends and tax-free capital growth can substantially improve the net returns of an investment in a VCT. For example, after launch costs of 5.5 per cent. an investment of £10,000 would show an immediate return of 35 per cent. over the base cost of £7,000 after income tax relief. Income tax relief is only available if the shares are held for the minimum holding period of five years.

The limit for obtaining income tax relief on investments in VCTs is £200,000 in each tax year.

## 3. Obtaining Tax Reliefs

The Company will provide to each Qualifying Investor a certificate which the Qualifying Investor may use to claim income tax relief, either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his tax return to claim relief.

## 4. Investors not Resident in the UK

Investors not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

## TAX POSITION OF THE COMPANY

The Company has to satisfy a number of tests to qualify as a VCT. A summary of these tests is set out below.

### 1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HM Revenue & Customs. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital quoted on the London Stock Exchange;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70 per cent. by VCT Value of its investments in shares or securities in Venture Capital Investments, of which 30 per cent. by VCT Value must be in eligible shares;
- (e) have at least 10 per cent. by VCT Value of each Venture Capital Investment in eligible shares;
- (f) not have more than 15 per cent. 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); and
- (g) not retain more than 15 per cent. of its income derived from shares and securities in any accounting period.

The requirement set out in paragraph (d) above will be amended for funds raised from 6 April 2011, such that at least 70 per cent. by VCT Value of a VCT's investments in shares or securities in qualifying investments must be in eligible shares. For funds raised before 6 April 2011, 'eligible shares' means ordinary shares which carry no future or preferential rights and no rights to be redeemed. For funds raised from 6 April 2011, 'eligible shares' means shares which do not carry any rights to be redeemed or a preferential right to assets on a winding-up or dividends (in respect of the latter, where the right to the dividend is cumulative or, where the amount or dates of payment of the dividend may be varied by the company, a shareholder or any other person).

### 2. 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 Parts 3 and 4 of Chapter 6 of the Tax Act and for which not more than £1 million was subscribed in any one tax year (nor more than £1 million in any period of 6 months straddling two tax years).

The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £7 million immediately before and £8 million immediately after the investment (£15 million and £16 million respectively for funds raised before 6 April 2006), 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 raised after 5 April 2007 must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Incentive Scheme in any rolling 12 month period.

### 3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes companies whose shares are traded on PLUS Markets and AIM are regarded as unquoted) 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). The company's trade must be, carried on wholly or mainly in the UK (such requirement to be amended to the company having a permanent establishment in the UK from 6 April 2011), 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 51 per cent. owned.

### 4. Approval as a VCT

A VCT must be approved at all times by HM Revenue & Customs. 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 HM Revenue & Customs 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, VCTs are given grace periods to invest those funds before such further funds become subject to the tests.

The Company has received HM Revenue & Customs' approval as a VCT.

## **5. Withdrawal of Approval**

Approval of a VCT may be withdrawn by HM Revenue & Customs 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.

**The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.**



# Part VII – Additional Information

## 1 The Company

- 1.1 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 7 August 2001, with registered number 04266437. The principal legislation under which the Company operates (and under which its share are created) is CA 2006 and regulations made thereunder. The name of the Company is Unicorn AIM VCT plc.
- 1.2 On 27 September 2001, the Registrar of Companies issued the Company with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) entitling it to commence business.
- 1.3 The Company's registered office is at One Vine Street, London W1J 0AH (telephone: 0203 206 7000). The Company is domiciled in England and does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.4 The Company revoked its status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 17 August 2004.
- 1.5 The International Securities Identification Number of the Shares is GB00B1RTFN43.
- 1.6 The Company is a VCT under section 274 ITA 2007 and it is intended that the business of the Company be carried on so as to continue to comply with that section.
- 1.7 The Company is not authorised and/or regulated by the FSA or an equivalent European Economic Area regulator but it is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, the rules and regulations issued by the UKLA from time to time. The Company is not otherwise regulated.

## 2 Share Capital

- 2.1 The authorised share capital of the Company on incorporation was £50,000, divided into 50,000 ordinary shares of £1 each, of which two ordinary shares were issued, nil paid, to the subscribers of the memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 On 26 September 2001:
  - 2.2.1 by ordinary resolution, the ordinary share capital was sub-divided into ordinary shares of 1p each and the authorised share capital was increased to £400,000 by the creation of 30,000,000 ordinary shares of 1p each and 50,000 redeemable preference shares of £1 each ("Preference Shares");
  - 2.2.2 by ordinary resolution, 50,000 Preference Shares were allotted to Matrix-Securities Limited and paid up as to one quarter so as to enable the Company to obtain a trading certificate under section 117 of CA 1985 (in addition under this resolution, it was authorised that once fully paid up such Preference Shares would be subsequently redeemed out of the proceeds of the initial offer and redesignated and sub-divided into one hundred ordinary shares of 1p each); and
  - 2.2.3 by special resolution, the Company resolved that the amount standing to the credit of the share premium account attributable to the ordinary shares of 1p each, at the date of the order made by the Court on the hearing for a petition for confirmation of the resolution, be cancelled (the cancellation being confirmed by the Court on 12 June 2002 and registered by the Registrar of Companies on 17 June 2002).
- 2.3 On 13 January 2004, and by ordinary resolution, the authorised share capital of the Company was increased from £400,000 to £650,000 by the creation of 25,000,000 series 2 ordinary shares of 1p each.
- 2.4 On 13 January 2004, and by special resolution, the Company resolved that the amount standing to the credit of the share premium account attributable to the series 2 ordinary shares of 1p each, at the date of the order made by the Court on the hearing for a petition for confirmation of the resolution, be cancelled (the cancellation being confirmed by the Court on 16 September 2004 and registered by the Registrar of Companies on 17 September 2004).
- 2.5 On 15 February 2007, and by ordinary resolution, the authorised share capital of the Company was increased from £650,000 to £950,000 by the creation of 30,000,000 series 3 ordinary shares of 1p each.
- 2.6 On 15 February 2007, and by special resolution, the Company resolved that the amount standing to the credit of the share premium account attributable to the series 3 ordinary shares of 1p each, at the date of the order made by the Court on the hearing for a petition for confirmation of this resolution, be cancelled (the cancellation being confirmed by the Court on 19 December 2007 and registered by the Registrar of Companies on 21 December 2007).

- 2.7 On 25 February 2010, the Company passed a special resolution amending the Articles pursuant to CA 2006 to remove the authorised share capital limitation. Consequently, the Company is no longer restricted by an authorised share capital.
- 2.8 On 9 March 2010, the share capital of the Company was amalgamated into one class of share. The amalgamation was completed by:
- 2.8.1 firstly, the ordinary shares of 1p each were converted into series 3 ordinary shares of 1p each by redesignating ordinary shares of 1p each into series 3 ordinary shares of 1p each on a ratio of 0.60781764, with the balance redesignated as deferred shares;
- 2.8.2 secondly, the series 2 ordinary shares of 1p each were converted into series 3 ordinary shares of 1p each by redesignating series 2 ordinary shares of 1p each into series 3 ordinary shares of 1p each on a ratio of 0.77503076, with the balance redesignated as deferred shares;
- 2.8.3 thirdly, the deferred shares created pursuant to the above were bought back by the Company, for an aggregate consideration of 1p, and cancelled, the unissued shares so arising being redesignated as series 3 ordinary shares of 1p each; and
- 2.8.4 finally, all of the issued and unissued series 3 ordinary shares were redesignated as ordinary shares of 1p each (Shares).
- 2.9 On 9 March 2010, the Company also completed a merger with Unicorn AIM VCT II plc pursuant to an acquisition of its assets and liabilities, pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction, in consideration for the issue of 26,879,525 Shares.
- 2.10 As at 30 September 2010, the date to which the last annual financial statements had been prepared for the Company, the issued share capital of the Company was 59,795,232 Shares (£597,952.32) (all fully paid up).
- 2.11 Since 30 September 2010, the Company has repurchased the following Shares:

<b>Date</b>	<b>Number of Shares</b>
7 December 2010	353,541

- 2.12 At the date of this document the Company had 59,441,691 Shares in issue (£594,416.91) (all fully paid up).
- 2.13 The following resolutions of the Company (which are currently still valid) were passed at the extraordinary general meeting of the Company on 25 February 2010:
- 2.13.1 in substitution for all subsisting authorities to the extent unused the Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of the Company to allot Shares in the Company and to grant Rights up to an aggregate nominal amount of £70,000 during the period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of the resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that the authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry;
- 2.13.2 in addition to existing authorities, the Directors were empowered pursuant to section 570 and 573 of the CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the CA 2006) for cash pursuant to the authority given by the resolution detailed at paragraph 2.13.1 above or by way of a sale of treasury shares, as if Section 561(1) of the CA 2006 did not apply to such allotment, provided that the power provided by the resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 and provided further that this power shall be limited to the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital as at 10 March 2010, where the proceeds may in whole or part be used to purchase shares; and
- 2.13.3 in addition to existing authorities, the Company was empowered to make one or more market purchases within the meaning of section 693(4) of the CA 2006 of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
- (i) the aggregate number of Shares which may be purchased shall not exceed 10,493,000;
- (ii) the minimum price which may be paid per Share is 1p, the nominal value thereof;

- (iii) the maximum price which may be paid per Share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation per Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
  - (iv) the authority conferred by the resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 unless such authority is renewed prior to such time; and
  - (v) the Company may make a contract to purchase Shares under the authority conferred by the resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares.
- 2.13.4 That, subject to the Scheme (as defined in the notice convening the meeting) becoming effective, the amount standing to the credit of the share premium account of the Company, at the date the order is made confirming such cancellation by the court, be cancelled.
- 2.14 The following resolutions of the Company will be proposed at the Annual General Meeting of the Company to be held on 7 January 2011:
- 2.14.1 in substitution for all subsisting authorities to the extent unused the Directors be generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of the Company to allot Shares in the Company and to grant Rights up to an aggregate nominal amount of £70,000 during the period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of the resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that the authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry;
  - 2.14.2 in substitution for any existing authorities, the directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 551 of CA 2006 to exercise all the powers of the Company to allot ordinary shares of 1 pence each in the Company ("Shares") and to grant rights to subscribe for or convert any security into Shares ("Rights") up to an aggregate nominal amount of £246,800, provided that the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in 2012 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry;
  - 2.14.3 in substitution for any existing authorities, the directors of the Company be empowered pursuant to sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of CA 2006) for cash, pursuant to the authority given by the resolution detailed at paragraph 2.14.2, or by way of a sale of treasury shares, as if section 561(1) of CA 2006 did not apply to any such sale or allotment, provided that the power conferred by the resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in 2012, and provided further that this power shall be limited to:
    - (i) the allotment and issue of Shares with an aggregate nominal value representing up to £175,000 in connection with an offer for subscription; and;
    - (ii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, 10 per cent. of the issued Share capital of the Company from time to time is passed
 where the proceeds may be used, in whole or in part, to purchase the Company's Shares.
  - 2.14.4 That in substitution for any existing authorities, the Company be empowered to make one or more market purchases (within the meaning of section 693(4) of CA 2006) of its own Shares on such terms and in such manner as the directors of the Company may determine (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
    - (i) the aggregate number of Shares which may be purchased shall not exceed 11,512,320 Shares;

- (ii) the minimum price which may be paid for a Share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for a Share is an amount equal to the higher of (a) an amount equal to five per cent. above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
- (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the conclusion of the annual general meeting of the Company to be held in 2012; and
- (v) the Company may make a contract or contracts to purchase its own Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

2.15 There are no other shares or loan capital in the Company under option or agreed conditionally or unconditionally to be put under option nor does the Company hold shares in treasury.

2.16 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 of the 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 balance of the share capital of the Company which is not (or will not be) subject to the disapplications referred to in paragraphs 2.13 and 2.14 above.

### 3 Memorandum and Articles of Association

In this paragraph 3, reference to "Directors" means the directors of the Company from time to time, reference to the "Board" means the board of directors of the Company from time to time and reference to "the Act" means the CA 1985 and/or the CA 2006 as the context permits.

#### 3.1 Memorandum

The Memorandum, which, by virtue of section 28 of the CA 2006, is now treated as being part of the Articles, provides that the Company's principal object and purpose is to carry on the business of a VCT.

#### 3.2 Articles

The following is a summary of the current Articles.

##### 1 *Liability of members*

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares held by them.

##### 2 *General Meetings*

###### 2.1 Calling of general meetings

Subject to the provisions of the Companies Acts general meetings, including annual general meetings, shall be held at such time and place as the Board may determine.

###### 2.2 Notice of general meetings

General meetings shall be convened by such minimum period of notice as may be required by the Companies Acts.

###### 2.3 Contents of notice

Every notice convening a general meeting shall specify:

- (a) whether the meeting is convened as an annual 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 (provided each proxy is appointed to exercise the rights attached to a different share or shares held by the member) more proxies to attend and vote instead of him and that a proxy need not also be a member.

The notice shall be given to the members (other than any who under the provisions of these Articles or of any restrictions imposed on any shares are not entitled to receive notice from the Company), to the Directors and to the Auditors and if more than one for the time being, to each of them.

#### 2.4 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, any document relating to a meeting including an instrument of proxy, to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.

### 3 *Proceedings at general meetings*

#### 3.1 Quorum

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. Subject to the provisions of Article 56, 2 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.

#### 3.2 If quorum not present

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 such 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.

### 4 *Voting*

#### 4.1 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 Companies Acts, a poll may be demanded by:

- (a) the Chairman of the meeting; or
- (b) by 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, and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

The Chairman may also demand a poll before a resolution is put to the vote on a show of hands.

#### 4.2 Chairman's declaration conclusive on show of hands

Unless a poll is duly demanded and the demand is not withdrawn a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost or not carried by

a particular majority shall be conclusive, and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

#### 5 *Votes of members*

Subject to any rights or restrictions attached to any shares:

- (a) on a show of hands every member who is present in person has one vote; every proxy present who has been duly appointed by one or more members entitled to vote on the resolution (subject to article 68.3) has one vote and every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to;
- (b) on a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

#### 6 *Sanction to variation*

Subject to the provisions of the Companies Acts, 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 wound up) 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).

#### 7 *Class meetings*

All the provisions in these Articles as to general meetings shall mutatis mutandis apply (with any necessary modifications) to every meeting of the holders of any class of shares save that:

- (a) the quorum at every such meeting shall be not less than 2 persons present in person or by proxy holding at least one-third of the nominal amount paid up on the issued shares of the class;
- (b) every holder of shares of the class present in person or by proxy may demand a poll;
- (c) each such holder shall on a poll be entitled to one vote for every share of the class held by him; and
- (d) 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 (whatever the number) who is present in person or by proxy shall be a quorum.

#### 8 *Transfer of shares*

##### 8.1 *Form of transfer*

Except as may be provided by any procedures implemented pursuant to Article 21, 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.

##### 8.2 *Right to refuse registration*

The Board may in its absolute discretion and without giving any reason refuse to register any share transfer unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of a share on which the Company has no lien;
- (c) it is in respect of only one class of shares;
- (d) it is in favour of a single transferee or not more than four joint transferees;

- (e) it is duly stamped (if so required); and
- (f) it is delivered for registration to the Office, 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 such shares from taking place on an open and proper basis.

## **9 Dividends and other payments**

### **9.1 Declaration of dividends**

Subject to the provisions of the Companies Acts and of these 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.

### **9.2 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**

10.1 Save as provided below, 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 Companies Acts, 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.

10.2 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 moneys borrowed by the Group (exclusive of moneys borrowed by one Group 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 10 per cent. of the Adjusted Capital and Reserves provided that prior to the publication of an audited balance sheet of the Company such aggregate principal amount shall be limited to 10 per cent. of the amount paid up or credited as being paid up (whether in respect of nominal value or premium) of the allotted and issued share capital of the Company.

10.3 For these purposes:

- (a) the Adjusted Capital and Reserves means a sum equal to the aggregate from time to time of:
  - (i) the amount paid up (or credited as paid up) on the allotted or issued share capital of the Company; and

- (ii) the amount standing to the credit of the capital and revenue reserves of the Group, whether or not distributable (including without limitation any share premium account, capital redemption reserve fund, and credit or debit balance on any other distributable reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account,

all as shown in the latest audited balance sheet of the Group (prepared on the historical cost basis, modified to the extent as may be stated in the accounting policies used for the preparation of such balance sheet) but after:

- (iii) making such adjustments as may be appropriate to reflect:
  - (A) any variation in the amount of the paid up share capital, the share premium account or the capital redemption reserve or any such reserves since the date of the relevant balance sheet and so that for the purpose of making such adjustments:
    - (aa) if any issue or proposed allotment of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been allotted and the amount (including the premium) of the subscription monies payable in respect of them (not being monies payable later than 6 months after the date of allotment) shall be deemed to have been paid up to the extent so underwritten on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, the date on which it became unconditional);
    - (bb) subject as aforesaid, share capital (including any premium) shall be deemed to have been paid up as soon as it has been unconditionally agreed to be subscribed or taken up (within 6 months of such agreement) by any person;
  - (B) any variation since the date of the relevant balance sheet of the companies comprising the Group;
  - (C) where the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary undertaking, such adjustments as would be appropriate if such transactions had been carried into effect;
- (iv) excluding (so far as not already excluded):
  - (A) amounts attributable to the proportion of the issued equity share capital of any subsidiary which is not attributable directly or indirectly to the Company;
  - (B) any sum set aside for taxation (including deferred taxation);
- (v) deducting:
  - (C) sums equivalent to the book values of goodwill and other intangible assets shown in the relevant balance sheet; and
  - (D) the amount of any distribution declared, recommended or made by any Group company to a person other than a Group company out of profits accrued up to and including the date of (and not provided for in) the relevant balance sheet.
- (b) cash deposited means an amount equal to the aggregate of the amounts beneficially owned by Group companies which are deposited for the time being with any bank or other person (not being a Group company) and which are repayable to any Group company on demand or within three months of such demand subject, in the case of amounts deposited by a partly-owned subsidiary, to the exclusion of a proportion thereof equal to the proportion of its issued equity share capital which is not attributable, directly or indirectly, to the Company;
- (c) moneys borrowed include not only moneys borrowed but also the following except in so far as otherwise taken into account:
  - (vi) 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;

- (vii) 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) other than acceptances and acceptance credits relating to the purchase of goods or services in the ordinary course of trading and outstanding for 6 months or less;
- (viii) the principal amount of any debenture (whether secured or unsecured) of any Group company beneficially owned otherwise than by a Group company;
- (ix) the principal amount of any preference share capital of any subsidiary beneficially owned otherwise than by a Group company;
- (x) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing (but any premium payable on final repayment of an amount not to be taken into account as moneys borrowed shall not be taken into account); and
- (xi) any fixed amount in respect of a hire-purchase agreement or of a finance lease payable in either case by a Group company which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet (and for the purpose of this sub-paragraph (vi) finance lease means a contract between a lessor and a Group company as lessee or sublessee where substantially all the risks and rewards of the ownership of the asset leased or subleased are to be borne by that company and purchase hire-agreement means a contract of hire-purchase between a hire- purchase lender and a Group company as hirer);

but do not include:

- (xii) 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;
- (xiii) moneys borrowed by any Group company for the purpose of financing any contract in respect of which any payment of the price receivable under the contract by that or any other Group company is guaranteed or insured by the Export Credits Guarantee Department or by any other institution fulfilling a similar function up to an amount equal to but not exceeding that part of the price receivable under the contract which is so guaranteed or insured;
- (xiv) an amount equal to the moneys borrowed of any company outstanding immediately after it becomes a Group company provided that it became a Group company during the 6 months preceding the calculation;
- (xv) an amount equal to the amount secured on an asset immediately after it was acquired by a Group company provided that it was acquired during the 6 months preceding the calculation;
- (xvi) notwithstanding paragraphs (i) to (vi), the proportion of moneys borrowed by a Group company (and not owing to another Group company) which is equal to the proportion of its issued equity share capital not attributable directly or indirectly to the Company;
- (xvii) amounts borrowed or raised which are for the time being deposited with HMRC or any other body designated by any relevant legislation or order in connection with import deposits or any similar government scheme to the extent that a member of the group retains an interest in them;

and in paragraphs (vii) to (xii) above references to amounts of moneys borrowed include references to amounts which, but for the exclusion under those paragraphs, would fall to be included;

- (d) there shall be credited against the amount of any moneys borrowed any cash deposited;

- (e) for the avoidance of doubt it is hereby expressly provided that for the purposes of the limit set out in Article 112.2 The following sums shall be deemed not to be moneys borrowed of the Group:
- (i) any and all sums retained by any member of the Group (or their agent or nominee) under the terms of any contract or other arrangement relating to the construction of capital projects where the retention is made for the purposes of securing satisfactory completion and entry into service of the project for so long as and to the extent that any member of the Group is entitled to retain such sums under the relevant contract or arrangement;
  - (ii) sums advanced or paid to any member of the Group (or their agent or nominee) by customers of any member of the Group as prepayments or progress payments or payments on account or by way of deposit or security in respect of any products or services or under any sales contracts or settlements systems; and
  - (iii) sums which otherwise would fall to be treated as borrowed moneys of any member of the Group which were treated with the concurrence of the auditors and in accordance with any current Statement of Standard Accounting Practice or other accountancy principle or practice generally accepted for the time being in the United Kingdom in the latest audited balance sheet of the relevant member of the Group on which such consolidation was based as otherwise than borrowed moneys of that member of the Group;
- (f) relevant balance sheet means the latest published audited consolidated balance sheet of the Group, but where the Company has no subsidiaries it means the balance sheet and profit and loss account of the Company and, where the Company has subsidiaries but there are no consolidated accounts of the Group, it means the respective balance sheets and profit and loss accounts of the companies comprising the Group; and -
- (g) subsidiary has the meaning given to it in the Companies Acts except that it shall also include a subsidiary undertaking (within the meaning of the Companies Acts) (except a subsidiary undertaking which is excluded from consolidation by virtue of the provisions of the Companies Acts), and Group and Group company and references to any company which becomes a Group company or to companies comprising the Group shall in such case be construed so as to include subsidiary undertakings except a subsidiary undertaking which is excluded from consolidation as aforesaid and equity share capital shall be construed in relation to a subsidiary undertaking without a share capital in the same manner as shares are defined in relation to an undertaking without a share capital under the Companies Acts.

## 11 Directors' interests

### 11.1 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 the Companies Act 2006 to avoid conflicts of interest:

- (a) any Director (including the Director concerned) may propose that the Director concerned be authorised in relation to any matter the subject of such a conflict. Such proposal and any authority given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board under the provisions of these Articles, except that the Director concerned and any other Director with a similar interest;
- (b) shall not count towards the quorum at the meeting at which the conflict is considered;
- (c) may, if the other members of the Board so decide, be excluded from any Board meeting while the conflict is under consideration; and
- (d) shall not vote on any resolution authorising the conflict except that, if he does vote, the resolution will still be valid if it would have been agreed to if his vote had not been counted.

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

- 11.1.2.1 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;

- 11.1.2.2 the Director concerned and any other Director with a similar interest will be obliged to conduct himself in accordance with any terms imposed by the Board from time to time in relation to the conflict;
- 11.1.2.3 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;
- 11.1.2.4 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- 11.1.2.5 the Board may withdraw such authority at any time.
- 11.1.3 A Director is entitled to accept a benefit from a third party, even if the benefit was conferred by reason of his being a Director, if the receipt of the benefit is disclosed to and approved by the Board within a reasonable time of its receipt or the value or nature of the benefit or series of benefits taken as a whole is such that it cannot reasonably be regarded (including by reference to any scale or categorisation of benefits that the Board may from time to time prescribe for the purpose) as likely to give rise to a conflict of interest.

## 11.2 Director may have interests

Subject to the provisions of the Companies Acts and Article 122A above and further provided that Article 123 is complied with, 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 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.

## 12 Untraced members

### 12.1 Power of sale

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 in paragraph (b) (or if published on different dates, the earlier or earliest of them) no cheque, order or warrant in respect of such share sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share at his address on the Register or other last known address given by the member or person to which cheques, orders or warrants in respect of such share are to be sent has been cashed and the Company has received no communications in respect of such share from such member or person provided that during such period of 12 years at least 3 cash dividends (whether interim or final) in respect of the shares in question have become payable and no such dividend during that period has been claimed by the person entitled to it;

- (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 United Kingdom 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;
  - (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; and
  - (e) the Company has given notice to the London Stock Exchange of its intention to make such sale and shall have obtained the approval of the Quotations Department to the proposed form of the said advertisement, if shares of the class concerned are listed or dealt in on that exchange.
- 12.2 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.
- 12.3 If during the period of 12 years referred to in Article 79.1 or during any period ending on the date when all the requirements of paragraphs (a) to (d) of Article 79.1 have been satisfied, any additional shares have been issued in respect of those held at the beginning of such period or of any previously so issued during such period and all the requirements of paragraphs (b) to (d) of Article 79.1 have been satisfied in regard to such additional shares the Company shall also be entitled to sell the additional shares.

### 13 *Capitalisation of reserves*

The Board may with the authority of an ordinary resolution of the Company:

- (a) subject as provided in this Article, resolve to capitalise any profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of share premium account or capital redemption reserve or other undistributable reserve;
- (b) appropriate the sum resolved to be capitalised on the date specified in the resolution to the holders of Ordinary Shares in proportion to the nominal amount of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amount, if any, for the time being unpaid on any share held by them respectively or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those holders of Ordinary Shares or as they may direct in those proportions or partly in one way and partly in the other provided that:
  - (i) the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to holders of Ordinary Shares credited as fully paid; and
  - (ii) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time is not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment of it; and
  - (iii) where the amount capitalised is applied in paying up in full new shares, the Company will also be entitled to participate in the relevant distribution in relation to any shares held by it as treasury shares and the proportionate entitlement of the members to the distribution will be calculated accordingly;

- (c) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;
- (d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of it to the Company rather than to then holders of Ordinary Shares concerned) or by payment in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fractions;
- (e) authorise any person to enter on behalf of all the holders of Ordinary Shares concerned into an agreement with the Company providing for either:
  - (i) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalisation; or
  - (ii) the payment up by the Company on behalf of such holders by the application to it of their respective proportions of the reserves or profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares,
 (any agreement made under such authority being effective and binding on all such holders); and
- (f) generally do all acts and things required to give effect to such resolution.

#### 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 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 realised on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Companies Acts, 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 realised on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to the Companies Acts, any expenses, loss or liability (or provision therefor) 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 these 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 *Winding up*

##### 15.1 *Division of assets*

The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article 161.2 is subject to the rights attached to any shares which may be issued on special terms or conditions.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and

may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 110, Insolvency Act 1986. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

#### *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 fifth anniversary of the last allotment of shares in the Company and thereafter at five yearly intervals, invite the members to consider and debate the future of the Company (including, without limitation, whether the Company should be wound up, sold or unitised) and as soon as practicable following that meeting shall convene a general meeting to propose such resolution as the members attending the annual general meeting may by ordinary resolution require.

#### *17 Uncertificated Shares*

The Board may make such arrangements as it sees fit, subject to the Act, 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 maintain insurance for the benefit of the directors. Directors' and Other Interests in the Company.

### **4 DIRECTORS' AND OTHER INTERESTS IN THE COMPANY**

- 4.1 As at 13 December 2010 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, or will have immediately following the issue of the New Shares pursuant to the Offer, directly or indirectly, has or will have 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 & Transparency Rules of the FSA, a holding of 3 per cent. or more must be notified to the Company).
- 4.2 As at 13 December 2010 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families) in the issued share capital of the Company was as follows:

	<b>Shares</b>	<b>% of Share Capital</b>
Peter Dicks	76,000	0.13
Malcolm Diamond	16,223	0.03
James Grossman	nil	-
Jeremy Hamer	20,250	0.03
Jocelin Harris	26,678	0.04

- 4.3 As at 13 December 2010 (this being the latest practicable date prior to publication of this document) save as disclosed above, no Director, his family or any person connected to the Director within the meaning of section 252 of CA 2006 has any interest in the share or loan capital of the Company.
- 4.4 None of the Directors has a service agreement with the Company, nor are any such contracts proposed. The Directors were all appointed under letters of appointment dated 19 November 2010. Malcolm Diamond and Jeremy Hamer also provide consultancy services pursuant to consultancy agreements of the same date. All appointments may be terminated on three months' notice. No arrangements have been entered into by the Company, entitling the Directors to compensation for loss of office. Malcolm Diamond and James Grossman are entitled to annual fees of £15,000 each, whilst Jocelin Harris (as the senior independent director) and Jeremy Hamer as audit committee chairman) are each entitled to £17,500 and Peter Dicks (as chairman) is entitled to £20,000. Fees paid to the Directors in respect of the year ended 30 September 2010 were £77,366 (including fees for former directors) as set out below:

	<b>Fees Paid (£)</b>
Peter Dicks	20,000
Malcolm Diamond	8,452
James Grossman	15,000
Jeremy Hamer	9,851
Jocelin Harris	17,500
David Royds	6,563

Directors' fees for the current year ending 30 September 2011 are estimated to be £85,000. No amounts have been put aside to provide pensions, retirement or similar benefits to any Directors.

- 4.5 Malcolm Diamond, is a shareholder in Unicorn AM and is, therefore, interested in the contracts (other than the contract at paragraph 6.3) referred to at paragraph 6 below and for that reason is not regarded as being independent.
- 4.6 The Directors are shareholders in the following companies in which the Company has invested:

<b>Director</b>	<b>Investee Company</b>
Peter Dicks	Keycom plc Supporta plc Mears Group
James H Grossman	Abcam plc Mears Group plc Praesepe plc
Jeremy Hamer	Access Intelligence plc Avingtrans plc
Jocelin Harris	Keycom plc Mears Group plc

- 4.7 Save as set out in paragraphs 4.6 and 4.7 above, there are no potential conflicts of interest between the duties of any Director and their private interests and/or other duties.
- 4.8 Other than disclosed in this paragraphs 4.6 and 4.7 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 years ended 30 September 2008, 2009 and 2010 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.
- 4.9 No loan or guarantee has been granted or provided by the Company to or for the benefit of any of the Directors.
- 4.10 The Company has taken out directors' and officers' liability insurance for the benefit of its Directors, which is renewable on an annual basis.
- 4.12 The Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

<b>Name</b>	<b>Current</b>	<b>Past 5 Years</b>
Peter Dicks	Capital Accumulation Limited Daniel Stewart Securities plc Enterprise Capital Trust plc (in liquidation) Foresight VCT plc Foresight 2 VCT plc Foresight 3 VCT plc Foresight 4 VCT plc Foresight Clearwater VCT plc Gartmore Fledgling Trust plc GFT Dealing Limited Graphite Enterprise Trust plc	Boostcareer Limited CM Group Holdings Limited GEI Group Limited ISEC Securities Limited Lebanon Holdings (Luxembourg) London Trust Productions Limited The East German Investment Trust plc (in liquidation) United Industries plc Vencap International plc Waterline Group plc

Name	Current	Past 5 Years
Peter Dicks (continued)	Mears Group plc Mercia Fund 1 General Partner Limited PCT Finance Limited Polar Capital Technology Trust plc Private Equity Investor plc Second London American Trust plc (in liquidation) SportingBet plc Standard Microsystems Corporation (USA) SVM UK Emerging Fund plc Unicorn AIM VCT plc	
Malcolm Diamond	Cathedral Works Organisation (Chicester) Limited CWO Holdings Limited Soundscape Environmental Structures LLP Trifast plc Unicorn AIM VCT plc Unicorn AIM VCT II plc (in liquidation)	Centurion Electronics plc Dechra Pharmaceuticals plc H.S. Jackson & Son (Fencing) Limited MY Marketing Limited
James H Grossman	Canoel International Energy Limited (Canada) FreshTL plc Thalassa Holdings Limited (British Virgin Islands) Unicorn AIM VCT plc	Champion Communications Services Inc (USA) World Gaming plc
Jeremy Hamer	Access Intelligence plc Avingtrans plc Fin Dec Limited Rose Bowl plc SQS plc Unicorn AIM VCT plc Unicorn AIM VCT II plc (in liquidation) Westminster Coaching LLP Zero Nine Limited	Berkeley Scott Group plc Glisten plc Inter Link Foods plc Internet Marketing Limited The Internet Marketing Guild Limited West Country Fine Foods Limited (in liquidation)
Jocelin Harris	Brandbank Limited Durrington Corporation Limited Eonyx Corporation (USA) Foresight 2 VCT plc Halkin Secretaries Limited Millenium Mats Limited Queen Mary, University of London Foundation Roil Foods Limited Roilvest Limited Serres Limited The St Peter's College Foundation The Webb Partnership Limited Tudor Roof Tile Co. Limited Unicorn AIM VCT plc Unipower Solutions Europe Limited	Alembic Foods Limited Alembic Products Limited Automat International Limited Cuesol Inc (USA) Food Trak Limited M-Box Limited Performance Brands Limited Speed to Market Limited The Resource Connection Limited Teviot Holdings Limited Teviotdale Windows & Doors Limited (in liquidation) Tribology Investment Limited Unipower Group Limited Unipower Solutions Europe (EBT) Limited Unipower Systems Limited



- 4.13 None of the Directors have had any convictions in relation to fraudulent offences during the previous five years.
- 4.14 Save as disclosed in this paragraph, 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 or (iv) a senior manager during the previous five years:
- 4.14.1 Peter Dicks is a director of Second London American Trust plc and Enterprise Capital Trust plc, which were placed into members' voluntary liquidation in August 2006 and 7 February 2008 respectively. Peter Dicks was also, until this year, a director of The East German Investment Trust plc, which was placed into members' voluntary liquidation in November 2008. Peter Dicks was also director of ISEC Securities Limited and CM Group Holdings Limited, which were put into members' voluntary liquidation prior to being dissolved in September 2005 and May 2008 respectively. In addition, Peter Dicks was also director of Boostcareer Limited and GEI Group Limited, which were voluntarily struck off the register of companies and dissolved in August 2009 and November 2010 respectively. Peter Dicks was also director of United Industries plc which was placed into administration in April 2006. Under the administration of the company all secured creditors were paid in full. Total non-preferential unsecured creditors as detailed on the directors' statement of affairs as at 5 April 2006 amounted to £33,611,202. There were insufficient funds to enable a distribution to non-preferential unsecured creditors leaving an estimated final deficiency as regards non-preferential unsecured creditors of £33,611,202. There were no known preferential creditor claims.
- 4.14.2 Jim Grossman was a director of World Gaming plc until September 2006. The Company was subsequently placed in administration on 24 October 2006. As at 1 October 2010, the date of the latest liquidator's report, the company had outstanding unsecured creditors claims amounting to over £21 million.
- 4.14.3 Until March 2006, Jocelin Harris was a director of The Resource Connection Limited, which recently applied for voluntary strike off from the register of companies. Jocelin Harris was also a director of Food Trak Limited and Automat International Limited when they were dissolved in January 2009 and May 2009 respectively and both of which were voluntarily struck off the register of companies. Jocelin was a director of Teviotdale Windows & Doors Limited until October 2009. This company has subsequently been placed in liquidation in October 2010 and a meeting of creditors is due to take place shortly.
- 4.14.4 Jeremy Hamer was a non-executive director of Inter Link Foods plc which is currently in administration. As at 11 August 2009, the date to which the latest administrator's report was filed with the Registrar of Companies, the Company had outstanding creditors amounting to £14.9 million and unsecured creditor claims amounting to £17.9 million. Jeremy Hamer was also a director of Rushden Granulating Company Limited which was dissolved in March 2007. He was also an investor representative non-executive director of Rushden Playsafe Limited when it was dissolved in August 2007. Jeremy Hamer was a director of West Country Fine Foods Limited until resigning in July 2008; this company is now in liquidation.
- 4.14.5 Malcolm Diamond and Jeremy Hamer are directors of Unicorn AIM VCT II plc which was put into members voluntary solvent liquidation pursuant to section 110 of the Insolvency Act 1986 for the purposes of completing the merger with this Company.
- 4.15 There have been no official public incriminations and/or sanctions 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.

## 5 Overseas Shareholders

- 5.1 The issue of New Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Company shareholders should inform themselves about and observe any legal requirements, in particular:
- 5.1.1 none of the New Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia or Japan;
- 5.1.2 the Company is not registered under the United States Investment Company Act of 1940, as amended and investors are not entitled to the benefits of that Act; and

- 5.1.3 no offer is being made, directly, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, or Japan. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## 6 Material Contracts

Save as disclosed in this paragraph, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document

- 6.1 A management agreement dated 1 October 2001 (as supplemented by agreements/deeds dated 20 January 2004, 19 February 2007, 9 March 2010 and 12 April 2010) between the Company (1) and Unicorn AM (2) pursuant to which Unicorn AM provide certain management services to the Company for a fee payable quarterly in advance at a rate of 2 per cent. per annum of the NAV of the Company calculated in accordance with the Company's normal accounting policies, excluding the value of any investments in other funds also managed by Unicorn AM.

Under this agreement, the Manager has agreed to meet the normal annual expenses of the Company (excluding performance incentive fees) in excess of 3.6 per cent. of the net assets of the Company as at the end of each financial year.

The Manager may retain any director's fees which it receives in connection with an investment made by the Company subject to prior written approval of the Company. The Manager is required to account to the Company all syndication, arrangement and transaction fees, commissions, refunds of commissions and interest received by the Manager in connection with the management of the investments of the Company.

The agreement is terminable by either party on 12 months' notice to expire on or after 12 April 2012, subject to earlier termination by either party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by the Company if it fails to become, or ceases to be, a VCT for tax purposes or where Unicorn AM ceases to be authorised by the Financial Services Authority or if there is a change in control of Unicorn AM. The agreement contains provisions indemnifying Unicorn AM against any liability not due to its default, gross negligence, fraud or breach of the Financial Services and Markets Act 2000.

- 6.2 A performance incentive agreement dated 12 April 2010 (as amended by a deed of variation dated 12 April 2010 and as supplemented by a side letter dated 14 December 2010) between the Company (1) and Unicorn AM (2) pursuant to which Unicorn AM is to receive performance related incentive fees of 20 per cent. of any excess above 6p per Share of the annual dividends paid to Shareholders subject to the Company maintaining NAV at no less than per Share of 125p or more as calculated in the annual report and accounts for the year relating to payment. Any cumulative shortfalls below the 6p per annum dividend hurdle after the financial period ended on 30 September 2010 will have to be made up in later years.

Although the arrangement allows for the performance incentive calculation to be adjusted in such manner as the auditors confirm in writing where the Company issues further Shares, it has been agreed that no adjustment will be made which would result in a reduction in the requirement to maintain NAV at no less than 125p per Share.

The agreement will terminate automatically if the Company enters into liquidation or if a receiver or manager is appointed or if a resolution is passed that the Company is voluntarily wound up in accordance with the Articles.

- 6.3 An agreement dated 28 January 2010 between the Company (1), the Directors (2), Unicorn AM (3) and Howard Kennedy (4) pursuant to which Howard Kennedy were appointed as sponsor to the Company in connection with the merger of the Company with Unicorn AIM VCT II plc which completed in March 2010. Under the agreement, certain warranties were given by the Company, the Directors and Unicorn AM to Howard Kennedy. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor in connection with the Merger. The warranties and indemnity were in usual form for a contract of this type.

- 6.4 A transfer agreement dated 9 March 2010 between Unicorn AIM VCT II plc (1), William Duncan and Jonathan Paul Philmore ("the Liquidators") (2) and the Company (3) pursuant to which all of the assets and liabilities of Unicorn AIM VCT II plc were transferred to the Company pursuant to the merger of the Company with Unicorn AIM VCT II plc.
- 6.5 A deed of indemnity dated 9 March 2010 between the Company (1) and the Liquidators (2) pursuant to which the Company indemnified the Liquidators, inter alia, for expenses and costs incurred by them in effecting the scheme of reconstruction for the purpose of the merger of the Company with Unicorn AIM VCT II plc.
- 6.6 An agreement dated 14 December 2010 between the Company, the Directors, Unicorn AM and Howard Kennedy pursuant to which Howard Kennedy will act as sponsor to the Company in respect of the Offer. Under the agreement, which may be terminated by Howard Kennedy in certain circumstances, certain warranties have been given by the Company, the Directors and Unicorn AM to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus becomes apparent or any breach of warranty occurs.
- 6.7 A letter dated 14 December 2010 from Unicorn AM (1) to the Company (2) pursuant to which Unicorn AM has agreed to act as the promoter of the Offer and to underwrite all of the costs and expenses of the Offer (save for annual trail commission) in consideration for a promotion fee of 5.5 per cent. of the gross proceeds of the Offer.

## 7 Related Party Transactions

Unicorn AM, under the arrangements set out at paragraph 6.1, was paid £686,000, £503,000, £780,000 and £176,000 (accrued to 30 November 2010) (representing 94.1 per cent., 86.7 per cent., 83.9 per cent. and 76.1 per cent. of the Company's income) in the years ended 30 September 2008, 2009 and 2010 and in the current financial year respectively. In addition, Unicorn AM has contributed £56,194 towards the costs of the merger of the Company with Unicorn AIM VCT II plc in March 2010 (and a further amount of £43,806 is due to be paid in March 2011). Unicorn AM, under the arrangements set out at paragraph 6.7, will be entitled to a promotion fee of 5.5 per cent. of the gross proceeds of the Offer which, assuming the Offer is fully subscribed, would amount to £825,000, and from which the costs of the Offer (excluding annual trail commission) will be met. Matrix-Securities Limited, (of which David Royds, a former director of the Company, is a director and material shareholder) was paid £193,000, £195,000, £182,000 and £24,000 (accrued to 30 November 2010) (representing 26.5 per cent., 33.6 per cent., 19.6 per cent. and 10.4 per cent. of the Company's income) in the years ended 30 September 2008, 2009 and 2010 and in the current financial year respectively. Fees paid to directors, were £52,500, £63,164, £77,366 and £15,151 (accrued to 30 November 2010) (representing 7.2 per cent., 10.9 per cent., 8.3 per cent. and 6.6 per cent. of the Company's income) in the years ended 30 September 2008, 2009 and 2010 and the current financial year respectively. Save for the fees as set out in this paragraph 7, there were no related party transactions or fees paid during the years ended 30 September 2008, 2009 and 2010 or to date in the current financial year.

## 8 Corporate Governance and Board Committees

### 8.1 Corporate Governance

The Board adopts the Association of Investment Companies Code of Corporate Governance ("AIC Code"), as revised in March 2009. The AIC Code addresses all principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The Board believes that reporting against the principles of the AIC Code will provide more relevant information to shareholders.

As at the date of this document, the Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code except where noted below. There are certain areas of the Combined Code that the AIC does not consider relevant to investment companies and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

As an externally managed investment company, the Company does not employ a chief-executive nor any executive directors. The systems and procedures of Unicorn AM and Matrix-Securities Limited, the provision of VCT monitoring services by

PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board confidence that an internal audit function is not appropriate.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary. Matters specifically reserved for decision by the Board have been defined. These include compliance with the requirements of CA 2006, the UK Listing Authority and the London Stock Exchange; changes relating to the Company's capital structure or its status as a plc; Board and committee appointments and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business. The Board as a whole now considers management engagement, nomination and remuneration matters rather than delegating these to committees, as a majority of the Directors are considered independent of Unicorn AM. Management engagement matters include an annual review of the Company's service providers, with a particular emphasis on reviewing Unicorn AM in terms of investment performance, quality of information provided to the Board and remuneration. The Board as a whole considers Board and committee appointments and the remuneration of individual directors.

The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance, including but not limited to investor relations, peer group information and issues affecting the investment industry as a whole. The Board, with Unicorn AM and the Company's broker, monitors the level of the share price discount and, if considered appropriate, takes action to reduce it. A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, which is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that the Audit Committee has sufficient resources to undertake its duties.

All Directors are subject to election by Shareholders at the first annual general meeting following their appointment. Each Director retires by rotation at an annual general meeting if they have held office as a director at the two immediately preceding annual general meetings and did not retire at either of those meetings in accordance with the Articles.

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of nine years) may lead to the compromise of a director's independence. The Board does not believe that a director should be appointed for a finite period. Peter Dicks has now served the Company for nine years and the Board considers that he remains independent of the Manager as he continues to offer independent, professional judgement and constructive challenge of the Manager. In accordance with the AIC Code. However, Peter Dicks will offer himself for re-election annually.

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, with the exception of Malcolm Diamond, all of the Directors are independent of Unicorn AM. Peter Dicks is a non-executive director and shareholder in Mears Group plc, one of the Company's investee companies. Peter Dicks is also a shareholder in two other investee companies, Keycom plc and Supporta plc. Jocelin Harris is a shareholder in Keycom plc, holding less than 1 per cent. of the issued share capital and has a beneficial interest in Mears Group plc through a pension fund. James Grossman has very small shareholdings in Mears Group plc, Abcam plc and Praesepe plc via a trust fund, holding less than 0.01 per cent. of the issued share capital of each company. Jeremy Hamer is a director and shareholder of Access Intelligence plc and Avingtrans plc, each of which are investee companies. Malcolm Diamond holds 0.38 per cent. of Unicorn AM's share capital.

The Directors independent of each conflict considered the circumstances and agreed that all of the Directors remain independent of the Investment Manager, with the exception of Malcolm Diamond, as these relationships are not of a material size to their assets and other business activities nor to those of the Company. The Board considers that Mr Diamond's shareholding in the Manager may appear to affect his independence from the Manager and, therefore, he does not participate in decisions regarding the Manager, and, in particular its continued appointment. There are no other contracts or investments in which the Directors have declared an interest.

The above conflicts, along with other potential conflicts, have been reviewed by the Board in accordance with the procedures under the Articles and applicable rules and regulations (including each Director's duty to promote the success of the Company). The articles allow the Directors not to disclose information relating to the conflict where to do so would amount to a breach of confidence. The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any decisions

relating to such investments. The Directors inform the Board of changes to their other appointments as necessary. The Board reviews the authorisations relating to conflicts annually. Authorisation will be reviewed should there be a material change in an authorised conflict. Future conflicts of interest will be considered by the Board under the above procedures and will be reported upon accordingly.

The Board aims to include a balance of skills, experience and length of service that the Directors believe to be appropriate to the management of the Company. The Board offers an induction procedure to all new directors and all directors may choose relevant training as and when required. The Chairman fully meets the independence criteria as set out in the AIC Code. During the year, the Board did not operate a formal system of performance evaluation. However, since the year end, it has introduced a formal system of performance evaluation of the Board and the Chairman. The senior independent director evaluates all responses and provides feedback to the Board. The independent directors monitor the continuing independence of the Chairman and inform him of their discussions.

## **8.2 Board Committees**

As noted above the Board as a whole considers matters relating to management engagement, nomination and remuneration.

The Audit Committee comprises all of the Directors and Jeremy Hamer acts as Chairman. The Board is satisfied that Jeremy Hamer has recent and relevant financial experience. The Committee meets at least twice a year to review the internal financial and non-financial controls, accounting policies and contents of the half-yearly and annual reports to Shareholders. It has primary responsibility for making recommendations on the appointment and removal of the external auditors. The Committee reviews the independence of the auditors and the effectiveness of the audit process annually. Should the Committee be dissatisfied with the standard of service received from the incumbent auditor, a tender process would be undertaken. The Company's external auditors are invited to attend meetings as appropriate.

## **9 Taxation**

- 9.1 The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Board as to the position of the Company's Shareholders who hold Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or may be subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.
- 9.2 Stamp duty and stamp duty reserve tax - the Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Shares. The Company has also been advised that the transfer of Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5 per cent. of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 9.3 Taxation of dividends – under current law, no tax will be withheld by the Company when it pays a dividend.
- 9.4 Close company – the Board believes that the Company is not, and expects that following completion of the Scheme it will not be, a close company within the meaning of ITA 2007. If the Company was a close company in any accounting period, approval as a VCT for the Company would be withdrawn.

## **10 Financial Information**

Audited financial information on the Company is published in the annual reports for the years ended 30 September 2008, 2009 and 2010, which were audited by PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP and were reported on without qualification and contained no statements under section 237(2) or (3) of the CA 1985 or Chapter 3 of Part 16 of CA 2006 (as applicable).

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'. The annual reports contain a description of the relevant company's financial condition, changes in financial condition and results of operation for each relevant financial year and are being incorporated by reference and can be accessed at the following website:

[www.unicornam.com](http://www.unicornam.com)

and are available for inspection at the National Storage Mechanism, which can be accessed at:

[www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do)

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document.

The annual report includes the following information:

**The Company**

	2008	2009	2010
Description	Annual Report	Annual Report	Annual Report
Balance Sheet	Page 36	Page 36	Page 41
Income Statement (or equivalent)	Page 35	Page 35	Page 40
Statement showing all changes in equity (or equivalent note)	Page 37	Page 37	Page 42
Cash Flow Statement	Page 37	Page 37	Page 42
Accounting Policies and Notes	Pages 38–52	Pages 39–53	Pages 43–44
Auditors' Report	Page 34	Page 34	Page 39

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.

The annual report also includes operating/financial reviews as follows:

	2008	2009	2010
Description	Annual Report	Annual Report	Annual Report
Objective	inside front cover	inside front cover	inside front cover
Performance Summary	Pages 2–3	Pages 2–3	Pages 2–4
Results and Dividend	Page 21	Pages 21–22	Page 29
Investment Policy	Page 1	Page 1	Page 1
10 Year Outlook	Page 9	Page 9	Page 17
Manager's Review	Pages 6–9	Pages 6–9	Pages 7–17
Portfolio Summary	Pages 10–19	Pages 10–19	Pages 18–25
Business Review	Page 21	Page 21	Page 28
Valuation Policy	Page 38	Page 38	Page 43

As at 30 September 2010, the date to which the most recent audited financial information on the Company has been drawn up, the Company had net assets of £62,279,000. The unaudited net assets of the Company as at 30 November 2010 (taken from the unaudited management accounts to 30 November 2010) was £65,933,388.

## 11 General

### Working Capital Statement

- 11.1 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.

### Capitalisation and Indebtedness Statement

- 11.2 As at 13 December 2010 (the latest practicable date prior to publication of this document), the Company has no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, direct and/or contingent and there is no current intention of incurring any such indebtedness for at least the twelve month period from the date of this document.
- 11.3 The capitalisation of the Company as at 30 September 2010, is set out below. There has been no material change in the capitalisation of the Company between 30 September 2010, the date of the Company's last published financial information and 13 December 2010, the latest practicable date before the date of publication of this document.

Shareholders' Equity	£'000
Called-up share capital	598
Capital redemption reserve	240
Share premium account	25,143
Revaluation reserve	5,955
Special distributable reserve	24,263
Profit and loss	6,080
Total	62,279

#### Other

- 11.4 As at 30 September 2010, the date to which the last audited financial statements have been published, had the Offer closed and been fully subscribed the net assets of the Company of £62,279,000 would have increased by £14,175,000. The costs of the Offer will be £825,000 (assuming maximum subscription under the Offer, and assuming the Offer is not increased, plus annual trail commission). Other than the costs of the Offer, the Offer is not expected to have a material effect on the earnings of the Company relative to its enlarged asset base.
- 11.5 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) during the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.
- 11.6 There has been no significant change in the financial or trading position of the Company since 30 September 2010, the date to which the last audited financial statements have been published, to the date of this document.
- 11.7 There have been no important events so far as the Company and the Directors are aware relating to the development of the Company or its business.
- 11.8 Save as set out in the final risk factor on page 6, as at the date of this document, there have been no significant factors, whether governmental, economic, fiscal, monetary or political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an affect on the Company's prospects or which have materially affected the Company's income from operations so far as the Company and the Directors are aware.
- 11.9 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material affect on the Company's prospects for at least the current financial year, so far as the Company and the Directors are aware.
- 11.10 Howard Kennedy and Unicorn AM have given and not withdrawn their written consent to the issue of this document and the inclusion of their names and the references to them in this document in the form and context in which they appear.
- 11.11 The total expenses payable by the Company in connection with the Offer (including VAT where applicable) will be £825,000 (assuming maximum subscription under the Offer plus annual trail commission). If the maximum subscription of £15,000,000 is achieved under the Offer the net proceeds will, therefore, amount to £14,175,000 (ignoring annual trail commission).
- 11.12 Shareholders will be informed, by means of the half-yearly and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached. In the event of any suspension of listing valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers.
- 11.13 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies in this document. There are no firm commitments in respect of the Company's principal future investments.
- 11.14 All Shareholders have the same voting rights in respect of the share capital of the Company. The Company is not aware of any person who, directly or indirectly, exercises or could exercise control over the Company, nor of any arrangements, the operation of which, may be at a subsequent date result in a change of control of the Company. The Company does not have any material shareholders with different voting rights.
- 11.15 PKF (UK) LLP (a member of the Institute of Chartered Accountants in England and Wales), have been auditors of the Company since launch.
- 11.16 The Company has no employees or subsidiaries.
- 11.17 The typical investor for whom investment in the Company is designed is an individual retail investor aged 18 or over who is resident and a tax payer in the United Kingdom.
- 11.18 Application has been made for the admission of the New Shares to be issued pursuant to the Offer to be listed on the premium segment of the Official List and application will be made for the New Shares to be admitted to trading on the London Stock Exchange's market for listed securities. A Regulatory Information Service announcement will be made following issues of New Shares pursuant to the Offer confirming the number of Shares issued and the relevant Offer Price. The New Shares will be 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.

- 11.19 The Company is subject to the investment restrictions relating to a venture capital trust in ITA 2007, as more particularly detailed in Part VIII of this document, 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 in page 16 of this document; (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 the total assets of the issuer 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 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 accordingly:
- 11.19.1 the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
  - 11.19.2 the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - 11.19.3 none of the investments at the time of acquisition will represent more than 15 per cent. by VCT Value of the Company's investments; and
  - 11.19.4 not more than 20 per cent. of the Company's gross assets will at any time be invested in the securities of property companies.
- 11.20 The Company and its Shareholders are subject to the provisions of the Takeover Code and the Companies Acts, which require shares to be acquired/transferred in certain circumstances.
- 11.21 The issued share capital of the Company as at the date of this document is 59,441,691. If the Offer is fully subscribed (assuming an Offer Price of 116.7p per Share), the existing 59,441,691 Shares would represent 82.2 per cent. of the enlarged issue share capital.

## **12 Documents Available for Inspection**

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the offer closes at the offices of Martineau, New Bridge Street, London EC4V 6BW and also at the registered office of the Company:

- 12.1 the memorandum and articles of association of the Company;
- 12.2 the audited report and accounts of the Company for the financial years ended 30 September 2008, 2009 and 2010;
- 12.3 the material contracts referred to in paragraph 6 above;
- 12.5 the consents referred to in paragraph 11.10 above; and
- 12.6 this document.

14 December 2010



## Part VIII – Definitions

"Admission"	admission of the New Shares allotted under the Offer to the premium segment of the Official List and to trading on the London Stock Exchange becoming effective
"AIM"	the AIM Market of the London Stock Exchange
"Annual General Meeting"	the annual general meeting of the Company to be held on 7 January 2011
"Application Form"	the application form for use in respect of the Offer set out in this document
"Articles"	the articles of association of the Company
"Board"	the board of Directors of the Company
"Business Day"	means any day on which banks are generally open for business in London, other than a Saturday
"CA 2006"	the Companies Act 2006 (as amended)
"Capita Registrars"	a trading name of Capita Registrars Limited
"Companies Acts"	the CA 2006 and Companies Act 1985 (as applicable)
"Company"	Unicorn AIM VCT plc
"CREST"	the computerised settlement system to facilitate the transfer of title to securities in uncertified form operated by Euroclear UK & Ireland Limited
"Directors"	the directors of the Company, and each a "Director"
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules of the UKLA
"EEA States"	the member states of the European Economic Area
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000
"HMRC"	HM Revenue & Customs
"ITA"	the Income Tax Act 2007
"IPEVC"	International Private Equity and Venture Capital Valuation Guidelines
"Manager" or "Unicorn AM"	Unicorn Asset Management Limited
"Memorandum"	the memorandum of association of the Company
"NAV" or "net asset value"	the net asset value of a company calculated in accordance with that company's accounting policy
"New Shares"	new Shares to be issued pursuant to the Offer
"Offer"	the offer for subscription of New Shares described in the Prospectus
"Offer Price"	the price at which New Shares will be allotted under the Offer as per the Pricing Formula
"Official List"	the Official List maintained by the UKLA
"Pricing Formula"	the calculation of the price at which the New Shares will be allotted in Company, being the latest published NAV of an existing Share divided by 0.945 (to allow for issue costs of 5.5 per cent.) rounded up to the nearest 1p per New Share
"Prospectus"	this document
"Qualifying Company"	an unquoted (including an AIM-listed) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act

"Qualifying Investor"	an individual aged 18 or over who is resident in the United Kingdom and who invests in the Companies
"Receiving Agent"	Capita Registrars
"Resolutions"	resolutions 9 and 10 to be proposed at the Annual General Meeting
"Shareholders"	holders of Shares, and each a "Shareholder"
"Shares"	ordinary shares of 1p each in the capital of the Company, and each a "Share"
"UK Listing Authority" or "UKLA"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its states, territories and possessions (including the District of Columbia)
"VCT Value"	the value of an investment calculated in accordance with Section 278 of the Tax Act
"Venture Capital Investments"	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 to the Tax Act
"venture capital trust" or "VCT"	a venture capital trust meeting the conditions set out in Section 259 ITA 2007

# Part IX – Application for New Shares

## Terms and Conditions

1. The Offer is conditional on the approval of the Resolutions being approved at the Annual General Meeting. If such Resolutions are not approved, the Offer will lapse. If the Offer does not become unconditional all subscription monies will be returned without interest.
2. The contract created by the acceptance of applications in the manner herein set out will be conditional on the admission of the New Shares of the Company being issued to the premium segment of 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 of the Company. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer New Shares than the number applied for, or if there is a surplus of funds (in excess of £1) 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.
3. 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.
4. 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 New Shares resulting from the application of the Pricing Formula, subject to the provisions of (i) the Prospectus (including any supplementary prospectus issued by the Company and filed with the FSA), (ii) these terms and conditions and (iii) the Memorandum and Articles;
  - b. authorise the Company's Registrar to send definitive documents of title for the number of New Shares for which your application is accepted and to procure that your name is placed on the register of members of the Company in respect of such New 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. in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any New Shares to any persons other than by means of the procedures set out or referred to in this document, agree 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 Company's receiving agent, Capita Registrars;
  - d. agree and warrant that your cheque or banker's draft will be presented for payment on receipt and will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive certificates for the New Shares applied for or to enjoy or receive any rights or distributions in respect of such New Shares unless and until you make payment in cleared funds for such New 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 New Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such New Shares as void and may allot such New Shares to some other person in which case you will not be entitled to any refund or payment in respect of such New Shares (other than return of such late payment);
  - e. agree 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 there from 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 New Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by notice of acceptance thereof by Capita Registrars;
  - h. 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;

- i. agree that, having had the opportunity to read the Prospectus (and any supplementary prospectus issued by the Company and filed with the FSA), you shall be deemed to have had notice of all information and representations concerning the Company contained in the Prospectus (and any supplementary prospectus) issued by the Company and filed with the FSA (whether or not so read);
  - 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 issued by the Company and filed with the FSA) and you accordingly agree that no person responsible solely or jointly for the Prospectus (and/or any supplementary prospectus issued by the Company and filed with the FSA) 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 paragraphs 4 and 5 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, Howard Kennedy and Capita Registrars;
  - n. agree to provide the Company and/or Capita Registrars with any information which it 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, Howard Kennedy, Capita Registrars or the Manager acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
  - p. agree that Howard Kennedy and Capita Registrars will not regard you as its customer by virtue of your having made an application for New 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 New Shares and that the New Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
5. 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 New Shares in any jurisdiction where action for that purpose is required, other than the UK, nor has any such action been taken with respect to the possession or distribution of this document other than in the UK. No person receiving a copy of the Prospectus (and any supplementary prospectus issued by the Company filed with the FSA) or an Application Form in any territory other than the UK 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 UK wishing to make an application for New 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. The New Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdictions (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended. No Application Form will be accepted if it bears an address or post mark in the USA.
6. The basis of allocation will be determined by the Company (after consultation with Howard Kennedy) 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 at 12.00 pm on 5 April 2011 (in respect of the 2010/2011 tax year) and 30 June 2011 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 set out on pages 54 and 55. In particular, but without

limitation, the Company (after consultation with Howard Kennedy) 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 the Company is prohibited by statute or other regulations from issuing New Shares. The Offer is for subscription of New Shares to raise up to £15 million (subject to a maximum of 17.5 million New Shares being issued). The Board, however, reserves the right to increase the size of the Offer (subject to the issue of a supplementary prospectus).

7. Save where the context requires otherwise, terms defined in the Prospectus (and any supplementary prospectus issued by the Company filed with the FSA) bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.
8. Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp or full address details and FSA number will normally be paid 2.25 per cent. commission on the amount payable by the applicant in respect of the New Shares allocated for each such Application Form. In addition, authorised financial intermediaries can either elect to receive trail commission at an annual rate of 0.375 per cent. of the net asset base value for each such Share (provided they continue to act for their client and the client continues to hold such New Shares on the funds invested). For this purpose, 'net asset base value' means the net assets attributable to such Share as determined from the audited annual accounts of the Company as at the end of the preceding financial year. No payment of commission by the Company shall be made to the extent that the cumulative annual trail commission per New Share would exceed 2.25 per cent. of the Offer Price for each such New Share held by the applicant.
9. Capita Registrars will collate the Application Forms bearing the financial intermediaries' stamps or full address details and calculate the initial commission payable which will be paid following the allotment of New Shares. Annual trail will be calculated and paid by the Company.
10. 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. For the avoidance of doubt, no further initial commission will be payable on such amount.

#### **Lodging of Application Forms and dealing arrangements**

Completed Application Forms with the appropriate remittance must be posted or delivered by hand (during normal business hours) to Capita Registrars, Corporation Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Offer opens on 14 December 2010 and will close on 30 June 2011 (or earlier if fully subscribed or at the discretion of the Board). The Board in its absolute discretion may also decide to extend the Offer. 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 New Shares will commence within three business days following allotment and that share certificates will be dispatched within ten business days of allotment of the New 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 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.

## Notes on how to complete the Application Form

It is essential that you complete all parts of the Application Form in accordance with the following instructions. Authorised financial intermediaries **MUST** read Points 5 and 6 of these notes.

Investors may make multiple applications using more than one Application Form.

### 1 Personal Details

Insert your full name, address, date of birth and National Insurance Number in BLOCK CAPITALS and black ink in Box 1.

Applications can only be made by persons over the age of 18.

Please provide a daytime telephone number and email address in case of query.

### 2 Application and Amount Payable

Insert in Box 2 the amount of money you wish to subscribe for New Shares pursuant to the Offer. Your application must be for a minimum of £5,000 and thereafter in multiples of £1,000.

#### Payment

Payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re Unicorn AIM VCT Offer". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or Bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/bankers' draft to such effect.

The account name should be the same as that shown on the application.

#### Money Laundering Regulations

Under the Money Laundering Regulations 2007, Capita Registrars Limited (Capita) may be required to check the identity of persons who subscribe for in excess of the sterling equivalent of €15,000 (approximately £12,000) of New Shares.

Capita may therefore undertake electronic searches for the purposes of verifying identity. To do so Capita may verify the details against the Applicant's identity, but also may request further proof of identity. Capita Registrars reserve the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

### 3 Declaration and Signature

Sign and date Box 3.

The Application Form may only be signed by someone other than the applicant named in Box 1 if duly authorised to do so. In such cases the original Power of Attorney (or other relevant legal document) or duly certified copy thereof must be enclosed for inspection.

### 4 Dividend Mandate

All dividends on new shares may be paid directly into your bank or building society account. In order to facilitate this please complete the mandate instruction form in Box 4.

### 5 Financial Intermediaries Details

IFA's must complete (in BLOCK CAPITALS) and STAMP (giving their full name and address) and Box 5, giving a contact name, telephone number, email address and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold any payment of commission if the Company is not, at its sole discretion, satisfied that the agent is authorised or is unable to identify the agent on the basis of the information provided.

Please note: Commission cheques will be made payable only to the IFA detailed in Box 5.

#### Money Laundering Regulations

If you complete and stamp Box 5 on page 58 of the Application Form you are warranting that the applicant is known to you and that you have completed all the verification procedures as required by the relevant rules and guidance of the FSA, the Joint Money Laundering Steering Group Guidance Notes and other anti-money laundering laws and regulations as may be considered appropriate.

You also confirm that this information can be relied upon by the Receiving Agent and will, subject to reasonable notice, be made available to the Company or the Receiving Agent for inspection upon request.

In the event of delay or failure to produce such information, the Company may refuse to accept an application for the Offer.

## **6 Commission**

Complete Box 6 to show the commission structure you wish to receive. If Box 6 is not completed or the election is unclear, commission of 3.25 per cent. will be paid in cash, providing box 5 has been completed correctly.

IFA's must complete and stamp Box 5 and complete Box 6 in order to receive commission. Commission cheques will only be issued in accordance with the details submitted on the Application Form. No other form of instruction will be accepted.

If you have any queries regarding the procedure for application and payment please call the **Capita Registrars VCT Helpline on 0871 664 0324**.

Calls to the 0871 664 0324 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline will not be able to provide advice on the merits of the Offer or give any personal tax, investment or financial advice.

Return this form by post or (during normal business hours only) by hand to **Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** to arrive no later than **12.00 pm on 5 April 2010 in respect of applications for the 2010/2011 tax year and 12.00 pm on 30 June 2011 in respect of the 2011/2012 tax year (unless extended)**.

### **Frequently Asked Questions**

**Q: *To whom should I make the cheque payable?***

**A:** Cheques should be made payable to "Capita Registrars Limited: Unicorn AIM VCT Offer".

**Q: *Where should I send my Application Form?***

**A:** Your application form and cheque should be sent to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

**Q: *What happens after I send in my Application Form?***

**A:** If Capita Registrars has any questions about your application it will contact you by telephone or email in the first instance so it is important that you provide your contact information on the Application Form. Applications will be accepted at the discretion of the Board, though the Board intends to meet applications on a 'first come, first served' basis.

**Q: *When can I expect to receive share and tax certificates?***

**A:** The Company's Registrar, Capita Registrars, will send share and tax certificates approximately ten business days after the allotment of shares. Allotments will be announced via a Regulatory Information Service.

# Corporate Information

## Directors

Peter Frederick Dicks (Chairman)  
Malcolm McDonald Diamond  
James H Grossman  
Jeremy John Hamer  
Jocelin Montague St John Harris

(all of the registered office)

## Registered Office

One Vine Street  
London  
W1J 0AH

Telephone: 020 3206 7000  
Email: [unicorn@matrixgroup.co.uk](mailto:unicorn@matrixgroup.co.uk)  
Website: [www.unicornaimvct.com](http://www.unicornaimvct.com)

## Company Number

04266437

## Investment Manager

Unicorn Asset Management Limited  
First Floor Office  
Preacher's Court  
The Charterhouse  
Charterhouse Square  
London  
EC1M 6AU

## Company Secretary and Administrator

Matrix-Securities Limited  
One Vine Street  
London  
W1J 0AH

## Solicitors

Martineau  
No. 1 Colmore Square  
Birmingham  
B4 6AA

## Sponsor

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

## Receiving Agent

Capita Registrars  
Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## Bankers

National Westminster Bank plc  
City of London Office  
PO Box 12264  
1 Princes Street  
London  
EC2R 8PB

## Auditors

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

## Stockbroker

Matrix Corporate Capital LLP  
One Vine Street  
London  
W1J 0AH

## Custodian

The Bank of New York Mellon  
One Canada Square  
London  
E14 5AL

## Registrars

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0GA



# Application Form

## UNICORN AIM VCT PLC

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU ARE RECOMMENDED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES.

Before completing this Application Form you should read the Terms and Conditions of Application and Application Procedure.

The Offer opens on 14 December 2010 and closes at 12.00 pm on 30 June 2011 (or earlier if the maximum subscription level has been reached before this time or at the discretion of the Board).

Make your cheque payable to **Capita Registrars Limited re: Unicorn AIM VCT Offer** (crossed A/C payee only) and return it together with this form by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than **12.00 pm on 5 April 2010 in respect of applications for the 2010/2011 tax year and 12.00 pm on 30 June 2011 in respect of the 2011/2012 tax year (unless extended or fully subscribed before this date).**

If you require assistance or have any queries regarding the completion of this application form please call the **Capita Registrars VCT Helpline on 0871 664 0324.**

Calls to the 0871 664 0324 number cost 10p per minute (including VAT) plus your service provider's network extras. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline will not be able to provide advice on the merits of the Offer for Subscription or give any personal tax, investment or financial advice.

### Box 1 – Personal Details PLEASE COMPLETE IN BLOCK CAPITALS ONLY and in BLACK INK

Title	<input type="text"/>	Surname	<input type="text"/>
First Name	<input type="text"/>		
Home Address	<input type="text"/>		
<input type="text"/>	Postcode	<input type="text"/>	
Daytime Telephone Number	<input type="text"/>	Email Address	<input type="text"/>
National Insurance Number	<input type="text"/>	Date of Birth	<input type="text"/>

### Box 2 – Application and Amount Payable

I wish to invest the following amount in the Company in New Shares at the Offer Price based on the Pricing Formula:

2010/2011 Tax Year	Amount (£)	2011/2012 Tax Year	Amount (£)
	<input type="text"/>		<input type="text"/>
Total		<input type="text"/>	

Applications must be for a minimum of £5,000 and thereafter in multiples of £1,000

### Box 3 – Declaration and Signature

By signing this form I HERBY DECLARE THAT:

- (i) I have received and read the prospectus dated 14 December 2010 ("Prospectus") and have read the Terms and Conditions of Application contained therein and agree to be bound by them (definitions used in the Prospectus apply to this application form);
- (ii) I will be the beneficial owner of the New Shares issued to me pursuant to the Offer; and
- (iii) to the best of my knowledge and belief, the particulars I have given the Company are correct.

**HM Revenue and Customs may inspect this application form. It is a serious offence to make a false declaration.**

Signature	<input type="text"/>	Date	<input type="text"/>
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#### Box 4 – Dividend Mandate

Dividends on New Shares held in Unicorn AIM VCT plc can be paid into your bank or building society account. To arrange for all future dividend payments to be paid directly into your account, please **complete and sign the mandate instruction form below**.

Dividends paid directly to your account will be paid in cleared funds on the dividend payment date. You will receive the corresponding tax voucher by post advising you of the payment amount and date. Your bank or building society statement will identify details of the dividend as well as the date and amount paid.

Please forward all dividends that may from time to time become due on any New Shares now standing, or which may hereafter stand, in my name in the register of members of the Company to:

Bank				
Branch Title				
Address				
Sort Code				Post Code
Account Name				
Signature				
	Account Number			Date

**BOX 5 AND BOX 6 MUST BE COMPLETED BY AUTHORISED FINANCIAL INTERMEDIARIES ONLY**

#### Box 5 – Financial Intermediaries Details

By completing and stamping Box 5 below you are deemed to have given the warranty and undertaking set out in Note 6 of the accompanying Notes on Completion of the Application Form.

IFA STAMP	Name of Firm	
	FSA Number	
	Signature	
	Print Name	
	Position	
	Date	
	Telephone No.	

#### Box 6 – Commission

In order to receive commission you must complete and stamp Box 5 above and complete Box 6 below, clearly indicating the commission structure you wish to receive.

- INSTRUCTIONS:
- Tick **ONE OPTION** only in Box A
  - Indicate in Boxes B and C how much commission you wish to have paid or waived in favour of the applicant named in Box 1 above (expressed as a per cent. of the **TOTAL SUBSCRIPTION** detailed in Box 2)
  - Insert in Box D the total of Boxes B and C. This must equal the election made in Box A

BOX A Commission	BOX B Pay to IFA	BOX C Waive & Reinvest	BOX D TOTAL	For Official Use Only
2.25% <input checked="" type="checkbox"/> Example	1.75% Example	0.5% Example	2.25%	Example
2.25% <input type="checkbox"/>	<input type="checkbox"/> %	<input type="checkbox"/> %	<input type="checkbox"/> %	<input type="text"/>

The Companies' intention is to pay all trail commission by direct debit; therefore, please supply bank details in the space below.

Intermediary Bank Details	
Name of Intermediary	
Account Name	
Sort Code	
Account Number	