

## **SECTION C: PRO FORMA FINANCIAL INFORMATION ON THE COMPANY**

### **ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION**

The Directors  
TP70 2008(I) plc  
4-5 Grosvenor Place  
London SW1X 7HJ

15 October 2012

Dear Sirs

#### **TP70 2008(I) VCT plc ("TP70 2008(I)")**

We report on the pro forma financial information ("the pro forma financial information") set out in Part 2 of the prospectus dated 15 October 2012 ("Prospectus"), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Scheme and the Offer (as defined in the Prospectus), in the scenarios set out on pages 55 to 67, might have affected the financial information presented on the basis of the accounting policies adopted by TP70 2008(I) in preparing the financial statements for the year ended 31 March 2012. This report is required by paragraph 20.2 of Annex I of the Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I to the Commission Regulation (EC) 809/2004, consenting to its inclusion in the Prospectus.

#### **Responsibilities**

It is the responsibility of the directors of TP70 2008(I) to prepare the pro forma financial information in accordance with item 20.2 of Annex I of the Commission Regulation (EC) 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the pro forma financial information and to report that opinion to you.

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

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of TP70 2008(I).

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of TP70 2008(I).

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

**Opinion**

In our opinion the pro forma financial information has been properly compiled on the basis stated and such basis is consistent with the accounting policies of TP70 2008(I).

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex I of the Commission Regulation (EC) 809/2004.

Yours faithfully

**PKF (UK) LLP**

## PRO FORMA FINANCIAL INFORMATION ON THE COMPANY

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the **merger of the Company and both Targets and the Offer** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme and the Offer had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	Adjustments				
	Company (as at 31 March 2012)	Acquisition of the assets and liabilities of TP70 2008(II)	Acquisition of the assets and liabilities of TP12	Offer	Enlarged Company pro forma
	£000 (Note 1)	£000 (Note 2)	£000 (Note 3)	£000 (Note 4)	£000 (Note 6)
VCT qualifying fixed asset investments at fair value	14,582	13,995	4,000	-	32,577
Non qualifying investments	4,103	4,093	-	-	8,196
Debtors	21	15	-	-	36
Cash and cash equivalents	174	567	184	22,937	23,862
Creditors: amounts falling due within one year	(75)	(75)	-	-	(150)
<b>Net assets</b>	<b>18,805</b>	<b>18,595</b>	<b>4,184</b>	<b>22,937</b>	<b>64,521</b>

### Notes:

- The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
- The financial information on TP70 2008(II) has been extracted without material adjustment from the audited financial statements of TP70 2008(II) for the year ended 31 March 2012. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
- The acquired assets and liabilities of TP12 are based on the assets and liabilities of TP12 as extracted without material adjustment from the information relating to the assets and liabilities of TP12 as at 31 May 2012 as disclosed in Part 2 Section B on page 52 and in Part 2 Section D on page 69. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
- It is assumed that the Offer is fully subscribed, that all subscription monies will be received on or before 19 December 2012. In that case, allowing for the 3% bonus issue referred to on page 22, an issue of 25 million shares will attract gross proceeds of £24.272 million and total costs of the Offer will amount to £1.3 million. The costs and net proceeds of the Offer will depend on when subscription proceeds are received. Assuming the Offer is fully subscribed and that all subscription monies will be received after 14 February 2013, gross proceeds will amount to £25 million, the costs will reduce to £0.6 million and the net proceeds will increase to ££24.4 million.
- The pro forma statement of net assets does not take account of any transactions of the Company or TP70 2008(II) since 31 March 2012 or other changes in the value of assets and liabilities of the Company or TP70 2008(II) since 31 March 2012. The pro forma statement of net assets does not take account of any transactions of TP12 since 31 May 2012 or other changes in the value of assets and liabilities TP12 since 31 May 2012.

6. The allocation of the enlarged company pro forma between the various share classes is noted below (the Ordinary Shares are the existing Ordinary Shares and the further Ordinary Shares issued pursuant to the Scheme to TP70 2008(II) Shareholders, the A Ordinary Shares are issued pursuant to the Scheme to TP12 Shareholders and the B Ordinary Shares are issued to subscribers under the Offer):

	Ordinary Shares	A Ordinary Shares	B ordinary Shares	Enlarged Company pro forma
	£000	£000	£000	£000
VCT qualifying fixed asset investments at fair value	28,577	4,000	-	32,577
Non qualifying investments	8,196	-	-	8,196
Debtors	36	-	-	36
Cash and cash equivalents	741	184	22,937	23,862
Creditors: amounts falling due within one year	(150)	-	-	(150)
<b>Net assets</b>	<b>37,400</b>	<b>4,184</b>	<b>22,937</b>	<b>64,521</b>

7. The Scheme and the Offer are together expected to have an enhancing impact on the earnings of the Company had they occurred on 31 March 2012.

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the **merger of the Company and TP70 2008(II) and the Offer** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme and the Offer had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	Adjustments			Enlarged Company pro forma (£'000)
	Company (as at 31 March 2012)	Acquisition of the assets and liabilities of TP70 2008(II)	Offer	
	(£'000) (Note 1)	(£'000) (Note 2)	(£'000) (Note 3)	(£'000) (Note 5)
VCT qualifying fixed asset investments at fair value	14,582	13,995	-	28,577
Non qualifying investments	4,103	4,093	-	8,196
Debtors	21	15	-	36
Cash and cash equivalents	174	567	22,937	23,678
Creditors: amounts falling due within one year	(75)	(75)	-	(150)
<b>Net assets</b>	<b>18,805</b>	<b>18,595</b>	<b>22,937</b>	<b>60,337</b>

**Notes:**

1. The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
2. The financial information on TP70 2008(II) has been extracted without material adjustment from the audited financial statements of TP70 2008(II) for the year ended 31 March 2012. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
3. It is assumed that the Offer is fully subscribed, that all subscription monies will be received on or before 19 December 2012. In that case, allowing for the 3% bonus issue referred to on page 22, an issue of 25 million shares will attract gross proceeds of £24.272 million and total costs of the Offer will amount to £1.3 million. The costs and net proceeds of the Offer will depend on when subscription proceeds are received. Assuming the Offer is fully subscribed and that all subscription monies will be received after 14 February 2013, gross proceeds will amount to £25 million, the costs will reduce to £0.6 million and the net proceeds will increase to £24.4 million.
4. The pro forma statement of net assets does not take account of any transactions of the Company or TP70 2008(II) since 31 March 2012 or other changes in the value of assets and liabilities of the Company or TP70 2008(II) since 31 March 2012.
5. The allocation of the enlarged company pro forma between the various share classes is noted below (the Ordinary Shares are the existing Ordinary Shares and the further Ordinary Shares issued pursuant to the Scheme to TP70 2008(II) Shareholders and the B Ordinary Shares are issued to subscribers under the Offer):

	Ordinary Shares	B ordinary Shares	Enlarged Company pro forma
	£000	£000	£000
VCT qualifying fixed asset investments at fair value	28,577	-	28,577
Non qualifying investments	8,196	-	8,196
Debtors	36	-	36
Cash and cash equivalents	741	22,937	23,678
Creditors: amounts falling due within one year	(150)	-	(150)
<b>Net assets</b>	<b>37,400</b>	<b>22,937</b>	<b>60,337</b>

6. The Scheme and the Offer are together expected to have an enhancing impact on the earnings of the Company had they occurred on 31 March 2012.

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the **merger of the Company and TP12 and the Offer** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme and the Offer had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	Adjustments			Enlarged Company pro forma
	Company (as at 31 March 2012)	Acquisition of the assets and liabilities of TP12	Offer	
	(£'000) (Note 1)	(£'000) (Note 2)	(£'000) (Note 3)	(£'000) (Note 5)
VCT qualifying fixed asset investments at fair value	14,582	4,000	-	18,582
Non qualifying investments	4,103	-	-	4,103
Debtors	21	-	-	21
Cash and cash equivalents	174	184	22,937	23,295
Creditors: amounts falling due within one year	(75)	-	-	(75)
<b>Net assets</b>	<b>18,805</b>	<b>4,184</b>	<b>22,937</b>	<b>45,926</b>

**Notes:**

1. The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
2. The acquired assets and liabilities of TP12 are based on the assets and liabilities of TP12 as extracted without material adjustment from the information relating to the assets and liabilities of TP12 as at 31 May 2012 as disclosed in Part 2 Section B on page 52 and in Part 2 Section D on page 69. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
3. It is assumed that the Offer is fully subscribed, that all subscription monies will be received on or before 19 December 2012. In that case, allowing for the 3% bonus issue referred to on page 22, an issue of 25 million shares will attract gross proceeds of £24.272 million and total costs of the Offer will amount to £1.3 million. The costs and net proceeds of the Offer will depend on when subscription proceeds are received. Assuming the Offer is fully subscribed and that all subscription monies will be received after 14 February 2013, gross proceeds will amount to £25 million, the costs will reduce to £0.6 million and the net proceeds will increase to £24.4 million.
4. The pro forma statement of net assets does not take account of any transactions of the Company since 31 March 2012 or TP12 since 31 May 2012 or other changes in the value of assets and liabilities of the Company since 31 March 2012 or TP12 since 31 May 2012.
5. The allocation of the enlarged company pro forma between the various share classes is noted below (the Ordinary Shares are the existing Ordinary Shares, the A Ordinary Shares are issued pursuant to the Scheme to TP12 Shareholders and the B Ordinary Shares are issued to subscribers under the Offer):

	Ordinary Shares	A Ordinary Shares	B ordinary Shares	Enlarged Company pro forma
	£000	£000	£000	£000
VCT qualifying fixed asset investments at fair value	14,582	4,000	-	18,582
Non qualifying investments	4,103	-	-	4,103
Debtors	21	-	-	21
Cash and cash equivalents	174	184	22,937	22,937
Creditors: amounts falling due within one year	(75)	-	-	(75)
<b>Net assets</b>	<b>18,805</b>	<b>4,184</b>	<b>22,937</b>	<b>45,926</b>

6. The Scheme and the Offer are together expected to have an enhancing impact on the earnings of the Company had they occurred on 31 March 2012.



The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the **merger of the Company and both Targets** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	Adjustments			Enlarged Company pro forma
	Company (as at 31 March 2012)	Acquisition of the assets and liabilities of TP70 2008(II)	Acquisition of the assets and liabilities of TP12	
	(£'000)	(£'000)	(£'000)	(£'000)
	(Note 1)	(Note 2)	(Note 3)	(Note 4)
VCT qualifying fixed asset investments at fair value	14,582	13,995	4,000	32,577
Non qualifying investments	4,103	4,093	-	8,196
Debtors	21	15	-	36
Cash and cash equivalents	174	567	184	925
Creditors: amounts falling due within one year	(75)	(75)	-	(150)
<b>Net assets</b>	<b>18,805</b>	<b>18,595</b>	<b>4,184</b>	<b>41,584</b>

**Notes:**

1. The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
2. The financial information on TP70 2008(II) has been extracted without material adjustment from the audited financial statements of TP70 2008(II) for the year ended 2012. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
3. The acquired assets and liabilities of TP12 are based on the assets and liabilities of TP12 as extracted without material adjustment from the information relating to the assets and liabilities of TP12 as at 31 May 2012 as disclosed in Part 2 Section B on page 52 and in Part 2 Section D on page 69. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
4. The pro forma statement of net assets does not take account of any transactions of the Company or TP70 2008(II) since 31 March 2012 or other changes in the value of assets and liabilities of the Company or TP70 2008(II) since 31 March 2012. The pro forma statement of net assets does not take account of any transactions of TP12 since 31 May 2012 or other changes in the value of assets and liabilities TP12 since 31 May 2012.
5. The allocation of the enlarged company pro forma between the various share classes is noted below (the Ordinary Shares are the existing Ordinary Shares and the further Ordinary Shares issued pursuant to the Scheme to TP70 2008(II) Shareholders and the A Ordinary Shares are issued pursuant to the Scheme to TP12 Shareholders):

	Ordinary Shares	A Ordinary Shares	Enlarged Company pro forma
	£000	£000	£000
VCT qualifying fixed asset investments at fair value	28,577	4,000	32,577
Non qualifying investments	8,196	-	8,196
Debtors	36	-	36
Cash and cash equivalents	741	184	925
Creditors: amounts falling due within one year	(150)	-	(150)
<b>Net assets</b>	<b>37,400</b>	<b>4,184</b>	<b>41,584</b>

6. The Scheme is expected to have an enhancing impact on the earnings of the Company had it occurred on 31 March 2012.

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the **merger of the Company and TP70 2008(II)** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	<b>Adjustments</b>		
	<b>Company (as at 31 March 2012)</b>	<b>Acquisition of the assets and liabilities of TP70 2008(II)</b>	<b>Enlarged Company pro forma</b>
	<b>(£'000) (Note 1)</b>	<b>(£'000) (Note 2)</b>	<b>(£'000)</b>
VCT qualifying fixed asset investments at fair value	14,582	14,558	29,140
Non qualifying investments	4,103	3,862	7,965
Debtors	21	474	495
Cash and cash equivalents	174	84	258
Creditors: amounts falling due within one year	(75)	(540)	(615)
<b>Net assets</b>	<b>18,805</b>	<b>18,438</b>	<b>37,243</b>

**Notes:**

1. The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
2. The financial information on TP70 2008(II) has been extracted without material adjustment from the audited financial statements of TP70 2008(II) for the year ended 31 March 2012. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme.
3. The pro forma statement of net assets does not take account of any transactions of the Company or TP70 2008(II) since 31 March 2012 or other changes in the value of assets and liabilities of the Company or TP70 2008(II) since 31 March 2012.
4. The Scheme is expected to have an enhancing impact on the earnings of the Company had it occurred on 31 March 2012.

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the **merger of the Company and TP12** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	<b>Adjustments</b>		
	<b>Company (as at 31 March 2012)</b>	<b>Acquisition of the assets and liabilities of TP12</b>	<b>Enlarged Company pro forma</b>
	<b>(£'000) (Note 1)</b>	<b>(£'000) (Note 2)</b>	<b>(£'000) (Note 4)</b>
VCT qualifying fixed asset investments at fair value	14,582	4,000	18,582
Non qualifying investments	4,103	-	4,103
Debtors	21	-	21
Cash and cash equivalents	174	184	358
Creditors: amounts falling due within one year	(75)	-	(75)
<b>Net assets</b>	<b>18,805</b>	<b>4,184</b>	<b>22,989</b>

**Notes:**

1. The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
2. The acquired assets and liabilities of TP12 are based on the assets and liabilities of TP12 as extracted without material adjustment from the information relating to the assets and liabilities of TP12 as at 31 May 2012 as disclosed in Part 2 Section B on page 52 and in Part 2 Section D on page 69. The costs of the Scheme are not expected to exceed £197,000. No adjustment has been in respect of the costs of the Scheme as they will be recharged to the Enlarged Company to the extent of 50% of the savings from the Scheme
3. The pro forma statement of net assets does not take account of any transactions of the Company since 31 March 2012 or TP12 since 31 May 2012 or other changes in the value of assets and liabilities of the Company since 31 March or TP12 since 31 May 2012.
4. The allocation of the enlarged company pro forma between the various share classes is noted below (the Ordinary Shares are the existing Ordinary Shares and the A Ordinary Shares are issued pursuant to the Scheme to TP12 Shareholders):

	<b>Ordinary Shares</b>	<b>A Ordinary Shares</b>	<b>Enlarged Company pro forma</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
VCT qualifying fixed asset investments at fair value	14,582	4,000	18,582
Non qualifying investments	4,103	-	4,103
Debtors	21	-	21
Cash and cash equivalents	174	184	358
Creditors: amounts falling due within one year	(75)	-	(75)
<b>Net assets</b>	<b>18,805</b>	<b>4,184</b>	<b>22,989</b>

5. The Scheme is expected to have an enhancing impact on the earnings of the Company had it occurred on 31 March 2012.

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of **the Offer** on the Company's audited net assets as at 31 March 2012 on the basis that the Scheme and the Offer had been completed on that date. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by the Company in its most recent audited financial statements.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	<b>Adjustment</b>		
	<b>Company (as at 31 March 2012)</b>	<b>Offer</b>	<b>Enlarged Company pro forma</b>
	<b>(£'000)</b>	<b>(£'000)</b>	<b>(£'000)</b>
	<b>(Note 1)</b>	<b>(Note 2)</b>	<b>(Note 3)</b>
VCT qualifying fixed asset investments at fair value	14,582	-	14,582
Non qualifying investments	4,103	-	4,103
Debtors	21	-	21
Cash and cash equivalents	174	22,937	23,111
Creditors: amounts falling due within one year	(75)	-	(75)
<b>Net assets</b>	<b>18,805</b>	<b>22,937</b>	<b>41,742</b>

**Notes:**

1. The financial information on the Company has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 March 2012.
2. It is assumed that the Offer is fully subscribed, that all subscription monies will be received on or before 19 December 2012. In that case, allowing for the 3% bonus issue referred to on page 22, an issue of 25 million shares will attract gross proceeds of £24.272 million and total costs of the Offer will amount to £2.1 million. The costs and net proceeds of the Offer will depend on when subscription proceeds are received. Assuming the Offer is fully subscribed and that all subscription monies will be received after 14 February 2013, gross proceeds will amount to £25 million, the costs will reduce to £0.6 million and the net proceeds will increase to £24.4 million.
3. The pro forma statement of net assets does not take account of any transactions of the Company since 31 March 2012 or other changes in the value of assets and liabilities of the Company since 31 March 2012.
4. The allocation of the enlarged company pro forma between the various share classes is noted below (the Ordinary Shares are the existing Ordinary Shares and the B Ordinary Shares are issued to subscribers under the Offer):

	<b>Ordinary Shares</b>	<b>B Ordinary Shares</b>	<b>Enlarged Company pro forma</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
VCT qualifying fixed asset investments at fair value	14,582	-	14,582
Non qualifying investments	4,103	-	4,103
Debtors	21	-	21
Cash and cash equivalents	174	22,937	23,111
Creditors: amounts falling due within one year	(75)	-	(75)
<b>Net assets</b>	<b>18,805</b>	<b>22,937</b>	<b>41,742</b>

5. The Offer is expected to have an enhancing impact on the earnings of the Company had it occurred on 31 March 2012.

## SECTION D: INVESTMENT PORTFOLIO AND PRINCIPAL INVESTMENTS OF THE TARGETS

### TP70 2008(II)

The investment portfolio of TP70 2008(II) as at the date of this document is as follows (the valuations being the unaudited valuations as at 30 June 2012):

	30 June 2012			
	Cost		Valuation	
	£'000	%	£'000	%
Qualifying holdings	14,819	67.54	14,558	78.67
Non-qualifying holdings*	3,747	17.08	1,924	10.40
	18,566	84.61	16,482	89.07
Derivative**	3,292	15.00	1,939	10.48
Fixed assets at fair value through profit or loss	21,858	99.62	18,421	99.55
Cash and cash equivalents	84	0.38	84	0.45
	21,942	100.00	18,505	100.00
<b>Unquoted Qualifying Holdings</b>	£'000	%	£'000	%
<u>Provision of satellite capacity</u>				
Satellite Broadband Access Solutions Ltd	261	1.76	-	0.00
	261	1.76	-	0.00
<u>Telecommunications</u>				
Per Port Services Ltd	185	1.25	185	1.27
	185	1.25	185	1.27
<u>Cinema digitisation</u>				
21st Century Cinema Ltd	2,000	13.50	2,000	13.74
Big Screen Digital Services Ltd	1,400	9.45	1,400	9.62
Cinematic Services Ltd	1,000	6.75	1,000	6.87
Digima Ltd	2,000	13.50	2,000	13.74
Digital Screen Solutions Ltd	2,000	13.50	2,000	13.74
Two For Joy Digital Ltd	1,000	6.75	1,000	6.87
	9,400	63.43	9,400	64.57
<u>Crematorium management</u>				
Furnace Managed Services Ltd	760	5.13	760	5.22
	760	5.13	760	5.22
<u>Electricity generation</u>				
<u>Solar</u>				
Beam Carrier Ltd	423	2.85	423	2.91
Bandspace Ltd	600	4.05	600	4.12
Campus Link Ltd	690	4.66	690	4.74
Convertibox Services Ltd	500	3.37	500	3.43
Green Energy for Education Ltd	500	3.37	500	3.43
	2,713	18.31	2,713	18.64
<u>Anaerobic digestion</u>				
Biomass Future Generation Ltd	500	3.37	500	3.43
GreenTec Energy Ltd	500	3.37	500	3.43
Katharos Organic Ltd	500	3.37	500	3.43
	1,500	10.12	1,500	10.30
	14,819	100.00	14,558	100.00



\* The Non-qualifying holding represents a 50% interest in A Cypriot company, Lorngreen Limited which in turn holds an interest in GAM Diversity 2.5XL. This security is leveraged so that the effect of increases or decreases in value is increased by approximately 2.5 times.

\*\* The Derivative represents a contract with Bank Julius Baer equivalent to an interest in GAM Diversity 2.5XL. The derivative is leveraged, so that the effect of increases or decreases in value is increased by approximately 2.5 times.

Since 30 June 2012, there has been no significant change in the value of the unquoted investments in the portfolio.

## **TP12**

The investment portfolio of TP12 as at the date of this document is as follows (all of which information is unaudited as at 31 May 2012):

	<b>Cost</b>		<b>Valuation</b>	
	£'000	%	£'000	%
Unquoted qualifying holdings	4,000	95.60	4,000	95.60
Cash and cash equivalents	184	4.40	184	4.40
	<u>4,184</u>	<u>100.00</u>	<u>4,184</u>	<u>100.00</u>
<b>Unquoted qualifying holdings</b>				
<i><u>Electricity generation</u></i>				
<i><u>Solar</u></i>				
Arraze Ltd	600	15.00	600	15.00
Bridge Power Ltd	600	15.00	600	15.00
Core Generation Ltd	600	15.00	600	15.00
Trym Power Ltd	200	5.00	200	5.00
	<u>2,000</u>	<u>50.00</u>	<u>2,000</u>	<u>50.00</u>
<i><u>Anaerobic Digestion</u></i>				
Biomass Future Generation Ltd	600	15.00	600	15.00
Drumnahare Biogas Ltd	525	13.13	525	13.13
	<u>1,125</u>	<u>28.13</u>	<u>1,125</u>	<u>28.13</u>
<i><u>Landfill</u></i>				
Aeris Power Ltd	525	13.13	525	13.13
Craigahulliar Energy Ltd	350	8.75	350	8.75
	<u>875</u>	<u>21.88</u>	<u>875</u>	<u>21.88</u>
	<u>4,000</u>	<u>100.00</u>	<u>4,000</u>	<u>100.00</u>

Since 31 May 2012, there has been no significant change in the value of the unquoted investments in the portfolio.

## **SECTION E: TAX POSITION OF SHAREHOLDERS IN RESPECT OF THE MERGER**

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

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

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

The following paragraphs apply to the Company and to persons holding New Shares as an investment in the Company who are the absolute beneficial owners of such New Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities.

### **Receipt by Target Shareholders of New Shares under the Scheme**

The effective exchange of existing TP70 2008(II) Shares for TP70 2008(II) Consideration Shares and existing TP12 Shares for TP12 Consideration Shares will not constitute a disposal of the existing TP70 2008(II) Shares or TP12 Shares for the purposes of UK taxation. Instead, the New Shares will be treated as having been acquired at the same time and at the same cost as the existing shares from which they are derived.

Shareholders will be afforded the usual tax reliefs available to shareholders in VCTs. Qualifying shareholders should continue to receive tax-free dividends and will not be subject to UK taxation on any capital gains on the disposal of New Shares.

### **Dissenting TP70 2008(II) Shareholders and TP12 Shareholders**

Shareholdings of dissenting Target Shareholders will be purchased for cash at the 'break value', which will be an estimate of the amount a shareholder of a Target would receive in an ordinary winding-up of that Target if all of its assets had to be realised.

Dissenting Target Shareholders whose TP70 2008(II) Shares or TP12 Shares are purchased will be treated as having disposed of their existing TP70 2008(II) Shares or TP12 Shares. Target Shareholders will still be able to claim the benefit of VCT status whilst in liquidation under the Merger Regulations and the dissenting Target Shareholders will not be subject to any UK taxation in respect of any capital gains arising on disposal of their TP70 2008(II) Shares or TP12 Shares under the Scheme. However, the purchase will constitute a disposal of the existing holding of TP70 2008(II) Shares or TP12 Shares and dissenting Target Shareholders will be liable to repay any initial income tax relief obtained on TP70 2008(II) Shares or TP12 Shares.

### **The Company**

The Company has obtained approval as a VCT under Chapter 3 of Part 6 ITA 2007.

The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT. The implementation of the Scheme should not affect the status of the Company as a VCT. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Scheme so that the Company continues to qualify as a VCT.

### **Clearances**

Clearance has been obtained from HMRC in respect of the Scheme under Section 701 ITA 2007 and Section 138 TCGA 1992, and the receipt of New Shares should not, except in the case of dealers, be regarded as an income receipt for the purposes of UK taxation.

Clearance has also been obtained from HMRC that the Scheme meets the requirements of the Merger Regulations and as such the receipt by Target Shareholders of New Shares should not prejudice tax reliefs obtained by TP70 2008(II) Shareholders on their existing TP70 2008(II) Shares or by TP12 Shareholders on their existing TP12 Shares.

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

### **Stamp Duty and Stamp Duty Reserve Tax**

No UK stamp duty or stamp duty reserve tax will be payable by Target Shareholders as a result of the implementation of the Scheme.

### **Existing Shareholders of and new Shareholders under the Offer**

Existing Shareholders should be afforded the usual tax reliefs as shareholders of a VCT.

#### **Withdrawal of relief**

Relief from income tax on a subscription for VCT shares will be withdrawn if the New Shares are disposed of (other than between spouses) within five years of issue of the existing TP70 2008(II) Shares or TP12 Shares) or if the VCT loses its approval within this period. Dividend relief ceases to be available once the investor ceases to own the VCT shares in respect of which it has been given.

### **Capital Gains Tax**

#### **Relief from capital gains tax on the disposal of VCT shares**

A disposal by a Shareholder of VCT 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 annual limit for any tax year.

#### **Purchasers in the market**

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

#### **Withdrawal of Approval**

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval as a VCT, approval may be withdrawn or treated as never having been given. In these circumstances, reliefs from income tax on the initial investment are repayable unless loss of approval occurs more than five years after the issue (three years if issued after 5 April 2000 but before 6 April 2006) of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in an 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.

#### **Investors not resident in the UK**

Shareholders 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.

#### **Status of the Company as a VCT**

The implementation of the Scheme should not affect the status of the Company as a VCT. A summary of the tests that the Company must satisfy to continue to qualify as a VCT is set out in section E of Part 1 of this document.

## **PART 3 — ORIGINAL INVESTMENT POLICY**

The Original Investment Policy is set out below

### **Original Investment Policy**

#### ***Investment Strategy***

To comply with VCT rules, the Company must within a 3 year period have (and subsequently maintain) at least 70 per cent by value of its investments represented by Qualifying Investments. It is the Directors' objective to invest at least 70 per cent of the net proceeds of the offer in Qualifying Investments, typically in investments ranging between £500,000 and £2,000,000, in less than three years. Prior to investment in Qualifying Investments, approximately 70% of the value of their investments will be held in highly liquid interest-bearing instruments.

In addition to Qualifying Investments, the Company will incur exposure, directly or indirectly, to the performance of GAM Diversity strategy on a leveraged basis for up to 30% of their investments.

This strategy aims to deliver more secure returns than is generally the case in venture capital investments combined with the potential for enhanced returns through a leveraged exposure to a fund of hedge funds.

In seeking to achieve the Company's objectives, TPIM intends to invest in venture capital investments (which represent Qualifying Investments) on the basis of certain conservative principles.

Venture capital investments:

- TPIM will undertake robust due diligence on target investments;
- TPIM will favour investments where there is a high level of access to material financial and other information on an ongoing basis;
- TPIM will seek to minimise the risk of losses when investing through careful analysis of the collateral available to investee companies;
- TPIM targets investments where there is a strong relationship with the key decision makers.

Fund of hedge fund investments (which represent Non-Qualifying Investments):

- In appointing GLL as its sub-adviser to advise on the selection of GAM fund of hedge funds for direct investment, TPIM has selected one of the acknowledged leaders in the fund of hedge fund management industry;
- GLL has initially advised investment in a leveraged version of GAM's flagship fund of hedge funds, GAM Diversity Inc GBP 2.5XL. Launched in 1989, GAM Diversity Inc. has £4.41 billion under management (as at 31 October 2007) and has made positive returns in each of the sometimes highly volatile past 12 years (Source: GAM). GAM Diversity Inc. is a global, multi-strategy product which seeks capital appreciation with diversification of risk through exposure to approximately 60 underlying hedge funds.

#### ***Qualifying Investments***

TPIM will pursue investments in a range of industries but the type of business being targeted is subject to the specific investment criteria, discussed below. The objective is to build a diversified portfolio of young unquoted companies which are cash generative and, therefore, capable of producing income and capital repayments to the Company prior to their disposal by the Company.

Although invested in diverse industries, it is intended that TP70 2008(I)'s and TP70 2008(II)'s portfolios will comprise companies with certain characteristics, for example clear commercial and financial objectives, strong customer relationships and where possible tangible assets with value. TPIM will focus on identifying businesses typically with contractual revenues from financially sound counterparties or a stream of predictable transactions with multiple clients. Businesses with assets providing valuable security may also be considered. The objective is to reduce the risk of losses through reliability of cash flow or quality of asset backing and to provide Investors with a potentially attractive income stream and modest but accessible capital growth.

The criteria against which investment targets will be assessed may include the following:

- an attractive valuation at the time of the investment;
- minimising the risk of capital losses;
- the predictability and reliability of the company's cash flows;
- the quality of the business' counterparties and suppliers;
- the sector in which the business is active. Key targets include health, environmentally responsible and social enterprise sectors;
- the quality of the company's assets;
- the opportunity to structure an investment that can produce distributable income;
- the prospect of achieving an exit 5 years after capitalisation of TP70 2008(I) and TP70 2008(II).

### ***Non-Qualifying Investments***

The initial exposure of the Company will be to two classes of Non-Qualifying Investments. Approximately 70% of the Company's assets will initially be invested in highly liquid interest-bearing instruments and approximately 30% will be exposed to the Leveraged Index. The latter will be achieved either (i) through contracts for differences under which the return on the Company's bond portfolio, assembled under advice from the swap counterparty, will be exchanged for the return of the Leveraged Index, (ii) through warrants whereby the Company's investment in bonds issued by a counterparty entitles them to the return of the Leveraged Index, or (iii) by investment in the GAM Diversity – GBP 2.5XL class.

In order to effect the Company's exposure to the Leveraged Index, the Directors wish to maintain a range of options in order to have a strong negotiating position at the time of contract.

In the case of a contract for differences the bond portfolio will consist of AA-rated or better government and other bonds which, if in foreign currencies, may be swapped into Sterling. The effect of the swap is to exchange the return of the Company's holding of the bond portfolio for a return of the Index. The swap counterparty pays the positive performance, or receives the negative performance, of the Index to/from the Company and receives the positive performance, or pays the negative performance, of the bond portfolio from/to the Company. The swap will incorporate the terms of and be governed by a master agreement based on the standard 1992 ISDA Master Agreement published by the International Swap and Derivatives Association, Inc. for equity, multi-currency, cross border, interest rate and currency exchange transactions.

In the case of warrants, the warrants will be issued with a strike price which delivers the return of the Leveraged Index whilst capping any loss at the investment amount. The warrants will be listed on Euroclear.

In each case the Leveraged Index will be calculated to reflect the return from an investment in GAM Diversity GBP which is leveraged with borrowing of 1.5 times the amount of the investment on a non-recourse basis. The return will reflect the return on an investment in GAM Diversity through its GBP 2.5 XL class of shares.

In the case of direct investment in GAM's fund of hedge funds GLL has initially advised in respect of a direct investment in the GBP 2.5XL share class of GAM Diversity Inc., a global multi-strategy fund of hedge funds providing access to a variety of different strategies and regions.

### ***Borrowing Powers***

The Directors will restrict the borrowings of the Company and exercise all voting and other rights or powers of control over its subsidiary undertakings (if any) so as to secure that the aggregate amount of money borrowed by the group, being the Company and any subsidiary undertakings for the time being, (excluding intra-group borrowings), shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 30 per cent. of its net asset value at the time of any borrowing (this excludes the leverage applying to the non-qualifying GAM Diversity exposure).

## **PART 4 — ADDITIONAL INFORMATION ON THE COMPANY AND THE TARGETS**

### **1. INCORPORATION**

- 1.1 The Company was incorporated and registered in England and Wales on 7 November 2007 under the CA 1985 with registered number 6421083 as a public company limited by shares.
- 1.2 TP70 2008(II) was incorporated and registered in England and Wales on 8 November 2007 under the CA 1985 with registered number 6421355 as a public company limited by shares.
- 1.3 TP12 was incorporated and registered in England and Wales on 19 September 2011 under the CA 2006 with registered number 7778062 as a public company limited by shares under the name TP12 VCT plc. The Company's name was changed on 2 December 2011 to TP12(I) VCT plc .
- 1.4 On 7 December 2007, the Registrar of Companies issued the Company and TP70 2008(II) with a certificate under Section 117 of the CA 1985 entitling them to commence business.
- 1.5 On 5 January 2012, the Registrar of Companies issued TP12 with a certificate under Section 761 of the CA 2006 entitling it to commence business.
- 1.6 TPIM was incorporated in England and Wales under number OC321250 on 28 July 2006. The address and telephone number of TPIM's registered office is at 4-5 Grosvenor Place, London SW1X 7HJ, and its telephone number is +44 (0) 20 7201 8989. The principal legislation under which TPIM operates is the Limited Liability Partnerships Act 2000 and regulations made thereunder.

### **2. REGISTERED OFFICES AND PRINCIPAL LEGISLATION**

- 2.1 The registered office of the Company and the Targets is at 4-5 Grosvenor Place, London SW1X 7HJ and their telephone number is +44 (0) 20 7201 8989.
- 2.2 The principal legislation under which the Company and the Targets operate and which governs their shares is the Acts.

### **3. SHARE AND LOAN CAPITAL**

#### **TP70 2008 Companies**

- 3.1 On the incorporation of the Company, two ordinary shares were issued nil paid to the subscribers to the memorandum of the Company, HK Nominees Limited and HK Registrars Limited, nominee companies of Howard Kennedy LLP.
- 3.2 By ordinary and special resolutions passed by the Company on 29 November 2007:
  - (a) The Directors were generally and unconditionally authorised in accordance with Section 80 of the CA 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section). This power was limited to the allotment of relevant securities up to an aggregate nominal amount of £500,000.

Such authority expired on the later of either 15 months from the date of the resolution or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).
  - (b) the Directors were empowered (pursuant to Section 95(1) of the CA 1985) to allot or make offers or agreements to allot equity securities (as defined in Section 94(2) of the CA 1985) for cash pursuant to the authority referred to in paragraph (a) above as if Section 89(1) of the CA 1985 did not apply to any such allotment, such power to expire at the conclusion of the Company's next annual general meeting, or on the expiry of fifteen months following the passing of the resolution, whichever is the later (unless previously renewed or extended by the Company's in general meeting). This power was limited to the allotment of equity securities in connection with:
    - (i) the issue of 50,000 Redeemable Preference Shares;

- (ii) the initial offer for subscription;
  - (iii) an offer of equity securities by way of rights;
  - (iv) otherwise than pursuant to sub-paragraphs (i)-(iii), an offer of equity securities up to an aggregate nominal amount of 10 per cent. of the issued share capital of the TP70 2008 Companies immediately following closing of the initial offer for subscription.
- (c) subject to approval by the High Court of Justice, the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the initial offer for subscription will be cancelled.
- (d) the TP70 2008 Companies were authorised to make one or more market purchases (within the meaning of Section 163(3) of the 2005 Act) of shares provided that:
- (i) the maximum aggregate number of shares authorised to be purchased is an amount equal to 15 per cent. of the issued ordinary shares following the initial offer for subscription;
  - (ii) the minimum price which may be paid for a share is 1p;
  - (iii) the maximum price which may be paid for a share is an amount, exclusive of expenses, equal to 105 per cent. of the average of the middle market prices shown in the quotations for a share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that share is purchased;
  - (iv) unless renewed, the authority hereby conferred shall expire either at the conclusion of the annual general meeting of the Company following the passing of the resolution or on the expiry of 15 months from the passing of the resolution, whichever is the later to occur, save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

### 3.3 By ordinary and special resolutions passed by the Company on 23 July 2009:

- (a) the Directors were generally and unconditionally authorised in accordance with Section 80 of the CA 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that Section) up to an aggregate nominal amount of the authorised but as yet unissued share capital of the Company from time to time, such authority is to expire on the earlier of either 15 months from the date of the resolution or the next annual general meeting of the TP70 2008 Companies (unless previously revoked, varied or extended by the Company in general meeting).
- (b) the Directors were empowered (pursuant to Section 95(1) of the CA 1985) to allot or make offers or agreements to allot equity securities (as defined in Section 94(2) of the CA 1985) for cash pursuant to the authority referred to in paragraph (a) above as if Section 89(1) of the CA 1985 did not apply to any such allotment, such power to expire at the conclusion of the Company's next annual general meeting, or on the expiry of fifteen months following the passing of the resolution, whichever is the earlier (unless previously renewed or extended by the Company in general meeting). This power was limited to the allotment of equity securities in connection with:
- (i) an offer of equity securities by way of rights;
  - (ii) an offer of equity securities up to an aggregate nominal amount of 10% of the issued share capital of the Company at any one time as at the date of such allotment.
- (c) The Company was authorised to make one or more market purchases (within the meaning of Section 163(3) of the CA 1985) of shares provided that:
- (i) the maximum aggregate number of shares authorised to be purchased is an amount equal to 10 per cent. of the issued ordinary shares;
  - (ii) the minimum price which may be paid for a share is 1p;

- (iii) the maximum price which may be paid for a share is an amount, exclusive of expenses, equal to 105 per cent. of the average of the middle market prices shown in the quotations for a share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that share is purchased;
- (iv) unless renewed, the authority hereby conferred shall expire either at the conclusion of the annual general meeting of the Company following the passing of the resolution or on the expiry of 15 months from the passing of the resolution, whichever is the first to occur, save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

3.4 By ordinary and special resolutions passed by the Company on 15 July 2010:

- (a) The Directors were generally and unconditionally authorised in accordance with Section 551 of the CA 2006 to exercise all the powers of the Companies to allot relevant securities (as defined in that Section) in the Company up to an aggregate nominal amount of the authorised but as yet unissued share capital of the Company from time to time.

Such authority is to expire on the earlier of either 15 months from the date of the resolution or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement notwithstanding that the authority conferred hereby has expired.

- (b) The Directors were empowered (pursuant to Section 571(1) of the CA 1985) to allot or make offers or agreements to allot equity securities (as defined in Section 560(1) of the CA 1985) for cash pursuant to the authority referred to in paragraph (a) above as if Section 561 of the CA 1985 did not apply to any such allotment, such power to expire at the conclusion of the Companies' next annual general meeting, or on the expiry of fifteen months following the passing of the resolution, whichever is the earlier (unless previously renewed or extended by the Company in general meeting). This power was limited to the allotment of equity securities in connection with:

- (i) an offer of equity securities by way of rights;
- (ii) an offer of equity securities up to an aggregate nominal amount of 10 per cent. of the issued share capital of the Company at any one time as at the date of such allotment.

- (c) the Company be and is hereby authorised to make one or more market purchases (within the meaning of Section 693(4) of the CA 1985) of ordinary shares of 1 pence each provided that:

- (i) the maximum aggregate number of ordinary shares authorised to be purchased is an amount equal to 10 per cent. of the issued capital at the date hereof;
- (ii) the minimum price which may be paid for an ordinary share is 1 pence;
- (iii) the maximum price which may be paid for an ordinary share shall not be more than 105 per cent. of the average of the middle market prices for the ordinary shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is purchased;
- (iv) and that this authority shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months following the date of the passing of this resolution, whichever is the first to occur (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.

3.5 By a special resolution passed by the Company on 6 July 2011:

- (a) the Company was authorised in accordance with Section 701 of the CA 2006 to make one or more market purchases (within the meaning of Section 693(4) of the CA 2006) of ordinary shares of 1 pence each provided that:



- (i) the maximum aggregate number of ordinary shares authorised to be purchased is an amount equal to 10 per cent. of the issued capital at the date hereof;
- (ii) the minimum price which may be paid for an ordinary share is 1 pence;
- (iii) the maximum price which may be paid for an ordinary share shall not be more than 105 per cent. of the average of the middle market prices for the ordinary shares as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which the ordinary share is purchased.

and that this authority shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months following the date of the passing of this resolution, whichever is the first to occur (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.

3.6 By a special resolution passed by the Company on 19 September 2012:

- (a) the Company was authorised in accordance with Section 701 of the CA 2006 to make one or more market purchases (within the meaning of Section 693(4) of the CA 2006) of ordinary shares of 1 pence each provided that:
  - (i) the maximum aggregate number of ordinary shares authorised to be purchased is an amount equal to 10 per cent. of the issued capital at the date hereof;
  - (ii) the minimum price which may be paid for an ordinary share is 1 pence;
  - (iii) the maximum price which may be paid for an ordinary share shall not be more than 105 per cent. of the average of the middle market prices for the ordinary shares as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which the ordinary share is purchased;

and that this authority shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months following the date of the passing of this resolution, whichever is the first to occur (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.

3.7 The following ordinary and special resolutions will be proposed at the General Meeting:

#### **Ordinary Resolutions**

1. That, the Directors be and hereby are authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all of the powers of the Company to allot Ordinary Shares up to an aggregate nominal value of £274,101 in connection with the Scheme (as defined in the circular to the shareholders of the Company dated 15 October 2012 (the "Circular"), representing 118 per cent. of the issued share capital of the Company as at 12 October 2012, being the latest practical date prior to publication of this document, provided that the authority conferred by this Resolution 1 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution, whichever is the earlier (unless previously renewed, varied or revoked by the Company in general meeting).
2. That, the Directors be and hereby are authorised in accordance with Section 551 of the CA 2006 to exercise all of the powers of the Company to allot A Ordinary Shares up to an aggregate nominal value of £61,710 in connection with the Scheme, representing 27 per cent. of the issued share capital of the Company as at 12 October 2012, being the latest practical date prior to publication of this document, provided that the authority conferred by this Resolution 2 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution, whichever is the earlier (unless previously renewed, varied

or revoked by the Company in general meeting).

3. That, subject to the passing of Resolutions 4, 6, 9 and 10 below and to such resolutions becoming unconditional save for any condition relating to the passing of this resolution, the Directors be and hereby are authorised in accordance with Section 551 of the CA 2006 to exercise all of the powers of the Company to allot B Ordinary Shares up to an aggregate nominal value of £250,000 in connection with the Offer (as defined in the Circular), representing 108 per cent. of the issued share capital of the Company as at 12 October 2012, being the latest practical date prior to publication of this document, provided that the authority conferred by this Resolution 3 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution, whichever is the earlier (unless previously renewed, varied or revoked by the Company in general meeting).
4. That, subject to the passing of either Resolutions 3 above or 7 below and to such Resolutions becoming unconditional save for any condition relating to the passing of this resolution, the proposed change in the Company's investment policy as set out on page 15 and in Part IV of the Circular be approved.
5. That, the investment management and administration fee payable to Triple Point Investment Management LLP, the Company's investment manager, in relation to the Company's Ordinary Shares, details of which are set out on page 9 of the Circular, be approved.
6. That, the capital raising payment payable to Triple Point Investment Management LLP pursuant to the Company's offer for subscription of B Ordinary Shares, details of which are set out on pages 12 and 13 of the Circular, be approved.

#### **Special Resolutions**

7. That, subject to the passing of Resolutions 1, 2 and 4 above and 8 and 10 below and to such Resolutions becoming unconditional save for any condition relating to the passing of this Resolution, the acquisition by the Company of the assets and liabilities of TP70 2008(II) VCT plc and TP12(I) VCT plc on the terms set out in the Circular be and hereby is approved.
8. That, the Directors be and hereby are empowered pursuant to Section 570(1) 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 in accordance with Section 551 of CA 2006 by Resolutions 1 and 2 above as if Section 561(1) of CA 2006 did not apply to such allotments, provided that the power provided by this Resolution 8 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution, whichever is the earlier (unless previously renewed, varied or revoked by the Company in general meeting).
9. That, the Directors be and hereby are empowered pursuant to Section 570(1) 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 in accordance with Section 551 of CA 2006 by Resolution 3 above as if Section 561(1) of CA 2006 did not apply to such allotments, provided that the power provided by this Resolution 9 shall expire at the conclusion of the Company's next annual general meeting or on the expiry of fifteen months following the passing of this Resolution, whichever is the earlier (unless previously renewed, varied or revoked by the Company in general meeting).
10. That, the articles of association produced to the meeting, and for the purposes of identification initialled by the Chairman, be adopted as the articles of association of the Company.
11. That, the Company be and is hereby authorised to make one or more market purchases (within the meaning of Section 693(4) of the CA 2006) of Ordinary Shares, A Ordinary Shares and B Ordinary Shares provided that:
  - (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is an amount equal to 14.99 per cent. of the issued Ordinary Shares following the completion of the Scheme;

- (ii) the maximum aggregate number of A Ordinary Shares authorised to be purchased is an amount equal to 14.99 per cent. of the issued A Ordinary Shares following the completion of the Scheme;
  - (iii) the maximum aggregate number of B Ordinary Shares authorised to be purchased is an amount equal to 14.99 per cent. of the issued B Ordinary Shares following the closing of the Offer;
  - (iv) the minimum price which may be paid for an Ordinary Share, an A Ordinary Share and a B Ordinary Share is their nominal value;
  - (v) the maximum price which may be paid for an Ordinary Share, an A Ordinary Share and a B Ordinary Share is an amount, exclusive of expenses, equal to 105 per cent. of the average of the middle market prices shown in the quotations for a share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share, A Ordinary Share or B Ordinary Share is purchased;
  - (vi) unless renewed, the authority hereby conferred shall expire either at the conclusion of the annual general meeting of the Company following the passing of the resolution or on the expiry of 15 months from the passing of the resolution, whichever is the first to occur, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares, A Ordinary Shares and B Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.
12. That, subject to the passing of either Resolutions 3 or 7 above and to such resolutions becoming unconditional save for any condition relating to the passing of this resolution, the name of the Company be changed to TP Income VCT plc.

3.8 At the date of this document the authorised and issued fully paid share capital of the Company is:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Authorised</i>		<i>Issued (fully paid)</i>	
		<i>£</i>	<i>no</i>	<i>£</i>	<i>no</i>
Ordinary Shares	£0.01	500,000	50,000,000	230,999	23,099,898

3.9 The Articles that it is proposed are adopted at the General Meeting remove the requirement for the Company to have an authorised share capital, as provided for under the CA 2006. The issued fully paid share capital of the Company immediately after the Offer has closed (assuming (i) the Offer is fully subscribed and excluding additional Offer Shares issued to early applicants and (ii) that the Merger between the Company and the Targets takes place based on the relative audited net asset values of the Company and TP70 2008(II) as at 31 March 2012 and the unaudited net asset value of TP12 as at 31 May 2012) will be as follows:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>no</i>
Ordinary Shares	£0.01	459,417	45,941,677
A Ordinary Shares	£0.01	51,425	5,142,470
B Ordinary Shares	£0.01	200,000	20,000,000

3.10 Other than the issue of Offer Shares, New Shares and the Ordinary Shares to be issued under the proposed ESSB, the Company has no present intention to issue any of the authorised but unissued share capital of the Company.

3.11 The Company does not have in issue any securities not representing share capital.

- 3.12 The provisions of Section 561(1) of the 2006 Act (to the extent not disapplied pursuant to Sections 570 or 571 of the CA 2006) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in Section 560(1) of the CA 2006) which are, or are to be, paid up in cash and will apply to the Company, except to the extent disapplied by the Company in general meeting. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, the Company must normally offer shares to be issued for cash to holders on a pro rata basis.
- 3.13 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.14 Save as disclosed in this paragraph 3, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this document and (other than pursuant to the Offer and the Scheme) no such issues are proposed.
- 3.15 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.16 Except for commissions paid to authorised introducers in respect of previous offers for subscription of Shares, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company in the three years immediately preceding the date of this document.
- 3.17 Other than pursuant to the Offer, none of the Offer Shares has been sold or is available in whole or in part to the public in conjunction with the application for the Offer Shares to be admitted to the Official List.
- 3.18 The New Shares and Offer Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the New Shares and Offer Shares not to be held through CREST will be posted to allottees as soon as practicable following allotment of the relevant shares. New Shares and Offer Shares to be held through CREST will be credited to CREST accounts on Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and otherwise than by a written instrument. The Articles permit the holding of shares in CREST.
- 3.19 The ISIN and SEDOL Codes of the Offer Shares are GB00B8BQXB49 and B8BQXB4 respectively. The ISIN and SEDOL Codes of the TP70 2008(II) Consideration Shares are GB00B29KPN29 and B29KPN2 respectively. The ISIN and SEDOL Codes of the TP12 Consideration Shares are GB00B87XBC63 and B87XBC6 respectively.

#### 4. MEMORANDUM AND ARTICLES OF ASSOCIATION

- 4.1 The memorandum of association of the Company provides that its principal object is to carry on the business of a VCT. The objects of the Company are set out in full in clause 4 of its memorandum of association.
- 4.2 The articles of association of the Company (the “**Articles**”), contain, *inter alia*, the following provisions.
- 4.2.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 4.2.4 below the ordinary shares shall carry the right to receive notice of or to attend or vote at any general meeting of the Company and on a show of hands every holder of ordinary shares present in person (or being a corporation, present by authorised representative) shall have one vote and, on a poll, every holder of ordinary shares who is present in person or by proxy shall have one vote for every ordinary share of which he is the holder. The shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

The Articles that it is proposed to adopt at the General Meeting shall provide that the A Ordinary Shares and the B Ordinary Shares shall carry the right to receive notice of, and to attend, speak and vote at, any general meeting.

#### 4.2.2 Transfer of Shares

The shares are in registered form and will be freely transferable free of all liens. All transfers of shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a share shall be executed by or on behalf of the transferor and, in the case of a partly paid share by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless:

- (i) it is duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) it is in respect of only one class of share; and
- (iii) the transferees do not exceed four in number.

#### 4.2.3 Dividends

The Company may in general meeting by ordinary resolution declare dividends to be paid to members in accordance with the Articles, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against the Company. There are no fixed dates on which entitlement to a dividend arises. All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

The Ordinary Shares shall entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the Ordinary Shares and from income received and accrued which is attributable to the Ordinary Shares.

The A Ordinary Shares shall entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the A Ordinary Shares and from income received and accrued which is attributable to the A Ordinary Shares.

The B Ordinary Shares shall entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the B Ordinary Shares and from income received and accrued which is attributable to the B Ordinary Shares.

The Directors may, with the prior sanction of an ordinary resolution of the Company, offer Shareholders the right to elect to receive in respect of all or part of their holding of shares, additional shares credited as fully paid instead of cash in respect of all or part of such dividend or dividends and (subject as hereinafter provided) upon such terms and conditions and in such manner as may be specified in such ordinary resolution. The ordinary resolution shall confer the said power on the Directors in respect of all or part of a particular dividend or in respect of all or any dividends (or any part of such dividends) declared or paid within a specified period but such period may not end later than the date of the annual general meeting next following the date of the general meeting at which such ordinary resolution is passed.

#### 4.2.4 Disclosure of Interest in Shares

If any Shareholder or other person appearing to be interested in shares of the Company is in default in supplying within 14 days after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in Section 793 of the CA 2006, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares.

The restrictions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and additionally in the case of a Shareholder representing at least 0.25 per cent. by nominal value of any class of shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

#### 4.2.5 Distribution of Assets on Liquidation

On a winding-up any surplus assets will be divided amongst the holders of each class of shares in the Company according to the respective numbers of shares held by them and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges.

To the extent that there are Ordinary Shares, an amount equivalent to the aggregate net asset value of the Ordinary Shares, calculated in accordance with the Company's usual accounting policies and adjusted for any amounts as the liquidator may consider appropriate so as to be a fair value for the Ordinary Shares.

To the extent that there are A Ordinary Shares, an amount equivalent to the aggregate net asset value of the A Ordinary Shares, calculated in accordance with the Company's usual accounting policies and adjusted for any amounts as the liquidator may consider appropriate so as to be a fair value for the A Ordinary Shares.

To the extent that there are B Ordinary Shares, an amount equivalent to the aggregate net asset value of the B Ordinary Shares, calculated in accordance with the Company's usual accounting policies and adjusted for any amounts as the liquidator may consider appropriate so as to be a fair value for the B Ordinary Shares.

The Articles provide that the liquidator may, with the sanction of a special resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

#### 4.2.6 Changes in Share Capital

- (i) Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the Act, the Company may issue shares, which are, or at the option of the Company or the holder are, liable to be redeemed.
- (ii) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares or any of them into shares of smaller amounts, or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.
- (iii) Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act, purchase its own shares.
- (iv) The Company may by ordinary resolution convert any fully paid up shares into stock of the same class as the shares which shall be so converted, and reconvert such stock into fully paid up shares of the same class and of any denomination.

#### 4.2.7 Variation of Rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the nominal amount of the issued shares of the class or with the sanction of a resolution passed at a separate meeting of such holders.

#### 4.2.8 Conversion Rights

Subject to the adoption of the Articles to be proposed at the General Meeting, each class of Shares may, subject to the approval of appropriate class meetings of the Shareholders, convert, in accordance with the provisions of the Articles, into Shares of another class at a date to be determined by the Directors.

#### 4.2.9 Directors

Unless and until otherwise determined by the Company in general meeting pursuant to Article 122, the number of Directors shall not be fewer than two nor more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be fewer than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or additional Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment.

Any Director may in writing under his hand appoint (a) any other Director, or (b) any other person who is approved by the Board as hereinafter provided, to be his alternate. A Director may at any time revoke the appointment of an alternate appointed by him. Every person acting as an alternate Director of the Company shall be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him.

Subject to the provisions of the Statutes (as defined in the Company's articles of association), the Directors may from time to time appoint one or more of their body to be managing director or joint managing directors of the Company or to hold such other executive office in relation to the management of the business of the Company as they may decide.

A Director may continue or become a Director or other officer, servant or member of any company promoted by the Company or in which they may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any remuneration or other benefits derived as Director or other officer, servant or member of such company.

The Directors may from time to time appoint a chairman of the Company (who need not be a Director of the Company) and may determine his duties and remuneration and the period for which he is to hold office.

The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality, whether at home or abroad, in such manner as they think fit.

#### 4.2.10 Directors' Interests

4.2.10.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Act, the nature of his interest.

- 4.2.10.2. Provided that he has declared his interest in accordance with paragraph 4.2.9.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.
- 4.2.10.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through the Company, unless his interest arises only because the case falls within one or more of the following paragraphs:
- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
  - (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (c) any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;
  - (d) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
  - (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and
  - (f) any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a Director, officer or auditor.
- 4.2.10.4 When proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

#### 4.2.11 Remuneration of Directors



- 4.2.11.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees, shall not exceed £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- 4.2.11.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.
- 4.2.11.3 The emoluments and benefits of any executive Director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

#### 4.2.12 Retirement of Directors

At the annual general meeting of the Company next following the appointment of a Director he shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or re-appointed despite having attained any particular age and shall not be required to retire by reason of his having attained any particular age, subject to the provisions of the Act.

#### 4.2.13 Borrowing Powers

Subject as provided below, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control over its subsidiary undertakings (if any) so as to secure that the aggregate amount of money borrowed by the group, being the Company and any subsidiary undertakings for the time being (excluding intra-group borrowings), shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 30 per cent. of the Company's NAV at the time of any borrowing.

#### 4.2.14 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") the 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 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 Act, the Board may determine whether any amount received by the Companies 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 or other dealing with investments, or other capital losses, and, subject to the Act, 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 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 except for the purpose of redeeming or purchasing its own shares in accordance with Sections 687 and 692 of the CA 2006 or 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 applied in paying dividends on any shares in the Company.

The Articles that it is proposed to adopt at the General Meeting shall provide, in accordance with recent legislative changes, that the above provisions will only apply in respect of the period ending 5 April 2012.

#### 4.2.15 Duration of Company

The Directors shall put an ordinary resolution to the annual general meeting of the Company held in 2014 and, if passed, the Directors shall draw up proposals for the reorganisation, reconstruction or voluntary winding up of the Company for submission to the members of the Company at a general meeting to be convened by the Directors as soon as reasonably practicable without prejudice to the VCT status of the Company. Implementation of the proposals will require the approval of members by ordinary resolution. For the purposes of this, an ordinary resolution will only have been carried if those members present in person or by proxy who vote for such resolution hold in aggregate not less than twenty five per cent of the issued share capital of the Company at such time.

The Articles that it is proposed to adopt at the General Meeting shall amend Article 182 of the Articles to provide that the annual general meeting at which the above resolution shall be proposed shall be the annual general meeting held in 2019. Any voluntary winding up of the Company prior to a winding up carried out in accordance with Article 182 shall require the approval of appropriate class meetings of the Shareholders.

#### 4.2.16 General Meetings

Annual general meetings shall be held at such time and place as may be determined by the Directors and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. The Directors may, whenever they think fit, convene a general meeting of the Company, and general meetings shall also be convened on such requisition or in default may be convened by such requisitionists as are provided by the Statutes, as defined in the Company's articles of association. Any meeting so convened by requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

An annual general meeting and a general meeting called for the passing of a special resolution shall be called by not less than twenty-one days notice in writing, and all other general meetings of the Company shall be called by not less than fourteen days notice in writing. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall specify the place, the day and hour of meeting, and in case of special business the general nature of such business. The notice shall be given to the members, other than those who, under the provisions of the Company's articles or the terms of issue of the shares they hold, are not entitled to receive notice from the Company, to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an ordinary resolution as the case may be shall specify the intention to propose the resolution as such.

In every notice calling a meeting of the Company or any class of the members of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him, and that a proxy need not also be a member.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than fourteen days and not more than twenty-eight days hence) and at such place as the Chairman shall appoint. At any such adjourned meeting the member or members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. The Company shall give not less than seven clear days notice of any meeting adjourned for the want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum.

The chairman may, with the consent of the meeting (and shall, if so directed by the meeting) adjourn any meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

## 5. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company's articles of association are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertified Securities Regulations 1995. The New Shares and Offer Shares have been made eligible for settlement in CREST.

## 6. DIRECTORS' INTERESTS

- 6.1 As at the date of this document the Directors and their immediate families do not have and assuming that (i) the Offer is fully subscribed and excluding additional Offer Shares issued to early applicants and (ii) the merger of the TP70 2008 Companies and TP12 takes place on the basis of their NAVs as at 31 March 2012 and 31 May 2012 respectively, on Admission of the New Shares and Offer Shares the Directors and their immediate families will not have any interests in the share capital of the Company which are or will be notified to the Company in accordance with rule 3 of the Disclosure and Transparency Rules ("DTR 3") by each Director and there are no interests of a connected person (within the meaning in DTR 3) of a Director which are or will be required to be disclosed under DTR3 and the existence of which is known to or could with reasonable diligence be ascertained by that Director.
- 6.2 At the date of this document and after the Offer has closed, the Company is not aware of any person who has or will hold, directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached (assuming that (i) the Offer is fully subscribed and excluding additional Offer Shares issued to early applicants and (ii) the merger of the TP70 2008 Companies and TP12 takes place on the basis of their NAVs as at 31 March 2012 and 31 May 2012 respectively).
- 6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, and on the assumptions set out in those paragraphs, the Company is not aware of any person who will, immediately following Admission of the New Shares and Offer Shares, hold (for the purposes of rule 5 of the Disclosure and Transparency Rules ("DTR 5")) directly or indirectly voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could, directly or indirectly, jointly or severally, exercise control over the Company.
- 6.4 The persons including the Directors referred to in paragraphs 6.1 and 6.2 above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.
- 6.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.6 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.7 In addition to their directorships of the Company, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

Name	Position	Name of company/partnership	Position still held (Y/N)
Simon Hugh Verdon Acland	Director	TP70 2010 VCT plc	Y
	Director	TP12(I) VCT plc	Y

David Thomas Frank	Director	TP70 2009 VCT plc (dissolved)	N
	Director	Elektron Technology plc	Y
	Director	Plantlife International – The Wild Plant Conservation Charity	Y
	Director	The Environment Industries Group Limited	Y
	Director	Workshare Limited	N
	Director	Celona Technologies Limited (dissolved)	N
	Director	Elateral Holdings Limited	N
	Director	Bond Fabrications Limited	N
	Director	Plaxica Limited	N
	Director	Quester Limited	N
	Director	Rocko Limited (dissolved)	N
	Director	Young Enterprise London Ltd (dissolved)	N
	Partner	Quester Venture GP Partnership	Y
	Partner	Quester Academic GP Partnership	Y
	Director	The Gatton Trust Limited	Y
	Director	Slaughter and May Services Company	N
	Director	Community Foundation for Surrey	Y
	Member of Senior Management	National Rifle Association	N
	Member of Senior Management	The Royal Alexandra and Albert School	Y
	Director	Slaughter and May Trust Limited	N
	Director	Trexco Limited	N
	Director	Trucidator Limited	N
	Director	Trucidator Nominees Limited	N
	Director	Trusec Limited	N
	Partner	Slaughter and May	N

	Partner	Slaughter and May (Europe)	N
Philip William Frederick Marsden	Designated Member	Marsden Clark LLP	Y
	Director	Northern Investors Company plc	Y
	Director	Marsden Clark Corporate Finance Limited	Y
	Director	Vantis Corporate Finance Limited (in liquidation)	N

The business address of all the Directors is 4-5 Grosvenor Place, London SW1X 7HJ.

6.8 None of the Directors has at any time within the last five years:

- 6.8.1 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
- 6.8.2 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 6.8.3 been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, save as set out in paragraph 6.7 above; or
- 6.8.4 been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.

6.9 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a member of the administrative, management or supervisory bodies or member of senior management.

6.10 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.

6.11 The Directors and members of the Investment Management Team do not have any conflicts of interest between their duties to the Company and their private interests or other duties.

## 7. DIRECTORS' REMUNERATION AND SERVICE AGREEMENTS

7.1 For the financial year ended 31 March 2012, the remuneration of David Frank was £15,000 and the remuneration of each of Philip Marsden and Simon Acland was £12,500. The aggregate remuneration of the Directors in respect of the current financial year is expected to be £40,000. Such remuneration will increase to £47,500 in the event that the ESBB proceeds and following the return of capital to holders of Ordinary Shares not participating in the ESBB so long as the Enlarged Company's NAV exceeds £25 million. No amounts have been set aside or have been accrued by the Company to provide pension, retirement or similar benefits to the Directors.

7.2 None of the Directors has a service contract with the Company and no such contract is proposed. Each of the Directors has been appointed on terms which can be terminated by either party on three months' notice.

- 7.3 The Directors are not entitled to compensation other than payment in lieu of notice on termination of their directorships.

## **8. THE COMPANY AND ITS SUBSIDIARIES**

The Company does not have any subsidiaries.

## **9. OFFER AGREEMENT**

Under an offer agreement dated 15 October 2012, between the Company, the Directors, Howard Kennedy, TPIM and the Investment Management Team, Howard Kennedy has agreed to act as sponsor to the Offer and the Scheme (the "Offer Agreement").

The Company will pay all other costs and expenses of or incidental to the Offer and Admission. TPIM will indemnify, and keep indemnified, the Company in respect of the amount by which the costs, excluding VAT, of the Offer exceed the aggregate of (i) 2.5% of the aggregate value of accepted applications for Offer Shares under the Offer and (ii) the upfront commission paid to financial advisers in respect of subscriptions under the Offer advised on by financial advisers before 31 December 2012 (such aggregate amount being the "TPIM Indemnity Amount"), and in consideration the Company has agreed to pay TPIM such amount, if any, by which the TPIM Indemnity Amount exceeds the initial costs of the Offer excluding VAT.

Under the Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Investment Management Team and the Directors have given certain warranties, customary for this type of agreement, relating to the accuracy and completeness of the information contained in the Prospectus. Warranty claims must be made by no later than 30 days after the date of the publication of the audited accounts of the Company for the accounting year ending 31 March 2014. The liability of the Directors and each member of the Investment Management Team in respect of a breach of a warranty or representation is limited to £12,500 each. The Company has also agreed to indemnify Howard Kennedy, without limit in time or amount, in respect of its role as Sponsor and in respect of certain losses arising under the Offer Agreement. The Offer Agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty in the Offer Agreement occurs and provided that such termination takes place prior to Admission.

## **10. TAKEOVERS AND MERGERS**

### **10.1 Mandatory takeover bids**

The City Code on Takeovers and Mergers (the "Code") applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover, and that shareholders of the same class are afforded equivalent treatment. The Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing. The Takeovers Directive was implemented in the UK in May 2006 and since 6 April 2007 has effect through the CA 2006. The Directive applies to takeovers of companies registered in an EU member state and admitted to trading on a regulated market in the EU or EEA.

The Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company the other holders of securities must be protected. This is reinforced by Rule 9 of the Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30% but not more than 50 per cent of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50% of the voting rights.

There are not in existence any current mandatory takeover bids in relation to the Company.

#### 10.2 Squeeze out

Section 979 of the CA 2006 provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90 per cent, of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the relevant Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the CA 2006 must, in general, be the same as the consideration available under the takeover offer.

#### 10.3 Sell out

Section 983 of the CA 2006 permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in a company which amount to not less than 90 per cent, in value of all the voting shares in the company and carry not less than 90 per cent, of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

### 11. NOTIFICATIONS OF SHAREHOLDINGS

The provisions of DTR 5 will apply to the Company and its shareholders. DTR 5 sets out the notification requirements for shareholders and the Company where the voting rights of a shareholder exceed, reach or fall below the threshold of 3 per cent. and each 1 per cent. thereafter up to 100 per cent.. DTR 5 provides that disclosure by a shareholder to the Company must be made within two trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory information service as soon as possible following receipt of a notification and by no later than the end of the trading day following such receipt.

### 12. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by the Company and which contain any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company as at the date of this document:

#### 12.1 The Offer Agreement, details of which are set out in paragraph 9 above;

#### 12.2 Investment Management and Administration Agreement

Under an agreement ("the IMA") dated 14 December 2007 between the Company and TPIM, TPIM provides discretionary and advisory investment management to the Company in respect of its portfolio of investments in accordance with the provisions of the IMA. TPIM will receive fees (exclusive of VAT) equal to 1.5 per cent. per annum of the Company's NAV, payable quarterly in arrear. TPIM is entitled to reimbursement of expenses incurred in performing its obligations. In respect of investments made in companies that are not listed on AIM, TPIM is entitled to charge expenses and arrangement fees to investee companies that, without the Board's consent, will not exceed 4 per cent. of the value of the total investment by the Company (and any other investor to whom the Company syndicates any part of its investment) plus, in the case of periodical fees, £10,000 per annum (plus VAT, if applicable) provided that for the avoidance of doubt these restrictions shall not apply to all reasonable fees charged by TPIM on a commercial, arm's length basis for the provision of administrative, accounting and director services to the investee companies.

TPIM will also provide certain administrative services to the Company in respect of the period from Admission until termination of the IMA for an annual fee of 0.25 per cent. of the Company's NAV

and will provide for the services of a company secretary of the Company for an annual fee of £7,500, all fees payable quarterly in arrear plus VAT at the relevant rate. If the Scheme proceeds Peter Hargreaves will stand down as the Company's company secretary to be replaced by TPIM.

The appointment will continue for a period of 6 years from the first Admission to trading of the Ordinary Shares and thereafter terminate on 12 calendar months' notice by either party given at any time after the fifth anniversary of that Admission subject to earlier termination in certain circumstances.

Any investment or other asset of any description of the Company will be held in the Company's name although in exceptional circumstances TPIM may hold such investments or assets in the name of TPIM or other suitable person acting as custodian where, due to the nature of the law or market practice of an overseas jurisdiction, it is in the best interests of the Company to do so or it is not feasible to do otherwise.

Under an agreement dated 15 October 2012, the IMA will, subject to the Scheme, the Offer or the ESSB becoming effective, be amended to provide for the following:

- (i) in respect of the fund representing the Ordinary Shares issued pursuant to the ESBB, TPIM will receive investment management fees (exclusive of VAT) equal to 1.5 per cent. per annum of that fund's NAV, payable quarterly in arrear up to 30 April 2018 and thereafter 1 per cent. of any amounts returned to holders of Ordinary Shares issued pursuant to the ESBB;
- (ii) in respect of the A Ordinary Share Fund, TPIM will receive investment management fees (exclusive of VAT) equal to 1.5 per cent. per annum of the A Ordinary Share Fund's NAV, payable quarterly in arrear up to 30 April 2017 and thereafter 1 per cent. of any amounts returned to holders of A Ordinary Shares;
- (iii) in respect of the B Ordinary Share Fund, TPIM will receive investment management fees (exclusive of VAT) equal to 1.5 per cent. per annum of the B Ordinary Share Fund's NAV, payable quarterly in arrear up to 30 April 2018 and thereafter 1% of any amounts returned to holders of B Ordinary Shares;
- (iv) TPIM's appointment under the IMA will continue for a period of at least 6 years from the Admission of the Ordinary Shares issued pursuant to the ESBB and the B Ordinary Shares to the Official List and to trading on the London Stock Exchange's market for listed securities, and until at least 30 April 2018 in the case of an Admission of A Ordinary Shares, and thereafter will terminate on 12 calendar months' notice by either party subject to earlier termination in certain circumstances.

### 12.3 Directors' Letters of Appointment

David Frank entered into an agreement with the Company dated 11 November 2010, Philip Marsden entered into an agreement with the Company dated 19 May 2011 and Simon Acland entered into an agreement with the Company dated 12 March 2009 whereby they are required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as a non-executive Director. David Frank is entitled to receive an annual fee of £15,000, of which £2,500 shall be in respect of his services as chairman of the Board, and each of the other Directors is entitled to receive an annual fee of £12,500. Either party can terminate the agreement by giving to the other at least 3 months' notice in writing to expire at any time after the date 15 months from the commencement date. In the event that the merger with TP70 2008(II) proceeds it is proposed that Philip Marsden will stand down from the Board to be replaced by Michael Stanes, who is presently a director of TP70 2008(II), who will be appointed on the same terms as Philip Marsden. It is proposed that such remuneration will increase by £2,500 for each Director with effect from the Effective Date in the event that the ESSB proceeds and following the return of capital to holders of Ordinary Shares not participating in the ESBB so long as the Enlarged Company's NAV exceeds £25 million.

### 12.4 Registrar's Agreement

By agreements dated 27 November 2007 between the Company and Neville Registrars Limited, the latter was appointed registrar to the Company. The Company shall pay the registrar an annual register maintenance fee of £1.50 per shareholder account plus out of pocket expenses subject to



a minimum fee of £600 per annum, which shall be subject to an annual review.

- 12.5 The following contracts will be entered into subject, *inter alia*, to the approval by Shareholders of the resolutions to be proposed at the General Meeting:

#### Transfer Agreements

Transfer agreements between the Company and each of the Targets (acting through the Liquidators) pursuant to which all of the assets and liabilities of the Targets will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New Shares, as described in Part 2 of this document. The Liquidators will agree under these agreements that all sale proceeds and/or dividends received in respect of the underlying assets of the Targets will be transferred on receipt to the Company as part of the Scheme.

#### Deed of Indemnity

An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme.

### 13. RELATED PARTY TRANSACTIONS

Other than the offer agreement referred to at paragraphs 9 and 12.1 above and the supplemental agreement relating to the investment management agreement referred to at paragraph 12.2 above, there have been no related party transactions relating to the Company during the period covered by the statutory accounts referred to at paragraph 19.3 below and up to the date of this document.

### 14. SPECIFIC DISCLOSURES IN RESPECT OF CLOSED ENDED FUNDS

- 14.1 The Manager intends to use the proceeds of the Offer in accordance with the Company's object of spreading investment risk and in accordance with its proposed New Investment Policy set out on pages 26 to 27. This investment policy is in line with the VCT rules and the Company will not deviate from them. Further, in accordance with the VCT rules, the Company will invest in ordinary shares, in some cases a small number of preference shares where applicable, and always in accordance with such rules.
- 14.2 The Company is not regulated by the FSA (or equivalent overseas regulator) although VCTs need to meet a number of conditions set out in tax legislation in order for the VCT tax reliefs to apply, and comply with the rules and regulations of the UK Listing Authority.
- 14.3 The Company is regulated by the VCT rules in respect of the investments it makes as described in Section E of Part I of this document. The Company has appointed PricewaterhouseCoopers LLP as its VCT status monitor. PricewaterhouseCoopers LLP will report to the Company as a part of its annual reporting obligations. In respect of any breach of the VCT rules, the Company, together with PricewaterhouseCoopers LLP, will report directly and immediately to HMRC to rectify the breach and announce the same immediately to the Company's shareholders via a Regulatory News Service provider.
- 14.4 The Company will not invest more than 15 per cent. of its gross assets in any single company, in accordance with the VCT legislation, nor will the Company control the companies in which it invests in such a way as to render them subsidiary undertakings until it has obtained approval as a VCT from HMRC.
- 14.5 The Company will not conduct any trading activity which is significant in the context of its group (if any) as a whole. No more than 10 per cent., in aggregate, of the value of the total assets of the Company at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds themselves have published investment policies which permit them to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds.
- 14.6 The Board must be able to demonstrate that it will act independently of the Manager. A majority of the Board (including the Chairman) must not be directors, employees, partners, officers, or professional advisers of or to, the Manager or any company in the Manager's group or any other investment entity which they manage.

- 14.7 The Company will not invest directly in physical commodities.
- 14.8 The Company will not invest in any property collective investment undertaking.
- 14.9 Other than as provided for under the Original Investment Policy the Company will not invest in any derivatives, financial instruments, money market instruments or currencies other than for the purposes of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of the collective investment undertaking, including any technique or instrument used to provide protection against exchange and credit risks)
- 14.10 The Manager is responsible for the determination and calculation of the NAV of the Company on a quarterly basis.
- 14.11 The net asset value of the Company's investments will be determined quarterly, concurrent with the annual announcement to 31 March, half-yearly yearly announcement to 30 September (which are expected in June and November respectively) and interim management statements to 30 June and 31 December respectively in accordance with the British Venture Capital Association's recommendations as set out in the BVCA notes of guidance. The value of investments will be determined according to their listing status. Quoted securities will be valued at mid-market price unless the investment is subject to restrictions or the holding is significant in relation to the share capital of a small quoted company, in which case a discount may be appropriate as per the BVCA guidelines. The Company has no current intention to acquire quoted securities. Unquoted investments will be valued on a cost basis in the first year and reviewed subsequently on the basis of the progression of the businesses. The net asset value of the Company will be communicated to Shareholders via a Regulatory News Service provider at the same frequency as the determinations. In the event of any suspension, valuations are held at the suspended price and a view is taken with consideration to best market practice and information from advisers.
- 14.12 The Directors do not anticipate any circumstances arising under which the valuations may be suspended. Should the determination of net asset value differ from that set out above then this will be communicated to Shareholders through a Regulatory News Service provider.

## 15. WORKING CAPITAL

The Company is of the opinion that the working capital of the Company is sufficient for its present requirements, that is, for at least the period of twelve months from the date of this document.

## 16. CAPITALISATION AND INDEBTEDNESS

- 16.1 The capitalisation and indebtedness of the Company as at 31 March 2012 was as follows:

	(£'000)
Indebtedness	Nil
<u>Shareholders' equity</u>	
Share Capital	231
Special Distributable Reserve	
Revenue Reserve	21,777
Capital Reserve	
	245
	<u>(3448)</u>
	18,805
 Total	
Cash and cash equivalents	174

- 16.2 Since 31 May 2012, the Company has incurred no indebtedness. The Company has power to borrow under the Articles, details of which are set out in the paragraph entitled "Borrowing powers" in paragraph 4.2.13 of Part 4.

## **17. CORPORATE GOVERNANCE**

- 17.1 The UK Corporate Governance Code published by the Financial Reporting Council in June 2010 (the "Code") applies to the Company. The Directors acknowledge the section headed "Comply or Explain" in the preamble to the Code which acknowledges that some provisions may have less relevance for investment companies and, in particular, consider some areas inappropriate to the size and nature of the business of the Company. Accordingly, the provisions of the Code are complied with save that (i) new Directors do not receive a full, formal and tailored induction on joining the Board (such matters are addressed on an individual basis as they arise), (ii) the Company does not have a senior independent Director, (iii) the Company does not conduct a formal review as to whether there is a need for an internal audit function as the Directors do not consider that an internal audit would be an appropriate control for a venture capital trust and (iv) as all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee.

### *Audit Committee*

- 17.2 The audit committee of the Company comprises the Board and meets at least twice a year. The Company's auditors may be required to attend such meetings. The audit committee prepares a report each year addressed to the Shareholders for inclusion in the Company's annual report and accounts. The duties of the audit committee are, inter alia:
- 17.2.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
  - 17.2.2 to review management accounts;
  - 17.2.3 to consider the appointment of the external auditor, the level of audit fees and to discuss with the external auditor the nature and scope of the audit; and
  - 17.2.4 to consider matters of corporate governance as may generally be applicable to the Company and make recommendations to the Board in connection therewith as appropriate.

### *Nomination and Remuneration Committees*

- 17.2.5 To date no nomination or remuneration committees have been established. Recommendations for the re-election of Directors are considered by the Board. Matters relating to remuneration of Directors are considered by the Board and any Director is excluded from meetings whose purpose is the setting of his own remuneration.

## **18. LITIGATION**

- 18.1 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

## **19. GENERAL**

- 19.1 The estimated costs and expenses relating to the Offer, assuming full subscription, payable by the Company are estimated to amount to approximately £1,100,000 (excluding VAT). The total net proceeds of the Offer, after all fees, are expected to be £18,857,000 (assuming full subscription of 20,000,000 Offer Shares, that £1,000,000 of the subscription monies are received by 19 December 2012 and £1,000,000 of the subscription monies are received between 19 December 2012 and 14 February 2013 and that the full subscription is advised on by financial advisers before 31 December 2012.
- 19.2 The costs and expenses of the Scheme payable by the Company, including any irrecoverable value added tax and all fees and commissions payable are estimated to be £197,000 inclusive of VAT.

Under the terms of the relevant Transfer Agreements the Company has agreed to meet all the costs of the Targets in relation to the Scheme and of winding up the Targets whether or not so anticipated. However, save in respect of such sum as is equal to 50% of the Company's resulting savings from the Scheme in the period following the Merger up to 31 March 2014, TPIM in turn has agreed to indemnify the Company for the costs of the Scheme.

- 19.3 Grant Thornton UK LLP, chartered accountants of 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford OX4 2WB have been the auditors of the Company since its incorporation and have given unqualified audit reports on the statutory accounts of the Company for the financial years since incorporation within the meaning of Section 495 of the CA 2006. None of those reports contained any statements under Section 237(2) or (3) of the CA 2006. Statutory accounts of the Company for each of those financial years have been delivered to the Registrar of Companies in England and Wales pursuant to Section 242 of the CA 2006. The half-yearly financial reports for the six month periods ended 30 September 2010 and 30 September 2011 and the statutory accounts of the Company for the year ended 31 March 2010, 31 March 2011 and 31 March 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").
- 19.4 The Company shall take all reasonable steps to ensure that its auditors are independent of it and will obtain written confirmation from its auditors that they comply with guidelines on independence issued by their national accountancy and auditing bodies.
- 19.5 Howard Kennedy's office address is at 19 Cavendish Square, London W1A 2AW. Howard Kennedy is regulated by the Financial Services Authority and is acting in the capacity as Sponsor to the Company.
- 19.6 Howard Kennedy has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 19.7 The statements attributed to the Manager in this document have been included in the form and context in which they appear with the consent and authorisation of the Manager. The Manager accepts responsibility for those statements, and to the best of the knowledge and belief of the Manager (which has taken all reasonable care to ensure that such is the case) those statements are in accordance with the facts and do not omit anything likely to affect the import of such information.
- 19.8 The report set out in section C of Part 2 of this document has been included in the form and context in which it appears with the consent and authorisation of PKF(UK) LLP which has authorised the contents of those reports in those sections of this document.
- 19.9 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 19.10 The Company does not assume responsibility for the withholding of tax at source.
- 19.11 Other than the costs of the Scheme, the Scheme is not expected to have a material effect on the levels of revenue and losses to be incurred by the Company relative to its enlarged asset base had the acquisition occurred on 1 April 2012, the commencement of the current accounting period of the Company.
- 19.12 There has been no significant change in the financial or trading position of the Company since 31 March 2012, the date to which the audited financial statements have been published, to the date of this document. The Company's existing portfolio of Qualifying Investments is fully deployed and is not expected to alter significantly for the coming year, except as a result of the Scheme and Offer.
- 19.13 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 effect 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.
- 19.14 Shareholders will be informed, by means of the interim 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.

- 19.15 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy in this document. There are no firm commitments in respect of the Company's principal future investments. As at 30 June 2012, the Company, TP70 2008(II) and TP12 have respectively £68,000, £18,000 and £184,000 of uninvested cash which has been retained for working capital and follow-on or new investments.
- 19.16 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.
- 19.17 The Company has no employees or subsidiaries.
- 19.18 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.
- 19.19 The Company does not have any material shareholders with different voting rights.
- 19.20 Application has been made for the admission of the New Shares to be issued under the Scheme to be listed on 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 the Calculation Date stating the number of such New Shares to be issued. Dealings may not commence in the New Shares issued pursuant to the Scheme before notification of the number of New Shares to be issued is given. The New Shares issued pursuant to the Scheme will be in registered form. If, following issue, recipients of New Shares pursuant to the Scheme should wish to hold their New Shares in uncertificated form they should contact the Company's registrar.
- 19.21 Had the Scheme been implemented on 31 March 2012, based on the relative audited net asset values of the Company and TP70 2008(II) as at that day, and the unaudited net asset value of TP12 as at 31 May 2012, 27,984,248 New Shares would have been issued to the Target Shareholders representing 121 per cent. of the current issued share capital of the Company.
- 19.22 The Directors believe that had the Offer been made on 1 April 2012 the effect of the Offer on the earnings of the holders of Ordinary Shares and New Shares would be positive because the Company's fixed costs will be spread over a larger Company NAV.
- 19.23 All third party information in this Prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.24 The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offer. The Offer is expected to close on or before 30 April 2013, unless previously extended by the Directors but may not extend beyond 4 October 2013. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 19.25 **Information on the terms and conditions of the Offer will be given to Investors by financial intermediaries at the time that the Offer is introduced to Investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph 19.24 above.**

## 20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and at the offices of Howard Kennedy, 19 Cavendish Square, London, W1A 2AW whilst the Offer remains open:

- 20.1 the memorandum of association of the Company and the Articles;
- 20.2 the material contracts referred to in paragraph 12 above;
- 20.3 the interim results of the Company for the 3 month period ending 30 June 2012 and the annual accounts for the periods ending 31 March 2010, 31 March 2011 and 31 March 2012;
- 20.4 a draft of the Transfer Agreements;
- 20.5 the consents referred to in paragraphs 19.6 to 19.8 above;
- 20.6 the circular to Shareholders dated 15 October 2012;
- 20.7 the circular to TP70 2008(II) Shareholders dated 15 October 2012;
- 20.8 the circular to TP12 Shareholders dated 15 October 2012;
- 20.9 the pro forma financial information together with a report from PKF (UK) LLP set out in Section C of Part 2 of this document; and
- 20.10 this document.

15 October 2012

## PART 5 - DEFINITIONS

<b>“2012/2013 Offer”</b>	the offer to subscribe for Offer Shares under the Offer in respect of the 2012/2013 tax year as described in this document
<b>“2013/2014 Offer”</b>	the offer to subscribe for Offer Shares under the Offer in respect of the 2013/2014 tax year as described in this document
<b>“A Ordinary Shares”</b>	A ordinary shares of 1 pence each in the capital of the Company to be issued to the TP12 Shareholders pursuant to the Scheme
<b>“A Ordinary Share Fund”</b>	the net assets of the Company represented by the A Ordinary Shares
<b>“A Ordinary Share Fund Qualifying Investments”</b>	Qualifying Investments comprised within the A Ordinary Share Fund immediately following the Merger
<b>“Acts”</b>	CA 1985 and CA 2006
<b>“Admission”</b>	the admission of the New Shares allotted pursuant to the Scheme and the Offer Shares allotted pursuant to the Offer to a premium listing on the Official List and to trading on the London Stock Exchange’s market for listed securities
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange
<b>“Annual Running Costs”</b>	annual costs and expenses incurred by the Company in the ordinary course of its business (including irrecoverable value added tax)
<b>“Articles”</b>	the articles of association of the Company, as amended from time to time
<b>“Board” or “Directors”</b>	the board of directors of the Company
<b>“Business Days”</b>	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
<b>“CA 1985”</b>	Companies Act 1985 (as amended)
<b>“CA 2006”</b>	Companies Act 2006 (as amended)
<b>“Calculation Date”</b>	the date on which the TP70 2008(II) Roll-Over Value, the TP12 Roll-Over Value and the Merger Value will be calculated, anticipated as being 20 November 2012
<b>“Company” or “TP70 2008(I)”</b>	TP70 2008(I) VCT plc
<b>“Disclosure &amp; Transparency Rules”</b>	the disclosure and transparency rules of the FSA
<b>“EEA States”</b>	the member states of the European Economic Area
<b>“Effective Date”</b>	the date on which the Scheme will be completed, anticipated as being 21 November 2012
<b>“Enlarged Company”</b>	TP70 2008(II), following implementation of the Scheme
<b>“ESBB”</b>	an enhanced share buy back scheme whereby a tender offer is made by the Company to holders of Ordinary Shares allowing them to re-subscribe for new Ordinary Shares between February and April 2013 and which it is intended will be the subject of (i) a circular to Shareholders expected to be issued in November 2012 and (ii) a further general meeting of Shareholders
<b>“FSA”</b>	the Financial Services Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 1986 (as amended)
<b>“GAM”</b>	GAM International Management Limited
<b>“GAM Diversity”</b>	GAM Diversity Inc
<b>“General Meeting”</b>	the general meeting of the Company convened for 13 November 2012 (or any adjournment thereof)

<b>“GLL”</b>	GAM London Limited
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“Howard Kennedy”</b>	Howard Kennedy Corporate Services LLP
<b>“IA 1986”</b>	Insolvency Act 1986 (as amended)
<b>“ICTA 1988”</b>	Income and Corporation Taxes Act 1988 (as amended)
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union
<b>“Investment Management Team”</b>	those members of TPIM’s investment management team whose details are set out on pages 30 to 31
<b>“ITA 2007”</b>	Income Tax Act 2007 (as amended)
<b>“Liquidators”</b>	David Merrygold and James Money of PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP
<b>“Listing Rules”</b>	the listing rules of the UKLA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Meetings”</b>	the General Meeting, the TP70 2008(II) General Meetings and the TP12 General Meetings (and each a “Meeting”)
<b>“Merger Regulations”</b>	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
<b>“Merger Value”</b>	the value of an Ordinary Share calculated in accordance with Section A of Part 2 of this document
<b>“Minimum Net Proceeds”</b>	the minimum net proceeds of the Offer to be raised by the Company in order for the Company to issue Offer Shares under the Offer, being £2,000,000
<b>“NAV” or “net asset value”</b>	net asset value
<b>“New Investment Policy”</b>	the investment policy to be adopted by the Company subject to the passing of Resolution 4 at the General Meeting
<b>“New Shares”</b>	the TP12 Consideration Shares and the TP70 2008(II) Consideration Shares to be issued pursuant to the Scheme (and each a “New Share”)
<b>“Non-Qualifying Investments”</b>	the assets of the Company that are not Qualifying Investments
<b>“Offer”</b>	the offer for subscription by the Company as described in this document
<b>“Offer Shares” or “B Ordinary Shares”</b>	the new B ordinary shares of 1p each in the capital of the Company to be issued pursuant to the Offer
<b>“Offer Share Fund” or “B Ordinary Share Fund”</b>	the net assets of the Company represented by the B Ordinary Shares
<b>“Offer Share Fund Qualifying Investments”</b>	Qualifying Investments acquired by the Offer Share Fund
<b>“Official List”</b>	the official list of the UKLA
<b>“Original Investment Policy”</b>	the TP70 2008 Companies’ investment policy for the ordinary shares issued under their initial offer for subscriptions
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Ordinary Share Fund”</b>	the net assets of the Company represented by the Ordinary Shares
<b>“Ordinary Share Fund Qualifying Investments”</b>	Qualifying Investments comprised within the Ordinary Share Fund immediately following the Merger



<b>“Proposals”</b>	the proposals to implement the Offer and the Merger to be proposed at the Meetings
<b>“Prospectus”</b>	this document, relating to the Offer and the Scheme
<b>“Prospectus Rules”</b>	the prospectus rules of the FSA
<b>“Qualifying Company”</b>	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
<b>“Qualifying Investments”</b>	shares in, or securities of, a Qualifying Company held by a VCT which meets the requirements described in chapter 4 of Part 6 ITA 2007
<b>“Record Date”</b>	the record date to which Target Shareholders’ entitlements will be allocated pursuant to the Scheme, estimated to be 20 November 2012
<b>“Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the FSA
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting
<b>“Scheme” or “Merger”</b>	the proposed merger of the Company with TP70 2008(II) and TP12 by means of placing TP70 2008(II) and TP12 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of TP70 2008(II)’s and TP12’s assets and liabilities in consideration for New Shares, as set out in Part 2 of this document. If the Scheme is approved by the TP70 2008(II) Shareholders but not by the TP12 Shareholders at the Target General Meetings, the Scheme shall constitute the proposed merger of the Company and TP70 2008(II) and if the Scheme is approved by the TP12 Shareholders but not by the TP70 2008(II) Shareholders at the Target General Meetings, the Scheme shall constitute the proposed merger of the Company and TP12
<b>“Shareholder”</b>	a holder of Shares
<b>“Shares”</b>	Ordinary Shares, A Ordinary Shares and B Ordinary Shares as the context may require (and each a “Share”)
<b>“Statutes”</b>	means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies insofar as it applies to the Company
<b>“Targets”</b>	TP70 2008(II) and TP12
<b>“Target Boards”</b>	the TP70 2008(II) Board and the TP12 Board
<b>“Target First General Meetings”</b>	the TP70 2008(II) First General Meeting and the TP12 First General Meeting
<b>“Target General Meetings”</b>	the Target First General Meetings and the Target Second General Meetings
<b>“Target Second General Meetings”</b>	the TP70 2008(II) Second General Meeting and the TP12 Second General Meeting
<b>“Target Shareholders”</b>	TP70 2008(II) Shareholders and TP12 Shareholders
<b>“Target Shares”</b>	TP70 2008(II) Shares and TP12 Shares
<b>“TCGA 1992”</b>	Taxation of Chargeable Gains Act 1992 (as amended)
<b>“TP70 2008 Companies”</b>	the Company and TP70 2008(II)
<b>“TPIM” or “Manager”</b>	Triple Point Investment Management LLP of 4-5 Grosvenor Place, London SW1X 7HJ
<b>“TP12”</b>	TP12(I) VCT plc
<b>“TP12 Board”</b>	the board of directors of TP12
<b>“TP12 Consideration Shares”</b>	the A Ordinary Shares to be issued to the TP12 Shareholders pursuant to the Scheme
<b>“TP12 First General Meeting”</b>	the general meeting of TP12 convened for 13 November 2012 (or any adjournment thereof)

<b>“TP12 General Meetings”</b>	the TP12 First General Meeting and the TP12 Second General Meeting
<b>“TP12 Merger Ratio”</b>	the TP12 Roll-Over Value divided by the Merger Value
<b>“TP12 Roll-Over Value”</b>	the value of a TP12 Share calculated in accordance with Part 2 of this document
<b>“TP12 Second General Meeting”</b>	the general meeting of TP12 convened for 21 November 2012 (or any adjournment thereof)
<b>“TP12 Shares”</b>	the ordinary shares of 1p each in the capital of TP12
<b>“TP12 Shareholders”</b>	the holders of TP12 Shares
<b>“TP70 2008(II)”</b>	TP70 2008(II) VCT plc
<b>“TP70 2008(II) Board”</b>	the board of directors of TP70 2008(II)
<b>“TP70 2008(II) Consideration Shares”</b>	the Ordinary Shares each to be issued to the TP70 2008(II) Shareholders pursuant to the Scheme
<b>“TP70 2008(II) First General Meeting”</b>	the general meeting of TP70 2008(II) convened for 13 November 2012 (or any adjournment thereof)
<b>“TP70 2008(II) General Meetings”</b>	the TP70 2008(II) First General Meeting and the TP70 2008(II) Second General Meeting
<b>“TP70 2008(II) Merger Ratio”</b>	the TP70 2008(II) Roll-Over Value divided by the Merger Ratio
<b>“TP70 2008(II) Roll-Over Value”</b>	the value of a TP70 2008(II) Share calculated in accordance with Part 2 of this document
<b>“TP70 2008(II) Second General Meeting”</b>	the general meeting of TP70 2008(II) convened for 21 November 2012 (or any adjournment thereof)
<b>“TP70 2008(II) Shares”</b>	the ordinary shares of 1p each in the capital of TP70 2008(II)
<b>“TP70 2008(II) Shareholders”</b>	the holders of TP70 2008(II) Shares
<b>“Triple Point Group”</b>	TPIM and Triple Point LLP
<b>“Transfer Agreements”</b>	the agreement between the Company and each of the Targets (acting through the Liquidators) for the transfer of all of the assets and liabilities of the Targets by the Liquidators to the Company
<b>“UK”</b>	the United Kingdom
<b>“UKLA” or “UK Listing Authority”</b>	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
<b>“unquoted”</b>	private or public companies not quoted on any market or exchange
<b>“VCT” or “venture capital trust”</b>	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
<b>“VCT Rules”</b>	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs

**PART 6 - TERMS AND CONDITIONS OF APPLICATION FOR SHARES UNDER THE OFFER AND  
GUIDE TO APPLICATION FORM**

1. The contract created by the acceptance of applications for the shares will be conditional upon the admission of the relevant shares to the Official List of the UKLA and to trading on the London Stock Exchange.
2. The right is reserved by TPIM to present all cheques and banker's drafts for payment on receipt and to retain surplus application monies pending clearance of successful applicants' cheques. Interest earned on application monies will be used to meet bank charges and other costs. The Company also reserves the right to accept or reject in whole or in part, or to scale down or limit, any application for whatever number of shares. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning the relevant applicant's cheque or banker's draft or by crossed cheque in favour of the applicant, through the post at the risk of the person entitled thereto. In the meantime, application monies will be retained by the Company, 4-5 Grosvenor Place, London SW1X 7HJ in its Offer bank account. The Offer will not be withdrawn after dealings in the shares have commenced.
3. By completing and delivering an Application Form, you (as the applicant):
  - 3.1 offer to subscribe for the number of shares specified in your Application Form (or such lesser number for which your application is accepted) at the offer price of 100p pence per share on the terms and subject to this document, including these terms and conditions, and the Articles of Association of the Company;
  - 3.2 agree that in consideration of the Company agreeing that they will not prior to the Offer closing issue or allot any shares to any person other than by means of the procedures referred to in this document, your application shall not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, TPIM of your Application Form;
  - 3.3 warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a share certificate or have your CREST account credited in respect of the shares applied for unless and until you make payment in cleared funds for such shares and such payment is accepted by the Company in its absolute discretion (which acceptance 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 you agree that, at any time prior to the unconditional acceptance by the Company of such payment, the Company may (without prejudice to other rights) avoid the agreement to allot such shares and may allot such shares to some other person, in which case you will not be entitled to any payment in respect of such shares;
  - 3.4 agree that, in respect of those shares for which your application has been received and is not rejected, acceptance shall be constituted, at the election of the Company, either (i) by notification to the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to TPIM;
  - 3.5 agree that any monies returnable to you may be retained by the Company pending clearance of your remittance and that such monies will not bear interest;
  - 3.6 authorise the Company to send (a) share certificate(s) or credit your CREST account in respect of the number of shares for which your application is accepted and/or a crossed cheque for any monies returnable, by post, at the risk of the person entitled thereto, to the address of the person named as an applicant in the Application Form;
  - 3.7 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, shares and that the shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax. (Please note that obtaining the reliefs available under the VCT legislation

does not of itself constitute tax avoidance);

- 3.8 agree that all applications, acceptances of applications and contracts resulting therefrom shall 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 proceedings 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;
  - 3.9 confirm that in making such application you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information or representation;
  - 3.10 authorise the Company, the Registrar or any persons authorised by them, as your agent, to do all things necessary to effect registration of any shares subscribed by you into your name or into the name of any person in whose favour the entitlement to any such shares has been transferred and authorise any representatives of the Company or the Receiving Agent to execute any document required therefor and to enter your name on the register of members;
  - 3.11 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations concerning the Company contained therein;
  - 3.12 confirm and warrant that you have read and complied with paragraph 4 below;
  - 3.13 confirm that you have received the restrictions contained in paragraph 5 below and warrant as provided therein;
  - 3.14 warrant that you are not under the age of 18; and
  - 3.15 agree that all documents and cheques sent by post to, by, or on behalf of the Company or TPIM, will be sent at the risk of the person entitled thereto.
4. No person receiving a copy of this document or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder 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 requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
5. The shares have not been and will not be registered under the United States Securities Act 1933 (as amended) and, subject to certain exceptions, the shares may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or to any person in the United States. Persons subscribing for shares shall be deemed, and (unless the Company is satisfied that shares can be allotted without breach of United States security laws) shall be required, to represent and warrant to the Company that they are not a person in the United States and that they are not subscribing for such shares for the account of any such person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such shares in the United States or to any such person. As used herein, "United States" means the United States of America (including each of the States and the District of Columbia) its territories or possessions or other areas subject to its jurisdiction. In addition, the Companies have not been and will not be registered under the United States Investment Company Act of 1940, as amended. TPIM will not be registered under the United States Investment Advisers Act of 1940, as amended.
6. This application is addressed to the Companies and the Sponsor. The rights and remedies of the Company under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.

7. Authorised financial advisers who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA number will be paid commission on the amount payable in respect of Shares allocated for each such Application Form at the rates specified in the paragraph headed "Details of the Offer" in Part I of this Prospectus. Authorised financial advisers may waive part or all of their commission in respect of an application. If this is the case, then such application will be treated as an application to apply for the number of shares stated in box 2 of the Application Form together with a number of additional shares equivalent to the amount of commission waived at 100 pence per share, which waived commission will be applied in paying for such shares (and which additional shares will be treated as a pro rata application in respect of the tax year(s) indicated under box 2 of the Application Form). Financial advisers should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
8. Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

### **Conditionality of Investment**

The contract created by the Company by accepting Application Forms as set out herein will be conditional on the Offer Agreement referred to in the Prospectus becoming unconditional and not being terminated in accordance with their terms and Resolution 3 set out in the Notice of General Meeting being passed. The Offer is also conditional upon the Minimum Net Proceeds being raised before 12 noon on 5 April 2013.

### **Availability of this Prospectus**

Copies of this Prospectus and the Application Form are available for collection only, free of charge, from the Company's registered office at 4-5 Grosvenor Place, London SW1X 7HJ from the date of this Prospectus until the closing of the Offer. A copy of this Prospectus has been submitted to the National Storage Mechanism and is available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>.

### **Important note for applications**

The verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the applicant will be required. Payment should be made by means of a UK clearing bank cheque drawn by the person named in box 4 on an account in his or her name. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should write the name, address and date of birth of the person named in box 4 on the back of the cheque or banker's draft and if a building society cheque or banker's draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited.

You must ensure that both of the following documents are enclosed with the Form: a certified copy of your passport (or your driving licence bearing a photograph and signature of the individual) and a recent (dated within three months preceding the date of application) original bank or building society statement (or utility bill) in your name. A copy passport or driving licence should be certified by a solicitor, chartered accountant or bank. Original documents will be returned to you by post at your risk.

A failure to provide the necessary evidence of identity may result in the application being treated as invalid or in delay in confirming the application.

TPIM may carry out its own verification of an investor using an electronic anti-money laundering check.

## TP70 2008(I) VCT PLC APPLICATION FORM

### GUIDE TO THE APPLICATION FORM

Please complete in block capitals in black ink. Sections 1-6 to be completed by you as the applicant. Sections 7-8 to be completed by your financial adviser. Either Section 9 to be completed by your financial adviser or Section 10 to be completed by you and your financial adviser.

All applications must be sent to Triple Point Investment Management LLP, 4-5 Grosvenor Place, London SW1X 7HJ. In respect of the 2012/2013 Offer all applications must arrive on before 12 noon on 5 April 2013 for the application to be valid and in respect of the 2013/2014 Offer on or before 12 noon on 30 April 2013.

All applications must include either an enclosed cheque or banker's draft, or be made in conjunction with an appropriate electronic payment. In respect of the 2012/2013 Offer, all payments for applications must clear before 12 noon on 5 April 2013 for the application to be valid and in respect of the 2013/2014 Offer, all payments for applications must clear before 12 noon on 30 April 2013 for the application to be valid.

All applications must include the stamp of an authorised financial adviser.

#### 1 Contact Details

Mr, Mrs, Miss, Ms or Title

Surname

Forename(s) (in full)

Permanent Address

Postcode

E-mail address\*

National Insurance Number

Date of Birth

I have previously invested  
in Triple Point funds

Yes

No

#### Notes

*Insert your full name, permanent and email address together with your date of birth and National Insurance number in BLOCK CAPITALS in section 1.*

*These contact details will be used for all communications, distributions and dividends. If you wish to nominate another address to receive your share and VCT certificates, please fill out Section 4.*

*Applications may only be made by persons aged 18 or over. Tax reliefs are not available to persons aged under 18.*

#### 2 Number of Shares

**I apply for** **Offer Shares** (or any smaller number of shares for which this application is accepted) at the price of 100 pence per share, payable in full on application, on the terms and conditions set out in the Application Form and the Prospectus dated 15 October 2012 and subject to the Articles of Association of TP70 2008(I) VCT plc.

#### Notes on Number of Offer Shares

Please fill in this box (in figures) with the number of Offer Shares for which you want to apply. *Your*

*application must be for a minimum of 10,000 Offer Shares and in multiples of 1,000 thereafter.*

Please note that for every 1,000 Offer Shares which you subscribe for you must pay £1,000. Applications for any other number or multiples of Offer Shares may be rejected or treated as applications for the next smaller number of shares that complies with the requirements of this paragraph e.g. £25,000 for 25,000 Offer Shares, £50,000 for 50,000 Offer Shares etc.

#### Tax Year

I would like my application to be processed in the tax year:

2012/13 ☐

2013/14 ☐

### **3 Payment**

The total amount payable is £ (This should be the number of shares shown in Box 1 multiplied by 100 pence).

Please mark with an "X" as appropriate:

I attach a cheque or banker's draft payable to:  
Triple Point Investment Management LLP Client Account  
and crossed "A/C Payee only" for the total amount due.  
**Please staple or pin your cheque(s) or banker's draft(s) to this Application Form.**

I have instructed my bank to make an electronic payment to:  
Triple Point Investment Management LLP Client Account  
Sort code: 16-10-29. Account number: 10300185 (The Royal Bank of Scotland)  
**Please quote your surname as a reference when making this instruction.**

#### **Notes**

*Please fill in the first box (in figures) with the amount of your payment. Your payment must be for a minimum of £10,000 and in multiples of £1,000 thereafter. Please note that for each £1,000 of payment you are subscribing for 1,000 Offer Shares.*

*Please cross the relevant box for your method of payment. The first box denotes a payment by cheque or banker's draft. If you cross this box please ensure that the cheque or banker's draft is enclosed with the Application Form. Your cheque or banker's draft must be payable to "Triple Point Investment Management LLP Client Account" and crossed A/C Payee only". No receipt will be issued.*

*Your cheque or banker's draft must be drawn in sterling on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man and must bear the appropriate sorting code in the top right-hand corner. An Application Form may be accompanied by a cheque or banker's draft drawn by someone other than the applicant, but any monies returned will be sent by cheque crossed "A/C Payee" in favour of the applicant.*

*The second box denotes a payment by electronic transfer. Please add your surname as a reference to your electronic payments. All electronic payments to be made to "Triple Point Investment Management LLP Client Account". Sort code: 16-10-29. Account number: 10300185.*

*All payments should be for the exact amount you specified on this form.*

Please complete Section 4 if you wish to nominate an alternative address, such as an accountant or financial adviser, to receive your share and income tax certificates. Should section 4 be completed the original share and income tax certificate will be sent to the nominated address and copies of the certificates will be sent to you.

#### 4 **Destination of Certificates**

Mr, Mrs, Miss, Ms or Title

Surname

Forename(s) (in full)

Company Name

Reference (if required)

Address

Postcode

#### 5. **CREST**

If you would like the shares delivered to a CREST account, please provide the CREST information below:

CREST participant ID:

CREST Member Account ID:

#### 6. **Signature**

By signing this form I hereby declare that I have read the terms and conditions of subscription contained in the Prospectus and agree to be bound by them.

I understand that, by signing this form, I will be authorising TP70 2008(I) VCT plc and its Directors, its Company Secretary, its Registrar and TPIM to use the information given by me to provide me with the highest quality of service. These organisations will keep all information supplied to them on a strictly confidential basis and will process this information in accordance with the requirements set out in the Data Protection Act 1998.

Signature

Date

#### **Notes**

*The applicant named in Section 1 must sign and date Section 6. Individuals can only apply on their own behalf and in their own name. A nominee name should not be used as this will prejudice your entitlement to the VCT tax reliefs.*

Neither Triple Point Investment Management LLP nor TP70 2008(I) VCT plc will be liable to the Investor in the event of an insolvency of any bank with which any funds held by Triple Point Investment Management LLP or TP70 2008(I) VCT plc have been deposited or held nor in the event of any restriction on the liability of Triple Point Investment Management LLP or TP70 2008(I) VCT plc to withdraw funds from such bank for reasons which are beyond the reasonable control of Triple Point Investment Management LLP or TP70 2008(I) VCT plc.

#### 7. **Money Laundering**

(to be completed by your financial adviser)

Money Laundering Regulations 2007

Regulations currently in force require sufficient evidence from the Investor to confirm his or her identity and permanent address. Applications received from any person who has not provided such evidence cannot be processed. TPIM reserves the right to request original KYC documentation in cases where an IVC is submitted. In order to comply with these regulations you will need to supply the following:

Verification of the Applicant's identity may be provided through a 'Confirmation of Verification of Identity' certificate in the form set out by JMLSG Annex 5. This can be provided by a financial institution (such as a bank, financial adviser or stockbroker) regulated by the FSA (Annex 5-I/1), if relevant by another EU regulator (Annex 5-I/2) or if relevant from another regulated person subject to the Money Laundering Regulations (such as a solicitor or accountant) (using an equivalent form). Following receipt of the



certificate, TPIM may place reliance on the customer due diligence already performed by the relevant financial institution or regulated person.

or

you must ensure that the following documents are enclosed with the Application Form:

1. a certified copy of either the passport or the driving licence of the applicant (and cheque payer if different); and
2. an original bank or building society statement or utility bill (no more than 3 months old), or recent tax bill, in the name of the applicant (and cheque payer if different).

Copies should be certified by a solicitor, chartered or certified accountant or bank. Original documents will be returned by post at your risk.

Enclosed

Please Tick Box:

I confirm I have enclosed:

Confirmation of Verification of Identify certificate

OR

a certified copy of either the passport or the driving licence of the applicant (and cheque payer if different); and an original bank or building society statement or utility bill (no more than 3 months old), or recent tax bill, in the name of the applicant (and cheque payer if different).

We reserve the right to request any further additional information we deem necessary to confirm the identity or address of the Investor, and further we reserve the right to decline to act for any individual or business where we consider that the information available is unsuitable or unreliable. TPIM may carry out its own verification of an investor using an electronic anti money laundering check

Section 8 is to be completed by your financial adviser.

8. **Authorised Advice** (to be completed by your financial adviser)

By completing this section you confirm advice has been given to the Investor

**Firm Details**

Firm Name

FSA/RPB Firm Reference No

Stamp of Intermediary

Address

City

Postcode

**Adviser Details**

Adviser Name

FSA/RPB Firm Reference No

Adviser Email

Adviser Tel

### Administrator Details

Administrator Name

Administrator Email

Administrator Tel

9. **Authorised Advice prior to 31 December 2012** (to be completed by your financial adviser)

Commission payable to broker %

Commission re-invested for client %

We confirm advice on this investment was given before 31 December 2012

Tick Box ☐

Signed by Adviser .....

Commission payable is 3 per cent payable on investment  
plus 0.5 per cent of the NAV of the B Ordinary Share Fund paid annually for five years in arrear.

Notes: Commission re-invested for clients is limited to 3 per cent on investment. Commission is only payable in respect of investments advised on before 31 December 2012.

10. **Authorised Advice for Applicants after 31 December 2012** (to be completed by you and your financial adviser)

Option A

Tick Box ☐

I have agreed to pay fees directly to my adviser on the basis agreed between us. I therefore do not require you to facilitate any payment from my investment.

Option B

Tick Box ☐

Please pay the adviser detailed in Section 8 the one-off fee I have agreed to pay my adviser out of my subscription as set out below:

Select either;

a set fee of £

or

% of the gross subscription amount set out in Section 3

I understand that tax relief will only be available on the amount subscribed net of this fee.

Signed by Applicant: .....

Confirmed by Adviser: .....

### Notes

Authorised financial intermediaries should complete Section 8 giving their full name and address and details of their authorisation under the Financial Services and Markets Act 2000.

Completed Application Forms should be sent by post or delivered by hand to Triple Point Investment Management LLP to arrive not later than 12 noon on 5 April 2013 in respect of the 2012/2013 Offer, for the application to be valid and in respect of the 2013/2014 not later than 12 noon on 30 April 2013. Application Forms may also be faxed but the original must be received before the appropriate deadline.

Triple Point Investment Management LLP  
4-5 Grosvenor Place  
London SW1X 7HJ

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F - 020 7201 8950