



Investec Structured Products Calculus VCT plc

Ordinary Share Offer
Securities Note with Application Form

Sponsored by Singer Capital Markets Limited

Promoted by Investec Structured Products and
Managed in conjunction with Calculus Capital



Investec Structured Products

Calculus Capital

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

THIS DOCUMENT CONSTITUTES A SECURITIES NOTE ("THE SECURITIES NOTE") ISSUED BY INVESTEC STRUCTURED PRODUCTS CALCULUS VCT PLC ("THE COMPANY") DATED 20 SEPTEMBER 2010.

THIS DOCUMENT HAS BEEN PREPARED FOR THE PURPOSES OF COMPLYING WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE UKLA AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD BE DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF A JURISDICTION OUTSIDE ENGLAND. ADDITIONAL INFORMATION RELATING TO THE COMPANY IS CONTAINED IN A REGISTRATION DOCUMENT ISSUED BY THE COMPANY ("THE REGISTRATION DOCUMENT"). A BRIEF SUMMARY WRITTEN IN NON-TECHNICAL LANGUAGE CONVEYING THE ESSENTIAL CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE COMPANY AND THE ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF THE COMPANY ("ORDINARY SHARES") WHICH ARE BEING OFFERED FOR SUBSCRIPTION ('NEW ORDINARY SHARES') ("THE OFFER") IS CONTAINED IN A SUMMARY ISSUED BY THE COMPANY ("THE SUMMARY"). THE SECURITIES NOTE, REGISTRATION DOCUMENT AND SUMMARY HAVE BEEN PREPARED IN ACCORDANCE WITH THE PROSPECTUS RULES MADE UNDER FSMA AND HAVE BEEN APPROVED BY THE FINANCIAL SERVICES AUTHORITY ("FSA") IN ACCORDANCE WITH FSMA.

THIS SECURITIES NOTE, REGISTRATION DOCUMENT AND THE SUMMARY TOGETHER COMprise A PROSPECTUS ISSUED BY THE COMPANY DATED 20 SEPTEMBER 2010 ("THE PROSPECTUS"). THE PROSPECTUS HAS BEEN FILED WITH THE FSA IN ACCORDANCE WITH THE PROSPECTUS RULES AND YOU ARE ADVISED TO READ THE PROSPECTUS IN FULL. The Prospectus is subject to being updated as required by the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

The Company and the Directors (whose names are set out on page 53) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

INVESTEC STRUCTURED PRODUCTS CALCULUS VCT PLC

Registered in England and Wales under number 07142153

Offer for Subscription to raise in aggregate up to £10,000,000 by way of an issue of New Ordinary Shares in the Company

In connection with the Offer, Singer Capital Markets Limited ("Singer") is acting as sponsor for the Company and Investec Structured Products, a trading name of Investec Bank plc ("Investec Structured Products"), is acting as promoter for the Company and no other party and neither Singer nor Investec Structured Products shall be responsible to any other party than the Company for the provision of protections afforded to customers of either Singer or Investec Structured Products respectively nor for the provision of advice in relation to the Offer. Singer and Investec Structured Products are each authorised and regulated in the UK by the FSA.

In connection with the Offer, Investec Structured Products and Calculus Capital Limited ("Calculus Capital") are acting for the Company as investment managers. Neither Investec Structured Products nor Calculus Capital shall be responsible to anyone other than the Company, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder for the provision of protections afforded to customers of Investec Structured Products and Calculus Capital respectively, nor for the provision of advice in relation to the Offer. Investec Bank plc (trading as Investec Structured Products) and Calculus Capital are each authorised and regulated in the UK by the FSA.

The Company's existing Ordinary Shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities. Application has been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange plc for such New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that admission to the Official List will become effective and that dealings in the New Ordinary Shares will commence three Business Days following allotment.

Copies of this Securities Note, the Registration Document and the Summary (and any supplementary prospectus published by the Company) are available free of charge from the offices of each of the Company's investment managers, Investec Structured Products, 2 Gresham St, London EC2V 7QP and Calculus Capital, 104 Park Street, London W1K 6NF as well as the Company's sponsor, Singer, One Hanover Street, London W1S 1YZ.

The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan or South Africa (each a "Restricted Territory"). In particular, prospective shareholders who are resident in a Restricted Territory should note that this document is being sent for information purposes only. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. The Application Form is not being and must not be forwarded to or transmitted in or into a Restricted Territory. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this document and/or the accompanying Application Form should read the paragraph entitled "Overseas Investors" in paragraph 12 of Part Three of this document before taking any action.

The procedure for, and the terms and conditions of, application under this Offer are set out at the end of this document together with an Application Form. Completed Application Forms must be posted or delivered by hand (during normal business hours) to the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Offer opens on 20 September 2010 and will close not later than 10 December 2010 or as soon as the Offer is fully subscribed or otherwise at the Directors' discretion. The Directors in their absolute discretion may decide to extend or increase the size of the Offer.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 3 TO 6. AN INVESTMENT IN THE COMPANY IS ONLY SUITABLE FOR INVESTORS WHO ARE CAPABLE OF EVALUATING THE RISKS AND MERITS OF SUCH AN INVESTMENT AND HAVE SUFFICIENT RESOURCES TO BEAR ANY LOSS THAT MAY ARISE.

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RISK FACTORS

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

Investors should consider a shareholding in the Company as a long term investment and any prospective investors need to carefully consider the following risks.

Investment in the Company's Ordinary Shares

- The value of and income derived from the Ordinary Shares may fluctuate and investors may not get back the full or any amount originally invested.
- Although the existing Ordinary Shares issued by the Company have been (and it is anticipated that the New Ordinary Shares to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and (or will be) traded on the London Stock Exchange's market for listed securities, it is unlikely that there will be a liquid market in the Ordinary Shares as there is a limited secondary market for VCT shares partly due to the holding period required to maintain up-front income tax reliefs. Investors may therefore find it difficult to realise their investments.
- The market price of the Ordinary Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may also be exacerbated by the availability of income tax relief on the issue of new VCT shares.
- The net asset value of the Ordinary Shares is dependent on and will reflect the values and performance of the underlying assets in which the Managers have invested. The value of such investments and the income derived from them can rise and fall.
- There can be no guarantee that the Company's objectives will be met and that suitable investment opportunities will be identified in order to meet the Company's objectives or VCT status. In particular, the aim of paying annual dividends of 5.25p per Ordinary Share and the Interim Return will be dependent on the performance of the assets of the Company.
- The past performance of the Managers in their respective fields is not necessarily an indication of the future performance of the Company.
- Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Company and/or its ability to achieve or maintain VCT status.
- The Company bears the risk that either or both of the Managers will be unable or unwilling to perform their obligations under their applicable investment management arrangements entered into with the Company, which may impact on the performance of the Company and/or its ability to achieve or maintain VCT status.
- In the event of a long term decline in the FTSE 100 Index, there will be no gains from the Structured Products and in the event of a fall of 50 per cent. in the FTSE 100 Index there will be losses on the investments in Structured Products. Structured Products can and may be sold before their maturity date if required for the purposes of making Venture Capital Investments. There may not, however, be a liquid market in the Structured Products and there may never be two competitive market makers. Risk is increased further, where there is a single market maker who is also the Issuer of the Structured Product. Investec Structured Products has, however, agreed to make a market in the Structured Products, should this be required by the Company. The portfolio of Structured Products will be constructed with different Issuers and differing maturity periods to minimise risk and create a diversified portfolio. The Board and its Managers will also review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments. In the event that the Company is unable to realise funds from its investments in Structured Products (whether this be original capital or gains), the pool of potential Venture Capital Investments is likely to be reduced and the Company may not be able to meet its objectives or maintain VCT status.
- The information contained in this document is based on existing legislation, taxation rules, regulations and practices in the UK. Such information, including rates of tax, other statutory provisions and their interpretation as applicable to the Company or a holding of Ordinary Shares, may be subject to change which may be retrospective in effect.
- If a Qualifying Investor disposes of his Ordinary Shares within five years of subscription, he is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Changes in legislation, including those proposed in the Budget Report 2010 and the Emergency Budget Report 2010, concerning VCTs in general and Venture Capital Investments and qualifying trades in particular, may limit the number of new Venture Capital Investment opportunities and/or reduce the level of returns which would otherwise have been achievable.
- Although the C Shares Fund (if C Shares are issued) will be managed and accounted for separately from the Ordinary Shares Fund, a number of company regulations and VCT requirements are assessed at company level and, therefore, the performance of one fund may impact adversely on the other fund and restrict the ability to make distributions, realise investments and/or meet requirements to meet VCT status.

VCT Status of the Company

- Whilst it is the Directors' intention that the Company will be managed so as to qualify as a Venture Capital Trust, there can be no guarantee that once achieved the Company's status will be maintained.
- VCT status may be lost if the Company is unable to realise sufficient funds from its Structured Product investments to enable it within three years to hold at least 70 per cent. of its investments in Venture Capital Investments.
- A failure by the Company to maintain the qualifying requirements for VCT status could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for Qualifying Investors, including a requirement to repay the income tax relief obtained and could also cause the Company to lose its exemption from corporation tax on chargeable gains.

- HM Revenue & Customs set the qualifying requirements for VCT status and may withdraw a company's status if it fails to continue to meet these qualifying requirements.

Venture Capital Investments

- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed upon the Company with respect to such realisations in order to maintain its VCT status which may restrict the Company's ability to obtain the maximum value from its investments.
- There are detailed restrictions regarding the type of companies in which the Company may invest. To be qualifying holdings, VCT funds raised after 5 April 2006 must invest in smaller companies with gross assets of not more than £7 million prior to the investment and £8 million post investment. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme in any rolling 12 month period. Such companies generally have a higher risk profile than larger companies.
- Investment in unquoted companies, AIM-traded and PLUS Markets-traded companies by its nature involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange. In particular, markets for smaller companies may not be regulated and are often less liquid and there may be difficulties in valuing and disposing of investments in such companies. In addition, such companies and smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Disposing of such companies and smaller companies generally through trade sales may be difficult and may not produce hoped for returns and investors could get back less than they invested. Further the valuation of investments and opportunities for realisation depend on stock market conditions.
- Investee companies may compete in global markets. With the limited resources available to investee companies, they may not be able to protect intellectual property or compete effectively against larger companies. Investee companies may also operate in sectors which are subject to rapid change. Unquoted companies, AIM-traded and PLUS Markets-traded companies generally also have limited trading records. These factors may restrict the investee companies' performance and affect the returns achievable.
- Although the Company may receive certain conventional venture capital rights in connection with the Company's investments, as a minority investor it may not be in a position fully to protect the interests of Shareholders.
- Where more than one of the funds managed or advised by Calculus Capital wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash available for investment by each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment where the incumbent investor will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure, the proposed structure of the investment and the requirement to achieve or maintain a minimum of 70 per cent. of a particular VCT's portfolio in Qualifying Companies. This may mean that a Company may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.
- Where the Company participates in an investment opportunity, allocations will, where the Company has issued C Shares, generally be made in proportion to the net cash available for investment by the Ordinary Shares Fund and the C Shares Fund, other than where investments are proposed to be made by the Company where one of the funds has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the proposed structure of the investment. This may mean that one fund may receive a greater or lesser allocation than would otherwise be the case.

Structured Products

- There is no guarantee that any Structured Product in which the Company invests will meet its objective.
- Structured Products are subject to market fluctuations and the Company may lose some or all of its investment. In addition, Issuers may not make payments on the due date (or at all). Further, a Structured Product may lose value or liquidity if an Issuer's credit rating changes. In addition, investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this document), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Structured Products. The Company cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Structured Products at that time.
- There may not be a liquid market in the Structured Products and there may never be two competitive market makers, making it difficult for the Company to realise its investment. Risk is increased further where there is a single market maker who is also the Issuer.
- Structured Products will represent an investment linked to the economic performance of the relevant underlying index and the return (if any) on investments in the Structured Products will depend upon the performance of such underlying index. Whilst the market value of such Structured Products are linked to such underlying index and will be influenced (positively or negatively) thereby, any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant underlying index will vary over time.
- Fluctuations in the value and/or volatility of the relevant underlying index will affect the value of the relevant Structured Products. Other factors which may influence the market value of Structured Products include interest rates, changes in the method of calculating the relevant underlying index from to time and market expectations regarding the future performance of the relevant underlying index, its composition and such Structured Products.
- The value or level of the underlying index may go down as well as up. Furthermore, the value or level of the underlying index may not reflect its performance in any prior period.
- All of the investments in Structured Products in respect of the Ordinary Shares Fund will either be capital protected or capital at risk on a one to one basis where the FTSE 100 Index falls by 50 per cent. or more and fails to recover at any time during the Structured Products investment term (i.e. if the FTSE 100 Index falls by 50 per cent. during the investment period and on maturity is down 25 per cent., capital within that Structured Product will be reduced by 25 per cent.), save where further purchases of Structured Products in which the Company has already invested are made where the FTSE 100 Index level at the time of purchase may be (though not materially) lower than the Initial Index Level applicable to the existing investment (i.e. the capital protection may be, though not materially, lower than 50 per cent.).

- All of the Company's investments in Structured Products will be linked to the performance of an underlying index. The level of the relevant underlying index at any time does not include the reinvestment of the yield on the shares comprised in such index. Dividends paid to holder of shares comprised in the relevant underlying index will not be paid to the Company under the Structured Products. Consequently, the investment return on the Structured Products may be less than the return from a direct investment in some or all of the shares comprised in the relevant underlying index of the same amount and duration.
- In recent years the performance of underlying indices has been volatile. Volatility could have a positive or negative effect on the return on the Structured Products. There can be no assurance as to the future performance of underlying indices.
- The value of the Structured Product will depend on how and when such performance is measured. The times, dates and methods used for determining when the level or price of the underlying index is measured may have a significant impact on the value of the reference item and accordingly on the return on the Structured Product.
- If leverage factors, caps, floors, barrier amounts or thresholds are used in the formula for calculating the redemption price of the Structured Products, an investor in Structured Products may forego returns or suffer losses that are relatively large or relatively small compared to a movement in the value or level of the relevant underlying index .
- The return of the Structured Products may be dependent on the movements in the value or level of the relevant underlying index over the term of the Structured Products, so called path dependency. The Structured Products may have a return that is linked in whole or in part to the average value or level of an underlying index over the entire term of the Structured Products or over another specified period. Alternatively, the return on the Structured Products may be dependent on whether the level or price of the relevant underlying index has breached a specified barrier on or prior to a specified date.
- If an issue of Structured Products includes provisions dealing with the occurrence of certain market or other disruption events and any such event occurs on any date on which a valuation of the underlying index is due to be determined, any consequential postponement of the relevant date or any alternative provisions for valuation provided in any Structured Products may have an adverse effect on the value of such Structured Products.
- Investec Structured Products has discretion to select Structured Products issued by the Approved Issuers subject to compliance with the investment mandate agreed with the Board. Different Structured Products may involve a varying degree of risk and there is no guarantee that the Structured Products actually selected by Investec Structured Products for investment will be the most profitable of those available.
- Neither the Company nor Investec Structured Products shall have any liability to any person for any act or failure to act by an index sponsor in connection with the calculation, adjustment or maintenance of an index. Neither the Issuer nor the Company nor Investec Structured Products has any affiliation with or control over any index or index sponsor or any control over the computation, composition or dissemination of any index. Although the Company and Investec Structured Products will obtain information concerning an index to which the Structured Products are linked from publicly available sources they believe to be reliable, they will not independently verify this information.

Issuers of Structured Products

The following risk factors may result in the value of, and the returns from, the Ordinary Shares being reduced:

- An Issuer may become insolvent impacting on the performance, value and liquidity of the Structured Product and the ability of the Issuer to make payments on that Structured Product.
- An Issuer is subject to substantial regulation and oversight. Regulatory developments could have an effect on how it conducts its business and on its results and condition and may be affected by goodwill impairment.
- The Company will be exposed to the risk of change in tax legislation and its interpretation and to increases in the rate of corporate tax and other taxes which may affect the Structured Product.
- Change of control provisions in certain financing arrangements entered into by some of the Issuers may be triggered by the acquisition of an Issuer by HM Treasury (or any other relevant taxation authority such as the Federal Reserve) and may lead to adverse consequences including tax consequences for the Issuer, which may impact on the terms and/or the value of that Structured Product.
- Each of the Issuers operates within a group. An Issuer Group's operations can have inherent reputational risk and its business and earnings may be affected by geopolitical conditions.
- An Issuer Group may have given certain undertakings in relation to its business in relation to certain open offer agreements and in connection with the asset protection scheme which may serve to limit its operations, which may impact on the terms and/or value of that Structured Product.
- Should an Approved Issuer's rating fall below the minimum credit rating of A, such Issuer will (with the exception of Investec Bank plc, whose credit rating at the date of this document is below the credit rating of A) no longer be granted Approved Issuer status and no further investments will be made in that relevant issuer. If the list of Approved Issuers, as a consequence, is reduced it may limit the number and diversity of issuers in which the Company may invest. If an investment has already been made in an Approved Issuer's whose rating falls below the minimum credit rating of A, the investment may be realised prior to the structured product reaching its maturity date, which, as a result, may reduce the returns achieved and the risks set out in this document in relation to Structured Products may be more likely to occur in respect of that investment.
- Investments in Structured Products are subject to certain risks associated with the Issuers, which may include payments not being made by Issuers on the due dates (or at all) and the risk that the Structured Products may lose value or liquidity, resulting in the value of, and the returns from, the Ordinary Shares being reduced, because of changes in the relevant Issuer's credit rating resulting from the following:
 - Recent developments in the global financial markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector. In particular, governmental and regulatory authorities in the UK and other EU countries are implementing measures to increase regulatory control in their respective banking sectors, including the imposition of enhanced capital requirements and the imposition of conditions on direct capital injections and funding. Any future regulatory changes may restrict the Issuer's operations, mandate certain lending activity and impose other compliance costs. It is uncertain how the more rigorous regulatory climate will impact financial institutions, including the Issuer, which may affect the value and the liquidity of a Structured Product.

- The inability of the Issuer to anticipate and provide for sufficient funds to meet its financial obligations, whether arising as a result of customer deposits being withdrawn, debt maturities, contractual commitments, asset growth or other factors, could have adverse consequences on the Issuer's ability to meet its obligations when they fall due.
- In certain circumstances, the actions or omissions of the Issuer or sponsor of any underlying index or others outside the control of the Issuer may adversely affect the rights of investors in Structured Products and/or the value of the Structured Products, including actions that may give rise to an adjustment to, or early redemption of, the Structured Products.
- Many of the Approved Issuers are banks within the meaning given in the Banking Act 2009 ("Banking Act"). The Banking Act includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank (such as the Approved Issuers). In particular, in respect of UK banks, such tools include share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances, including between group companies, and/or disapplication or modification of laws (with possible retrospective effect)) and two new special insolvency procedures (bank insolvency and bank administration) which may be commenced by UK authorities.
- In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the UK. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it.
- If an instrument or order were to be made under the Banking Act in respect of any of the Approved Issuers, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the relevant Structured Products and/or result in (i) the transfer of any its obligations under the relevant Structured Products, (ii) the conversion of any its obligations under the relevant Structured Products "from one form or class to another" (the scope of which is not clear), and/or (iii) modifications to the terms and conditions of any Structured Products, which may have certain tax implications. In addition, the Banking Act contains particular powers for provision to be included in an instrument or order that such instrument or order (and possibly certain related events) be disregarded in determining whether certain widely defined "default event" provisions have occurred (which default events could include certain Events of Default under any Structured Products) and provides for the disapplication or modification of laws (with possible retrospective effect) and/or fiscal consequences in connection with the exercise of powers under the Banking Act, which may affect the ability of such Approved Issuer to satisfy its obligations under the relevant Structured Product.
- At present, the UK authorities have not made an instrument or order under the Banking Act in respect of any of the Approved Issuers and there has been no indication that it will make any such instrument or order but there can be no assurance that this will not change and/or that Company will not be adversely affected by any such instrument or order if made.

OFFER TIMETABLE, STATISTICS & COSTS

Indicative Offer Timetable

Offer opens	20 September 2010
Offer closes	12 noon 10 December 2010
Allotments	Tuesday fortnightly
Effective date for the listing of New Ordinary Shares and commencement of dealings	three Business Days following allotment
Share certificates and tax certificates to be dispatched	within ten Business Days of allotment

(The Directors reserve the right to extend the closing date of the Offer and/or increase the size of the Offer at their discretion. The first allotment will take place on 5 October 2010. Thereafter, allotments will be fortnightly on Tuesdays with an Offer Price based on the Adjusted Unaudited NAV as at close of business two days prior to the day of allotment (ie the preceding Friday). Investors are advised that, to be included in a particular allotment, cleared funds will be required to have been received by midday on the Friday preceding the date of that allotment. The final allotment will take place on 13 December 2010 (or, if the Offer is closed earlier, the next Business Day immediately following the closing date). The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Directors' discretion)

Offer Statistics

Maximum amount to be raised by the Company	£10,000,000
Minimum investor's investment under the Offer	£5,000
Estimated Offer Price per New Ordinary Share (based on the Adjusted Unaudited NAV per Ordinary Share of 95.48p as at 31 August 2010)	100.5p
Maximum estimated number of New Ordinary Shares to be issued*	9,950,248
Estimated net proceeds of the Offer*	£9,500,000

(*assuming full subscription at the estimated Offer Price of 100.5p for the New Ordinary Shares as set out above)

Costs and Commissions relating to the Offer

Offer costs as a percentage of the gross proceeds**	5.0 per cent.
Initial commission to intermediaries (included in the 5.0 per cent. Offer costs)	3.25 per cent. upfront and no trail or 2.0 per cent. upfront and trail
Annual trail commission to intermediaries (subject to receiving 2.0 per cent. upfront commission and a maximum cumulative annual trail commission payment of 2.5 per cent.)	0.5 per cent.
(**excluding annual trail commission)	

DEFINITIONS

The following definitions are used throughout this document unless the context otherwise requires:

“Adjusted Unaudited NAV”	the unaudited net asset value of the Company calculated in accordance with the Company’s normal accounting policies, save that the valuation of the investments in Structured Products included will use the offer price in place of the bid price
“Admission”	the date on which the New Ordinary Shares allotted pursuant to the Offer are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange’s main market for listed securities
“AiM”	the Alternative Investment Market
“Application Form”	the application form for use in respect of the Offer set out in this document
“Approved Issuers”	the Issuers selected by the Investec Structured Products team and approved by the Board as set out on page 23
“Articles”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Business Days”	a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London
“C Shareholders”	holders of C Shares (and each a “C Shareholder”)
“C Shares”	C ordinary share of 1p each in the capital of the Company (and each a “C Share”)
“C Shares Fund”	the net assets of the Company attributable to the C Shares, and if they are issued (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets)
“CA 2006”	the Companies Act 2006 (as amended)
“Calculus Capital”	Calculus Capital Limited, which is authorised and regulated by the FSA
“Capita Registrars”	a trading name of Capita Registrars Limited
“Capita Sinclair Henderson”	Capita Sinclair Henderson Limited, the Company’s fund administrator
“close company”	a company which is a close company within the meanings of Section 414 of the Income and Corporation Taxes Act 1988
“Company”	Investec Structured Products Calculus VCT plc
“Directors”	the directors of the Company
“Final Index Level”	the closing (or average closing) level of the FTSE 100 Index at the end of the relevant Index Calculation Period for a Structured Product
“FSA”	the Financial Services Authority
“FTSE 100 Index”	a capitalisation weighted index of the 100 most highly capitalised companies traded on the London Stock Exchange
“Index Calculation Period”	the relevant period from when the Initial Index Level is calculated to when the Final Index Level is calculated for a Structured Product
“Initial Index Level”	the closing (or average closing) level of the FTSE 100 Index at the start of the relevant Index Calculation Period for a Structured Product

“Interim Return”	the total of Shareholder Proceeds made or offered for payment on or before the Interim Return Date
“Interim Return Date”	14 December 2015
“Investec Bank plc”	Investec Bank plc, a wholly owned subsidiary of Investec plc, which is part of an international banking group with operations in three principal markets: the UK, Australia and South Africa
“Investec Issued Structured Product(s)”	Structured Product(s) issued by Investec Bank plc
“Investec Structured Products”	Structured Product(s) issued by Investec Bank plc
“IPEVC Guidelines”	the Investec Structured Products team within Investec Bank plc
“IRR”	the International Private Equity and Venture Capital Valuation Guidelines
“Issuer Group”	internal rate of return, as calculated in accordance with normal accepted practice in the venture capital industry
“Issuers”	the Issuer and any company (including for this purpose any undertaking within the meaning of section 1161(1) of the CA 2006) within its group (within the meaning of section 471(1) of CA 2006)
“Listing Rules”	issuers of Structured Products, which for the avoidance of doubt may also include the provider of a structured deposit (and each an “Issuer”)
“London Stock Exchange”	the Listing Rules of the UK Listing Authority
“Managers”	London Stock Exchange plc
“Memorandum”	Investec Structured Products and Calculus Capital (and each a “Manager”)
“NAV” or “net asset value”	the memorandum of association of the Company
“New Ordinary Shares”	the net asset value of a company calculated in accordance with that company’s normal accounting policies
“Offer”	new Ordinary Shares being offered for subscription pursuant to the Offer (and each a “New Ordinary Share”)
“Offer Price”	the offer for subscription of New Ordinary Shares as described in the Prospectus
“Official List”	the offer price of a New Ordinary Share as determined by the Pricing Formula
“Ordinary Shares Fund”	the official list of the UK Listing Authority
“Ordinary Shareholders”	the net assets of the Company attributable to the Ordinary Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets)
“Ordinary Shares”	holders of Ordinary Shares (and each an “Ordinary Shareholder”)
“Performance Incentive”	ordinary shares of 1p each in the capital of the Company (and each an “Ordinary Share”)
“PLUS Markets”	a performance related incentive fee equal to 10 per cent. of any Shareholder Proceeds above 105p per Ordinary Share payable to each of the Managers provided an Interim Return of at least 70p per Ordinary Share has been paid or offered for payment on or before the Interim Return Date, as more particularly detailed on page 32
	‘PLUS quoted’, a prescribed market for the purposes of section 118 of Financial Services and Markets Act 2000 operated by PLUS Markets Group plc

“Pricing Formula”	the pricing formula used to calculate the price of New Ordinary Shares to be issued pursuant to the Offer as detailed on page 13
“Prospectus”	together the Registration Document, the Securities Note and the Summary
“Prospectus Rules”	the prospectus rules of the UK Listing Authority
“Qualifying Company”	an unquoted (or AiM-listed or PLUS Markets-listed) company which satisfies the requirements of Part 4, Chapter 6 of the Tax Act
“Qualifying Investors”	an individual aged 18 or over who subscribes for Ordinary Shares within the investor’s qualifying subscription limit of £200,000 per tax year (and each a “Qualifying Investor”)
“Receiving Agent”	Capita Registrars, in its capacity as receiving agent to the Offer
“Registrar”	Capita Registrars, in its capacity as registrars to the Company
“Registration Document”	the registration document issued by the Company dated 20 September 2010 in connection with the Offer
“Regulations”	the Uncertificated Securities Regulations 1995
“Securities Note”	this document
“Shareholder”	a holder of Shares in the Company
“Shareholder Proceeds”	amounts paid by way of dividends or other distributions, share buy backs and any other proceeds or value received be or offered to, or deemed to be received by or offered to, Shareholders in the Company, excluding any income tax relief on subscription
“Shares”	Ordinary Shares and/or (as the context permits and if they are issued) C Shares
“Singer”	Singer Capital Markets Limited, the Company’s sponsor
“Structured Product(s)”	notes and/or deposits and/or securities whose cash flow characteristics reflect the performance of an index or indices (which may or may not be linked to a market)
“Summary”	the summary issued by the Company dated 20 September 2010 in connection with the Offer
“Tax Act”	the Income Tax Act 2007 (as amended)
“Total Return”	the aggregate value of an investment or collection of investments made by the Company comprising net asset value, valued where appropriate in accordance with IPEVC Guidelines, plus the aggregate amount of all distributions (both revenue and capital) made by the Company
“UKLA” or “UK Listing Authority”	the FSA in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its states, territories and possessions (including the District of Columbia)
“VCT Value”	the value of an investment calculated in accordance with Section 278 of the Tax Act
“Venture Capital Investments”	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 6, Chapters 3 and 4 to the Tax Act
“Venture Capital Trust” or “VCT”	a venture capital trust as defined in Section 259 of the Tax Act

LETTER FROM THE CHAIRMAN
INVESTEC STRUCTURED PRODUCTS CALCULUS VCT PLC

Beaufort House
51 New North Road
Exeter
EX4 4EP
20 September 2010

Dear Investor,

Investec Structured Products Calculus VCT plc was launched in March 2010, raising £3.8 million (before expenses). The Board, together with Investec Structured Products and Calculus Capital (the investment Managers of the Company), were encouraged by the level of investor demand for this first funding round for the Company, particularly given its late launch shortly before the end of the 2009/2010 tax year.

The recent economic climate has been difficult, but the Board anticipates improvements in both investor sentiment and market conditions which should accelerate the flow of attractive investment opportunities during the next few years. The Board and the Managers believe that the Company should position itself to be able to take advantage of these opportunities, in particular at a time when asset prices are still low by historic standards.

The Board further believes this VCT, in conjunction with generous tax reliefs, offers a great opportunity to invest in smaller unquoted companies, alongside access to Structured Products. This VCT through its dual management approach, has the potential to achieve attractive and diversified returns for investors. The Board has, therefore, decided to raise further funds through an issue of New Ordinary Shares pursuant to the Offer.

The Offer provides the opportunity for existing Shareholders and new investors to invest in the Company at an Offer Price linked to NAV plus costs. Investors will access a number of initial investments already made by the Company as well as being able to participate in the proposed annual dividend of 5.25p per Ordinary Share. The unaudited NAV of the Ordinary Shares was 94.54p as at 31 August 2010.

Following the close of this Offer, the Board proposes to launch an offer for a new class of share; C Shares, which will be managed separately from the Ordinary Shares. The investment remit for the C Shares Fund will be materially the same as for the Ordinary Shares Fund save that it will include the ability to invest a maximum of 20 per cent. of the Structured Products portfolio in certain other global equity indices. The intended level of returns for the C Shares Fund are unknown at this time and will be assessed and agreed prior to the launch of the C Share offer for subscription but the investments and dividend policy will generally be 12 months behind that of the Ordinary Shares Fund.

The Managers

Investec Structured Products has received investments from UK clients of over £1.375 billion in Structured Products managed by it since May 2008, making them a market leader in Structured Products. They launched their first product in May 2008 and were awarded the 2009 and 2010 Professional Adviser Award for Best Structured Product Provider.

Calculus Capital has been a leader in venture capital investing over the last decade. They were awarded the EIS Association Best EIS Fund Manager Award 2009 and 2010 Professional Adviser Award for Best EIS Provider. A large number of their investors are, in fact, current or retired fund managers and other City professionals.

What is Different about this VCT?

Any investment in a VCT represents a long-term commitment to a portfolio of investments in small unquoted companies and this VCT is no different.

Where this VCT differs is that it combines Calculus Capital's proven discipline in investing in more established Venture Capital Investments with access to Structured Products which can enhance stock market returns whilst minimising risk by building in elements of protection against stock market declines.

The Board also believes that this VCT offers investors a 'what you see is what you get' product; a transparent, tax advantaged investment with a low cost structure where the Managers' performance incentives are very clearly defined. The Company's objective is to produce a return for investors of at least 70p per Ordinary Share by way of dividends or cash tender offers by 14 December 2015 (the Interim Return Date). The residual investment will remain in a portfolio of Venture Capital Investments. Performance fees will only apply following investors' having received or been offered a cash return of 105p per Ordinary Share (this being a 50 per cent. return on the original net 70p invested).

How the Investments will Work

It is intended that approximately 75 per cent. of the monies raised by the Company will be invested within 60 days in a portfolio of Structured Products. The balance of funds raised is then available to invest in Venture Capital Investments and to fund expenses. In order to qualify as a VCT, at least 70 per cent. of the Company's investments must be invested in Venture Capital Investments within approximately three years of the relevant funds being raised and, therefore, it is intended that there will be a phased reduction in the Structured Products portfolio and corresponding build-up in the portfolio of Venture Capital Investments to achieve this 70 per cent. threshold.

All of the investments in Structured Products in respect of the Ordinary Shares Fund will either be capital protected or capital at risk on a one to one basis where the FTSE 100 Index falls by 50 per cent. or more and fails to recover at any time during the Structured Products investment term (i.e. if the FTSE 100 Index falls by 50 per cent. during the investment period and on maturity is down 25 per cent., capital within that Structured Product will be reduced by 25 per cent.). Otherwise returns on the Structured Products will be by way of a fixed amount payable as long as the Final Index Level is not lower than the Initial Index Level.

The objective is to create two portfolios to produce ongoing capital gains sufficient to fund annual dividends of 5.25p per Ordinary Share for the first 5 years of the Company's life and a further return of at least 43.75p per Ordinary Share on or before the Interim Return Date by way of a special dividend or a cash tender offer for Ordinary Shares. Thus, it is intended that Shareholders will receive or have been offered an Interim Return of 70p by the Interim Return Date (made up of 26.25p in dividends and 43.75p as a special dividend or cash tender offer). This, however, cannot be guaranteed and will be subject to the performance of the investments made by both Managers. After this date all Structured Products should have matured (unless Investec Structured Products are requested to make further investments) and the remaining portfolio will be predominantly invested in Venture Capital Investments which will continue to be managed by Calculus Capital with a view to maximising long term tax free returns.

The Offer

The Company proposes to raise up to £10 million pursuant to the Offer which opens on 20 September 2010 and will close (unless extended) by 10 December 2010.

Next Steps

For advice on the Offer, investors should contact their independent financial adviser. If investors have questions relating to the application procedure please contact:

Gary Dale (Investec Structured Products)

Tel: 020 7597 4065

Email: gary.dale@investec.co.uk

Susan McDonald (Calculus Capital)

Tel: 0207 493 4940

Email: info@calculuscapital.com

Please note that no investment or tax advice can be given.

I am pleased to offer this opportunity to existing Shareholders and look forward to welcoming new investors as Shareholders.

Yours sincerely

Chris Wightman
Chairman

PART ONE – THE OFFER

The Company is seeking to raise up to £10 million (before expenses) by offering a maximum of 15,000,000 New Ordinary Shares for subscription. The Board believes that, by investing funds raised into two distinct asset classes of Structured Products and Venture Capital Investments, attractive returns for Shareholders may be achieved. Further, investors will also benefit from being able to invest in a VCT which has two established managers.

VCTs were introduced on 6 April 1995 with the first Venture Capital Trust appearing in September that year. The intention was to encourage investment in small companies which were finding it hard to raise funds by providing generous tax reliefs to Qualifying Investors. To April 2010, approximately £3.9 billion has been raised by over 100 VCTs (source: 'VCTs: Market Overview' by David Cartwright, <http://www.theadc.co.uk/Documents/Member%20Director%20centre/AIC%20Conferences/DavidCartwright/VCT2010.pps.>).

VCTs were created so that their investors could benefit from a spread of Venture Capital Investments under the supervision of professional managers who can, in many cases, contribute valuable experience, contacts and advice to the businesses in which they invest. VCTs, if approved by HM Revenue & Customs, are entitled to exemption from corporation tax on any gains arising on the disposal of their investments and such gains may be distributed tax-free to Qualifying Investors.

The Company has been designed for investors seeking to invest through a tax efficient vehicle in two distinct investment classes:

- Venture Capital Investments which are unquoted (or AiM-listed or Plus Markets-listed) investments in relatively small companies; and
- Structured Products with fixed returns linked to the FTSE 100 Index.

Investments in Structured Products will primarily be capital protected so long as the FTSE 100 Index does not fall by 50 per cent. of the Initial Index Level at any time during the investment period and fails to recover (where this is the case the capital will be at risk on a one to one basis).

Terms of the Offer

The Offer opens on 20 September 2010 and will close (unless extended) by 10 December 2010.

The Offer Price per New Ordinary Share in the Company will be calculated in accordance with the Pricing Formula, this being:

the Adjusted Unaudited NAV per Ordinary Share two Business Days prior to the day of allotment divided by 0.95 (to allow for Offer costs of 5.0 per cent.), rounded up to the nearest 0.1p per share

The first allotment will take place on 5 October 2010. Thereafter, allotments will be fortnightly on Tuesdays with an Offer Price based on the Adjusted Unaudited NAV as at close of business two days prior to the day of allotment (ie the preceding Friday). The final allotment will take place on 13 December 2010 (or, if the Offer is closed earlier, the next Business Day immediately following the closing date).

By making allotments by reference to an Adjusted Unaudited NAV on specified days, investors have clarity as to when allotments will be made and on what basis. In addition, investors are advised that, to be included in a particular allotment, cleared funds will be required to have been received by midday on the Friday preceding the date of that allotment.

An Adjusted Unaudited NAV is being used so as to include the valuations of the Company's investments in Structured Products at the offer price of the Structured Products rather than their bid price as would normally be the case when calculating the Company's unadjusted NAV. The bid/offer spread at which Structured Products (which form the material part of the Company's portfolio) of the same type could be purchased would normally be in the region of 1 to 2 per cent. (including any fees to which Investec Bank plc is entitled on the purchase of Structured Products). By using an Adjusted Unaudited NAV this minimises dilution on existing Shareholders who would otherwise contribute to investment acquisition costs.

The unadjusted NAV per Ordinary Share as at 31 August was 94.54p. The Adjusted Unaudited NAV per Ordinary Share as at the same date would have been 95.48p referenced against FTSE 100 close on this

date of 5225.22. Based on the Adjusted Unaudited NAV per Ordinary Share as at 31 August 2010, the New Ordinary Shares would be issued at 100.5p per New Ordinary Share. The Offer Price may be higher or lower than this, dependent on the relevant Adjusted Unaudited NAV, which is subject to market conditions and would be expected to be higher or lower where the FTSE 100 is higher or lower.

The Offer Price is determined by the Pricing Formula to avoid dilution to the NAV of each existing Ordinary Share when the New Ordinary Shares are issued. The application of the Pricing Formula also avoids the need to announce repeatedly the Offer Price of the New Ordinary Shares during the Offer period and makes explicit the basis on which the price of the New Ordinary Shares will be determined. The Offer Price on each allotment date will, however, be announced via an announcement on the London Stock Exchange.

An investor who invests £20,000 pursuant to the Offer will, therefore, receive (ignoring reinvested authorised financial intermediary commission) 19,900 New Ordinary Shares (based on an Offer Price of 100.5p as set out above). The minimum investment by an investor under the Offer is £5,000. The Offer is not underwritten and there is no minimum subscription level so investors can be sure the Offer will proceed.

Fractions of New Ordinary Shares will not be issued. Subscription monies of £1 or more not used to acquire New Ordinary Shares will be refunded.

Applications will be accepted (in whole or part) at the discretion of the Board, but the Board intends to meet applications on a 'first come, first served' basis.

Tax Reliefs

On investment in the Company, a Qualifying Investor will be entitled to claim up to 30 per cent. income tax relief on amounts subscribed in VCTs up to a maximum of £200,000 in any tax year (save that a Qualifying Investor's income tax liability may only be reduced to nil).

The following shows the effect of the tax reliefs for a Qualifying Investor who invests £10,000:

Initial investment	£10,000
Less income tax relief	£3,000
Effective cost to a Qualifying Investor	£7,000

(i.e. your investment of £10,000 effectively only costs you £7,000.)

Dividends paid on VCT shares subscribed by a Qualifying Investor (subject to such shares having a value of up to a maximum of £200,000 in any one tax year) will also not be liable to income tax. Disposal of VCT shares subscribed by a Qualifying Investor (subject to such shares having a value of up to a maximum of £200,000 in any one tax year) will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax (subject to being held for five years).

Use of Proceeds

It is intended that the proceeds of the Offer will be used by the Company in accordance with its investment policy set out in Part Three.

Offer Costs

Investec Structured Products has agreed to underwrite all the costs of the Offer (including initial commission to authorised financial intermediaries but excluding annual trail commission) in return for a fee of 5.0 per cent. of the gross funds raised (i.e. £500,000 assuming full subscription under the Offer). Investec Structured Products will be responsible for paying all the costs of the Offer out of this fee (save for annual trail commission which will be borne by the Company).

The net proceeds of the Offer, assuming full subscription will, therefore, amount to approximately £9,500,000.

Adviser Commission

Authorised financial intermediaries will be entitled to receive an initial commission of either 3.25 per cent. or 2 per cent. (depending on whether they wish to receive annual trail commission) of the amount invested by their clients pursuant to the Offer for New Ordinary Shares. Intermediaries who

elect to take an initial commission of 2 per cent. will additionally, provided that the intermediary continues to act for the client and the client continues to be the beneficial owner of the New Ordinary Shares, be paid an annual trail commission by the Company of 0.5 per cent. of the net asset value of their client's holding in New Ordinary Shares (subject to, in respect of the cumulative annual trail commission, a cap of 2.5 per cent. of the Offer Price of such New Ordinary Shares). Trail commission will be paid annually in July (commencing July 2011) based on the audited net asset value at the preceding 28 February.

Initial commission may be waived by financial intermediaries. If this is the case then the investor's application will be increased by the amount of the commission waived.

Illustrative Returns

Set out below is a table illustrating the hypothetical returns to investors at four different potential levels of Shareholder Total Return (Interim Return plus NAV per Ordinary Share) at the Interim Return Date. Returns after this date will be dependent on the performance of the Venture Capital Investments portfolio.

Shareholders' and Managers' interests are aligned through the Performance Incentive (see page 32 for details). The Performance Incentive is only triggered if Shareholders have received or been offered an Interim Return totalling at least 70p per Ordinary Share on or before the Interim Return Date. If Shareholders have received or been offered an Interim Return of at least 70p per Ordinary Share for payment on or before the Interim Return Date, then the Managers will each receive a performance fee of 10 per cent. of all dividends and distributions paid (including the relevant distribution being offered) to Shareholders above a level of 105p per Ordinary Share.

	70p (26.25+43.75+0)	100p (26.25+43.75+30)	116p (26.25+43.75+46)	130p (26.25+43.75+60)
Less net cost of investment (assuming 30% income tax relief)	(70p)	(70p)	(70p)	(70p)
Tax-free cash profit	0p	30p	46p	60p
Tax-free profit (as a % of net cost of investments)	+0%	+43%	+66%	+86%
Net Return*	0% p.a.	7.66% p.a.	10.90% p.a.	13.42% p.a.
Gross Equivalent Return** (to a 40% taxpayer)	0% p.a.	12.77% p.a.	18.17% p.a.	22.37% p.a.

The returns set out above are for illustrative purposes only and assumes an Offer Price of 100p per Ordinary Share. No forecast or projection is implied or should be inferred. Returns are not guaranteed and will be dependent on the performance of the investments in Structured Products and the Venture Capital Investments.

* The Net Return is the internal rate of return based on an investment of 100p deemed to be made on launch of the Offer, 30p income tax relief deemed to be received seven months later in or around July 2011 and either 70p, 100p, 116p or 130p of Shareholder Total Return, comprising dividends of 5.25p payable on 30 July in each year from 2011 to 2015, 43.75p paid by way of a special dividend or tender offer for shares on 14 December 2015 (the Interim Return Date) and the balance as the NAV of the remaining funds (assumed to be Venture Capital Investments continuing to be held at cost) as at the Interim Return Date.

** The gross equivalent return to a 40 per cent. taxpayer is calculated by dividing the Net Return by 0.6.

PART TWO – INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments and Structured Products that will provide investment returns sufficient to allow the Company to maximise annual dividends and an interim return by way of a special dividend or cash offer for shares or before an interim return date;
- generate sufficient returns to build a portfolio of Venture Capital Investments that will provide attractive long terms returns within a tax efficient vehicle beyond an interim return date;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable Qualifying Investors to retain their income tax relief of up to 30 per cent. on the initial investment and receive tax-free dividends and capital growth.

Investment Policy

Asset Allocation

It is intended that approximately 75 per cent. of the monies raised by the Company will be invested within 60 days in a portfolio of Structured Products. The balance will be used to meet initial costs and invested in cash or near cash assets (as directed by the Board) and will be available to invest in Venture Capital Investments, as well as to fund ongoing expenses.

In order to qualify as a VCT, at least 70 per cent. of the Company's assets must be invested in Venture Capital Investments within approximately three years. Thus, in respect of monies raised from time to time, there will be a phased reduction in the Structured Products portfolio and corresponding build up in the portfolio of Venture Capital Investments to achieve and maintain this 70 per cent. threshold along the following lines:

Average exposure per year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
Structured Products and cash/near cash	85%	75%	35%	25%	25%	0%
Venture Capital Investments	15%	25%	65%	75%	75%	100%

Note: the investment allocation set out above is only an estimate and the actual allocation will depend on market conditions, the level of opportunities and the comparative rates of returns available from Venture Capital Investments and Structured Products.

The combination of Venture Capital Investments and the Structured Products will be designed to produce ongoing capital gains and income that will be sufficient to maximise both annual dividends for the first 5 years from funds being raised and an interim return by an interim return date by way of a special dividend or cash tender offer for shares. After the interim return date, unless Investec Structured Products are requested to make further investments in Structured Products, the relevant fund will be left with a portfolio of Venture Capital Investments managed by Calculus Capital with a view to maximising long-term returns. Such returns will then be dependent, both in terms of amount and timing, on the performance of the Venture Capital Investments.

The portfolio of Structured Products will be constructed with different issuers and differing maturity periods to minimise risk and create a diversified portfolio. The maximum exposure to any one issuer will be limited to 15 per cent. of the assets of the Company at the time of investment. Structured Products can and may be sold before their maturity date if required for the purposes of making Venture Capital Investments and Investec Structured Products have agreed to make a market in the Structured Products, should this be required by the Company.

The intention for the portfolio of Venture Capital Investments is to build a diverse portfolio of primarily established unquoted companies across different industries and investments may be by way of loan stock and/or redeemable preference shares as well as ordinary shares to generate income. The amount invested in any one sector and any one company will be no more than approximately 20 per cent. and 10 per cent. respectively of the Venture Capital Investments portfolio.

The Board and its Managers will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT

status. Where investment opportunities arise in one asset class which conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision.

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

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

Risk Diversification

The Board controls the overall risk of the Company. Calculus Capital will ensure the Company has exposure to a diversified range of Venture Capital Investments from different sectors. Investec Structured Products will ensure the Company has exposure to a diversified range of Structured Products. The Board believes that investment in these two asset classes provides further diversification.

Co-investment Policy

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each fund. The terms of the investments may differ between the parties. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors, designated members and committeees. It is not intended that the Company will co-invest with Directors or members of the Calculus Capital management team (including family members).

In respect of the Venture Capital Investments, funds attributable to separate share classes will co-invest (i.e. *pro rata* allocation per fund, unless one of the funds has a pre-existing investment where the incumbent fund will have priority, or as otherwise approved by the Board). Any potential conflict of interest arising will be resolved on a basis which the Board believes to be equitable and in the best interests of all Shareholders. A co-investment policy is not considered necessary for the Structured Products.

Valuation Policy

Unquoted investments will be valued at fair value in accordance with IPEVC guidelines. Investments in AiM, PLUS Market traded companies and the Structured Products will be valued at the prevailing bid price.

PART THREE – THE MANAGERS

The Board believes that the success of any VCT is reliant upon the judgement, experience and skills of its investment manager. The Board has sought to diversify investment risk by appointing two investment managers to manage two distinct investment portfolios. The VCT qualifying Venture Capital Investments will be managed by Calculus Capital, whilst the Investec Structured Products team has been appointed to manage the Company's portfolio of non-VCT qualifying Structured Products.

CALCULUS CAPITAL

Calculus Capital is the Venture Capital Investments portfolio manager.

Calculus Capital was established in 1999 and is authorised and regulated by the FSA. Its core investment team of Susan McDonald and John Glencross has been making tax efficient investments in unquoted companies since 1997. In 2000, Calculus Capital launched the first Enterprise Investment Scheme (EIS) fund approved by HM Revenue & Customs. Since that time, it has structured, launched and closed for subscription a further nine EIS funds and three VCT offers for subscription (including the offer for subscription on launch of the Company). As at 31 July 2010, it had approximately £31.3 million of funds under management or advice (including the assets of the Neptune-Calculus Income and Growth VCT plc and the assets of the Company) and had returned approximately £7.5 million to investors by way of cash distributions or distributions *in specie*, as well as having completed 64 investments in VCT and EIS qualifying companies. It has been recognised as a leading manager of Venture Capital Investments, being awarded the EIS Association Best EIS Fund Manager Award for 2009 and the Professional Adviser Best EIS Provider Award in 2010.

Calculus Capital has extensive experience of investing in energy, energy services, energy technology, leisure and catering, transportation and healthcare and these sectors are likely to be the target of investments by the Company. At the same time, Calculus Capital will also take advantage of value opportunities in other sectors as they arise.

Since its establishment in 1999 to December 2009, Calculus Capital has achieved an annual compounded rate of return of 6.3 per cent. and a multiple of invested capital of 1.7x from the investments in EIS and VCT qualifying unquoted investments. These figures include both VCT and EIS unquoted qualifying investments and exclude all tax benefits and fees. Further, the figures cover companies which were at the time of first investment either private or quoted on PLUS Markets but excluding AIM companies and investments under one year.

Illustrative examples of investments made by Calculus Capital (not forming part of the Company's portfolio):

Examples of past investments made by Calculus Capital include:

- **Waterfall Services** is an outsourced catering company with core markets in the aged care and education sectors. Calculus Capital invested £500,000 in the form of ordinary equity and long term loan stock into Waterfall (formerly CaterPlus) in December 2006 as part of a management buy-in. The company has performed well since its acquisition of Taylor Shaw which provides catering services to the education and industrial sectors in June 2008.
- **Quintus Holdings** is a sports media company which runs events including the BlackRock Masters Tennis, the climax of which takes place at the Royal Albert Hall. Calculus Capital invested £400,000 in Quintus in May 2006 and sold its investment in Quintus for cash to IMG (the world's leading sports marketing business) within 1 year achieving an IRR of 46 per cent.

Examples of Calculus Capital's previous investments where exit has been via an initial public offering include Epistem Holdings plc, a pharmaceuticals and life sciences company and Egdon Resources plc an Oil and Gas exploration and production company.

The Calculus Capital Team

John Glencross

John co-founded Calculus Capital in 1999. In 2000, he structured and launched the UK's first HM Revenue & Customs approved EIS Fund with Susan McDonald. Since that time, he has successfully launched and closed three (including the offer for subscription on launch of the Company) VCT issues and nine further EIS funds. He is also a director of Neptune-Calculus Income and Growth

VCT plc and Terrain Energy Limited, a company in which this VCT has invested. His professional experience spans private equity, investment banking and corporate restructuring and he has invested in, advised on or negotiated more than 100 transactions. Prior to founding Calculus Capital he was an Executive Director in the Corporate Finance Division of UBS Securities and a founding member of the Corporate Finance Division of Deloitte Haskins and Sells, specialising in services to small and medium size businesses. He qualified as a Chartered Accountant with Peat Marwick Mitchell (now KPMG) and has an MA (Hons) from the University of Oxford.

Susan McDonald

Susan co-founded Calculus Capital in 1999. In 2000 she structured and launched the UK's first HM Revenue & Customs approved EIS Fund with John Glencross. Since that time, she has successfully launched and closed three (including the offer for subscription on launch of the Company) VCT issues and nine further EIS funds. She has been involved in investing in approximately 50 qualifying investments in unquoted companies in the last 10 years. She was previously Director and Head of Asian Equity Sales at Banco Santander. Prior to this, she had over twelve years' experience in company analysis, equity sales and new issues with Jardine Fleming, Robert Fleming and Peregrine Securities (UK) Ltd, where she led over 30 placements and new issues. Prior to entering finance, Susan worked for Abbott Laboratories and Conoco. She has an MBA from University of Arizona.

Lesley Watkins

Lesley joined Calculus Capital in 2002. She has over 18 years' experience in investment banking and held senior posts at three international investment banks, where her responsibilities included advising several companies in the FTSE 100. Previously, she was a Managing Director, Global Investment Banking at Deutsche Bank and spent 14 years at UBS, where she was a Managing Director in the Corporate Finance Division. She has extensive experience of fundraising, flotation, mergers and acquisitions, disposals and restructurings for her clients. In 2009, Lesley was appointed Non-Executive Council Member of the Competition Commission. She is a fellow of the Institute of Chartered Accountants. She qualified as a Chartered Accountant with Price Waterhouse (now PricewaterhouseCoopers) and has a BSC (Hons) in Mathematics from Southampton University.

Diane Seymour-Williams

Diane is chairman of the Calculus Capital Investment Committee. She has an MA in Economics from Cambridge University. She joined Morgan Grenfell/Deutsche Asset Management in 1981 and specialised in investing in Asian and Global equity markets for institutional and mutual fund clients. Diane was based in Singapore from 1993-96 as CEO and CIO of Asia ex Japan and responsible for offices in Singapore, Hong Kong and a joint venture in Thailand. After leaving Deutsche Asset Management in 2005, Diane advised on developing a global equity business for WP Stewart and establishing Spencer House Capital Management for Lord Rothschild. She joined Lloyd George Management in 2007 as Head of Client and Business Strategy. Diane was a director of the China Fund (1993-2005), the Pakistan Fund (1993-96), Batavia Fund (1993-96) and Chairman of the Greater Korea Trust Advisory Board (1993-97).

Paul Younger

Paul joined Calculus Capital in 2009. He is responsible for fund operations and administration including communications. Most recently, he worked at AdvantHedge Capital Advisors LLP, a provider of global marketing services for elite hedge fund managers. Paul qualified as a Chartered Accountant in 2007 with Rees Pollock where he worked as a senior auditor, specialising in FSA regulated firms. He graduated from the University of Durham in July 2004 and holds a BA in Business Economics.

Alexandra Lindsay

Alexandra joined Calculus Capital in 2008. She is focused on screening new proposals, conducting research and supporting the investment team. Most recently, she worked on the hedge fund team at Apollo Management International where she conducted research into companies and markets. She graduated from University College London with a first class degree in History of Art having previously studied Engineering Science at Wadham College, Oxford.

INVESTEC STRUCTURED PRODUCTS

The team at Investec Structured Products (a trading name of Investec Bank plc, which is part of the Investec group of companies) is the Structured Products portfolio manager.

The Investec group is an international specialist banking organisation that provides a diverse range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia, as well as certain other countries. The group was established in 1974 and currently has approximately 5,600 employees.

The Investec group focuses on delivering distinctive profitable solutions for its clients in five core areas of activity: Capital Markets, Private Client Activities, Investment Banking, Asset Management and Property Activities.

Investec Structured Products has received investments from UK clients in excess of £1.375 billion in over 200 different Structured Products managed by it since May 2008, and have been recognised as a leading provider of Structured Products being awarded the Professional Adviser Best Structured Products Provider Award 2009 and 2010.

The Investec Structured Products Team

The key individuals within the Investec Structured Products team are:

Rob Reid

Rob joined Investec Bank plc in the summer of 2007 as part of a team to build an equity derivative and structured product business. Prior to that he spent 9 years at Abbey Financial Markets (now Banco Santander Global Markets) where he was one of the founder members of the equity derivative business. He worked in various roles including risk management, derivative trading and structuring. Before that he worked in risk management at NatWest Markets and started out as an actuary with Watson Wyatt. Rob has a total of 14 years experience in the derivatives and structured product industry.

Andrew Brogden

Andrew joined Investec Bank plc in the summer of 2007 to build its equity derivative and structured product business. Prior to that he worked for 9 years at Abbey Financial Markets (now Banco Santander Global Markets). One of the founder members of Abbey's equity derivative business, he finished his time there as Global Head of Equity, Commodity & Property Derivatives. Before that he worked at HSBC as a derivatives trader, having previously been a quantitative analyst, and before that, a management consultant. Andrew has a total of 14 years experience in the derivatives and structured product industry.

Mark Simmons

Mark joined Investec Bank plc in 2008 to head-up the Financial Modelling Group supporting the structured product aspect of the business. Prior to that he acted as head of Equity Derivatives Risks at Abbey Financial Markets (now Banco Santander Global Markets) for 8 years. Before that Mark worked for NatWest, Swiss Bank and Morgan Stanley within their respective equity derivative and risk management teams and started out as an actuary analyst. In total, Mark has over 25 years experience in the derivatives and structured product industry.

PART FOUR – THE PORTFOLIOS AND EXPECTED RETURNS

Funds raised by the Company pursuant to the Offer will be invested into two distinctive portfolios: Structured Products and Venture Capital Investments, each being managed by two highly respected and successful managers; Investec Structured Products and Calculus Capital. This, coupled with the generous tax reliefs available to Qualifying Investors on the New Ordinary Shares, provides investors with an attractive investment opportunity.

THE PORTFOLIOS FOR THE ORDINARY SHARES FUND

Venture Capital Investments Portfolio

Calculus Capital follows a disciplined investment approach focusing on both capital preservation and capital appreciation. The intention is to build a diverse portfolio of primarily established unquoted companies across different industries. The Board believes that the established unquoted sector offers better value, scope to exert greater influence, the opportunity to carry out stronger due diligence and to maintain better scrutiny than a portfolio invested primarily in AiM or PLUS Market quoted stocks and carries less risk than investment in seed and early stage investments. Calculus Capital's strategy for the Venture Capital Investments is to seek to reduce the risks often associated with VCTs by primarily targeting business investment opportunities according to the following criteria:

- More established businesses with long-term positive trends and where there is a higher degree of predictability.
- Successful, motivated management teams capable of delivering returns to shareholders.
- Companies with significant recurring revenues, adequate cash flow from operations to service their operating requirements and strong balance sheets.
- Companies with a defensible market position.
- Companies which can benefit not only from the capital provided by Calculus Capital but also from the many years of operating and financial experience of the Calculus Capital team.
- Companies capable of meeting a target IRR of 15 per cent.

Calculus Capital intends that the Venture Capital Investments portfolio will be spread across a number of investments and the amount invested in any one sector and any one company will be no more than approximately 20 per cent. and 10 per cent. respectively. To enable the Company to pay the intended annual dividends of 5.25p per Ordinary Share and the Interim Return (including dividends) of 70p per Ordinary Share, Calculus Capital may invest by way of loan stock and/or redeemable preference shares as well as ordinary shares.

Historically, Calculus Capital has been a significant investor in the energy, transportation, leisure and catering, specialist engineering and support services sectors, and it has limited its exposure to companies with scientific or technological exposure. It is likely that the expertise it has developed and the contacts it has made will be put to use in determining future investments.

Calculus Capital provides companies with capital for a variety of reasons. The most likely uses of proceeds include:

- Business expansion.
- Acquisition financing.
- Significant capital expenditure.
- Financing generational change.

Calculus Capital sources its investment opportunities through a range of networks which its management team has developed, including corporate financiers, accountants and lawyers, as well as, senior City individuals who have invested in its funds. Calculus Capital carries out due diligence and may be involved in structuring or restructuring the investment as well as negotiating the price and terms of investment. Once an investment has been agreed, Calculus Capital may take a seat on the board itself in order to monitor and provide support to the firm on an ongoing basis, or may appoint one of its investors with appropriate experience to serve on the board. An example of this is Lindley Catering Limited, the UK's largest provider of catering services to professional football clubs, cricket

clubs and rugby clubs. A Calculus Capital investor with significant experience in the food wholesaling and distribution sectors served as non-executive chairman until the company was sold.

It is expected that the bulk of realisations will be achieved via trade sale, although an initial public offering, refinancing or sale to a larger private equity house may also be achieved.

Venture Capital Investments made by the Ordinary Shares Fund:

Terrain Energy Limited

£250,000 was invested in Terrain Energy in July 2010 (£50,000 in ordinary shares and £200,000 in 7 per cent. long term loan stock). The investment in ordinary shares represents 2.1 per cent. of the share capital of Terrain Energy. The total funding round in Terrain Energy was £750,000 with the remainder £500,000 invested by Calculus Capital on behalf of the Calculus Capital EIS Fund 10. Terrain Energy is an existing Calculus Capital investment having received £1.62 million in October 2009.

Terrain Energy was established in October 2009 to develop a portfolio of onshore oil and gas production and development interests in areas of low political risk, with the current focus being the UK. The balanced portfolio of licences includes currently oil producing, scheduled for near term production and exploration or rejuvenation projects. Terrain Energy currently has interests in four licences, two of which are in production, one on test production and one on which a drill or drop decision will be made in 2011.

The additional funds raised under the Offer will be used for new Venture Capital Investments as well as further developing the existing Ordinary Shares Fund portfolio (for example, by providing further investment to Terrain Energy for the purposes of acquiring additional licence interests).

Structured Products Portfolio

Approximately 75 per cent. of the monies raised by the Company will be invested within 60 days in a portfolio of Structured Products by Investec Structured Products. Investec Structured Products has investment discretion in respect of the Structured Products the Company invests in, subject to the following investment mandate approved by the Board:

- Returns will be linked to the FTSE 100 Index by way of a fixed return that is payable as long as the Final Index Level is no lower than the Initial Index Level.
- All of the Structured Products will be capital protected so long as the FTSE 100 Index does not fall by 50 per cent. of the Initial Index Level at any time during the investment period save that, by agreement with the Board, further purchases of Structured Products in which the Company has already invested may be made where the FTSE 100 Index level at the time of purchase is not materially lower than the Initial Index Level applicable to the existing investment (i.e. the capital protection is not materially lower than 50 per cent.) and any such purchases, where possible, will be made proportionately to the amounts already invested in that Structured Product (subject to any VCT and regulatory investment restrictions). If the FTSE 100 Index does fall by 50 per cent. at any time during the investment period and fails to recover, the capital will be at risk (CAR) on a maximum one to one basis (i.e. if the FTSE 100 Index falls by 50 per cent. during the investment period and on maturity is down 25 per cent., capital within that Structured Product will be reduced by 25 per cent.).
- Most of the Structured Products will be designed to produce capital appreciation, rather than income, giving rise to gains which will be tax-free for the Company.
- A small element of the Structured Products may be deposit based structures which are capital secure.
- Investments will be spread between no fewer than five from an initial list of ten Approved Issuers.
- Investment periods will range from 6 months to approximately 5 years.

In its role as Manager of the Structured Products and to diversify counterparty risk, Investec Structured Products will only invest in Structured Products issued by the following Approved Issuers along the lines set out above:

Approved Issuer	Current Credit Rating (Moody's unless otherwise stated)
Abbey National Treasury Services plc	Aa3
Barclays Bank plc	Aa3
BBVA S.A	Aa2
Citigroup Global Markets Limited	A3
HSBC Bank plc	Aa2
Investec Bank plc	Baa3
Lloyds TSB Bank plc	Aa3
Morgan Stanley International PLC	A2
Nomura Bank International	A- (Standard & Poor's)
Royal Bank of Scotland plc	Aa3

Investec Structured Products will be given discretion to add two additional names to this list of Approved Issuers in each accounting year of the Company subject to these additional names having a minimum credit rating of A.

Should an Approved Issuer's rating fall below the minimum credit rating of A, such Issuer will (with the exception of Investec Bank plc, whose credit rating at the date of this document is below the credit rating of A) no longer be granted Approved Issuer status and no further investments will be made in that relevant issuer. If, however, an investment has already been made in that issuer, Investec Structured Products will review the effect the downgrade may have on the value of the investment and consider, in consultation with the Board, whether the investment should be realised prior to the structured product reaching its maturity date, in which case the risks set out above in relation to Structured Products may be more likely to occur in respect of that investment.

The maximum exposure to any one Issuer will be limited to 15 per cent. of the assets of the Company at the time of investment.

The Company does not invest directly in the companies comprised within the FTSE 100 and therefore the maximum return regardless of any rise in the FTSE 100 Index will be a percentage of the Company's original investment. The fixed returns will obviously be lower for those Structured Products with shorter maturities.

The majority of the Company's holdings of Structured Products are primarily designed to produce capital appreciation, rather than income. Therefore, the profit arising from the disposal or maturity of the Structured Products typically gives rise to capital gains, which are tax-free (subject to maintenance of VCT status) for the Company and can be distributed tax-free to Qualifying Investors.

The Company is buying a note issued by the relevant Issuer. The Issuer is legally required to pay the agreed returns when the note matures. If the Issuer fails to meet its obligations (i.e. goes bankrupt or similar) the Company would not be entitled to compensation from the Financial Services Compensation Scheme (FSCS) solely on the grounds of such failure. If this happens the Company may lose some or all of its money.

Investments in Structured Products made by the Ordinary Shares Fund:

Details of all of the existing Structured Product investments that have been entered into are set out below.

Issuer	Strike Date	FTSE 100 Initial Index Level	Notional Investment	Purchase price	Maturity Date	Return/ Capital at Risk (CAR)
Investec Bank	14 May 2010	5263	500,000.00	0.9791	19 Nov 2015	185% if FTSE 100 higher; CAR if FTSE 100 falls by 50%
The Royal Bank of Scotland	6 May 2010	5342	275,000.00	0.96	12 May 2015	162.5% if FTSE 100 higher; CAR if FTSE 100 falls by 50%
Abbey National Treasury Services	25 May 2010	4941	350,000.00	0.9898	19 Nov 2015	185% if FTSE 100 higher; CAR if FTSE 100 falls by 50%
Nomura Bank International	28 May 2010	5188	350,000.00	0.98	15 Feb 2013	137% if FTSE 100 higher; CAR if FTSE 100 falls by 50%
Morgan Stanley International	10 Jun 2010	5133	500,000.00	1.0	10 Dec 2012	134% if FTSE 100 higher; CAR if FTSE 100 falls by 50%
HSBC Bank	1 July 2010	4806	500,000.00	1.0	6 July 2012	125.1% if FTSE 100 higher; CAR if FTSE 100 falls by 50%

EXPECTED RETURNS

Ordinary Shares Fund

The objective is to create two portfolios to produce ongoing capital gains and income that will be sufficient to:

- fund an expected annual dividend of 5.25p per Ordinary Share for the first 5 years of the Company; and
- provide an expected return of at least 43.75p per Ordinary Share by 14 December 2015 (the Interim Return Date) by way of a special dividend or cash tender offer for Ordinary Shares.

The success of this strategy is dependent upon the Final Index Level being above the Initial Index Level when each of the Structured Products mature, there being no Approved Issuer default and there being some repayment of loan stock or preference shares from the portfolio of Venture Capital Investments.

Assuming this to be the case, investors in the Offer will have received or have been offered back their net investment of 70p by the Interim Return Date and will still be left with a portfolio of Venture Capital Investments which will continue to be managed by Calculus Capital with a view to maximising long-term tax free returns.

In the event of a long-term decline in the FTSE 100 Index, there will be no gains from the Structured Products and in the event of a fall of 50 per cent. in the FTSE 100 Index there will be losses on the

investments in Structured Products. Structured Products can and may be sold before their maturity date if required for the purposes of making Venture Capital Investments and Investec Structured Products have agreed to make a market in the Structured Products, should this be required by the Company. The portfolio of Structured Products will be constructed with different Issuers and differing maturity periods to minimise risk and create a diversified portfolio.

The Board and its Managers review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments. In the event that the Company is unable to realise funds from its investments in Structured Products (whether this be original capital or gains), the pool of potential Venture Capital Investments is likely to be reduced and the Company may not be able to meet its objectives or maintain VCT status.

C Shares Fund

As it is possible that the intended return to the Ordinary Shareholders on or before 14 December 2015 could be regarded as a disposal, the Board proposes to raise further funds after the closing of the Offer through the issue of C Shares. It is intended to use a new class of share in order to provide a five-year holding period for investors as required for maintenance of the up-front income tax relief for qualifying investors in VCTs.

If a C Shares Fund is raised, the objective of the Board will be to maximise both the annual and interim returns for the C Share Fund, however, the intended level of returns are unknown at this time and will be assessed and agreed prior to the launch of the C Share offer for subscription.

Impact of the C Shares Fund on the Ordinary Shares Fund

Creation of a separate class of C Shares and raising funds under the C Share offer for subscription will, if a C Shares Fund is raised, increase the assets of the Company over which the annual running costs can be spread.

Although the C Shares Fund will, if raised, be managed and accounted for separately from the Ordinary Shares Fund, a number of company regulations and VCT requirements are assessed at company level and, therefore, the performance of one fund may impact adversely on the other fund. The Board will monitor both the performance of each separate fund as well as requirements at company level to reduce the risk of this occurring.

PART FIVE – THE BOARD

The Board comprises seven non-executive directors, four of whom are independent of the Managers. The Board has substantial experience of venture capital businesses and overall responsibility for the Company's affairs, including determining the investment policy of the Company. Ian Wohlman is a director of Investec Bank plc, John Glencross is a director of Calculus Capital and Steve Meeks is a former consultant to Investec Structured Products.

Chris Wightman (51) (Chairman)

Chris was appointed non-executive chairman of the board of directors of Puricore PLC in August 2002 and executive chairman in June 2010. Puricore completed a successful IPO raising £30 million in June 2006. Chris is chairman or director of a number of private UK companies including ASI Solutions plc, Clickstream Technologies plc, and Equinox Capital Limited. He is also a partner in Mount Row Capital LLP. He previously spent 14 years in the investment banking industry with Goldman Sachs, Bankers Trust, NatWest, and NationsBank. He read law at Nottingham University before joining Arthur Andersen & Co., where he qualified with the Institute of Chartered Accountants.

Michael O'Higgins (56)

Michael became Chairman of Alexander Mann Solutions in August 2009 and has been chairman of the Audit Commission since October 2006. He is also a non-executive director of HM Treasury and chair of the Treasury Group Audit Committee. He is also Chair of the charity Centrepoint, having been on its Board of Trustees since 2002. Until his retirement in September 2006, Michael was a Managing Partner with PA Consulting, leading its Government and IT Consulting Groups, latterly as a director on its International Board. Prior to that he was a partner at Price Waterhouse, worked at the Organisation for Economic Co-operation and Development in Paris and held academic posts at the University of Bath, the London School of Economics, Harvard University and the Australian National University. He was recently appointed a Visiting Professor of Economics at the University of Bath.

Mark Rayward (48)

Mark worked for Newton Investment Management for 23 years from 1986 to November 2009. He was most recently Deputy Chief Executive and Chairman of the Newton Risk and Compliance Committee. From 2001 he was Managing Director of Newton Private Investment Management which had approximately £8 billion under management. Until his resignation from Newton, Mark was also a director of Bank of New York Mellon Newton Fund Managers which is the authorised director for Mellon Newton unit trusts and quoted UK funds.

Philip Swatman (60)

Philip was appointed chairman of Merlin Corporate Reputation Management, a financial and business communications consultancy group, in March 2009. Previously, Philip was vice-chairman of Investment Banking at NM Rothschild from 2001 until his retirement in September 2008, having originally joined NM Rothschild in 1979 as a Corporate Financier, becoming a Director in 1986. He subsequently became a Managing Director and later Co-Head of Investment Banking. He was accordingly involved in numerous transactions, including the sale of Chubb to Williams, Northern Foods' acquisition of Express Dairies, the IPOs of Vodafone and William Hill, the defence of BPB plc against a hostile bid from St Gobain, and the sale of Abbot Group plc to First Reserve. Philip qualified as a Chartered Accountant with KPMG after graduating from Christ Church, Oxford and is a Fellow of the Institute of Chartered Accountants.

Ian Wohlman (55)

Ian joined Allied Trust Bank Limited plc (now Investec Bank plc) in 1987 as an accounts manager. During his extensive time at Investec Bank plc he has been appointed to various executive positions, which include an Executive of both the Board Risk Review Committee and Risk Review Forum. He is also chairman of the PLC Credit Committee, Group Asset and Liability Committee, Audit Compliance Forum and Investment Committee. Prior to joining Investec Bank plc, Ian was at Royal Bank of Scotland initially as a branch manager and subsequently as a supervisor within the Business Development Lending group. Ian is FSA authorised both as a director and in relation to systems and controls.

Steve Meeks (53)

Steve is a consultant specialising in structured products. Steve joined NatWest as a graduate recruit in 1978 and spent nine years working for the wholesale banking arm of the NatWest group, including five years working in the group's Executive Office for North America based in New York. Upon returning to the UK, he transferred to the group's investment bank, County NatWest, working in the capital markets origination team. In 1993, he was recruited by Union Bank of Switzerland and spent the next five years as an executive director with responsibility for marketing equity derivatives to leading UK life offices. In 2005, he finished a six year consultancy with Abbey Financial Markets working on a part time basis in their structured products team; during this time he designed and established Guaranteed Investment Products 1 PCC an investment vehicle for Abbey Group's structured products that now has in excess of £5 billion under management across 131 different structured products. Steve is also a former consultant to Investec, having assisted the Investec Structured Products team with the launch of the Company. He is a non executive director of five Guernsey incorporated investment companies including Guaranteed Investment Products 1 PCC.

John Glencross (57)

Details for John Glencross can be found on pages 18 and 19.

The Board are responsible for the determination of the Company's investment policy and have overall responsibility for its affairs. The Company has appointed Investec Structured Products and Calculus Capital in respect of the Structured Products and the Venture Capital Investments respectively on a discretionary basis. The Managers recommend valuations to the Board and Capita Sinclair Henderson are responsible for determining the net asset value of the Company, in each case for approval by the Board.

Chris Wightman, as Chairman of the Company, receives an annual fee of £20,000 and each of Steve Meeks, Mark Rayward, Philip Swatman and Michael O'Higgins receive annual fees of £15,000. Neither John Glencross nor Ian Wohlman receive any remuneration for their appointments in light of their affiliation with the Managers.

PART SIX – SCHEDULE OF INVESTMENTS

Set out below are all of the investments (other than cash/near cash assets) held by the Company. This unaudited investment portfolio is that carried by the Company as at the date of this document.

Morgan Stanley

Morgan Stanley provides diversified financial services on a worldwide basis.

The Company has invested in a structured equity derivative issued by Morgan Stanley which pays 34 per cent. if the FTSE 100 is up after 2.5 years. Capital is at risk if the FTSE 100 is less than 50 per cent. of its Initial Index Level. Maturity date – 10 December 2012.

<i>Accounts for the year ended 31 December 2009</i>				
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
500,000 warrants of £1 (ISIN – XS0517463922)	n/a	500,000	546,650	14.35

HSBC Bank plc

The HSBC Group operates worldwide, providing a variety of international banking and financial services.

The Company has invested in a structured equity derivative issued by HSBC Bank plc which pays 25.1 per cent. if the FTSE 100 is up after 2 years. Capital is at risk if the FTSE 100 is less than 50 per cent. of its Initial Index Level. Maturity date – 6 July 2012.

<i>Accounts for the year ended 31 December 2009</i>				
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
10 notes of £50,000 (ISIN – XS0524656211)	n/a	500,000	538,000	14.12

Investec Bank plc

A specialist bank and asset manager which provides services to an international client base.

The Company has invested in a structured equity derivative issued by Investec Bank plc which pays 85 per cent. if the FTSE 100 is up after 5 years. Capital is at risk if the FTSE 100 is less than 50 per cent. of its Initial Index Level. Maturity date – 19 November 2015.

*Accounts for the
year ended
31 March 2010*

Pre-tax profit/(loss)				£33.45 million
Total assets				£16,980 million
Total equity				£1,181 million
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
500,000 notes of £1 (ISIN – n/a)	n/a	489,550	529,330.50	13.89

Abbey National Treasury Services plc

Abbey National Treasury Services is the main funding vehicle for Santander UK plc, a financial services group in the UK.

The Company has invested in a structured equity derivative issued by Abbey National Treasury Services plc which pays 85 per cent. if the FTSE 100 is up after 5 years. Capital is at risk if the FTSE 100 is less than 50 per cent. of its Initial Index Level. Maturity date – 19 November 2015.

*Accounts for the
year ended
31 December
2009*

Pre-tax profit/(loss)				£456 million
Total assets				£282,846 million
Total equity				£3,503 million
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
350,000 warrants of £1 (ISIN – GB0094N16Q50)	n/a	346,430	402,185	10.55

Nomura Bank International plc

Nomura Bank International PLC provides a range of banking and financial services.

The Company has invested in a structured equity derivative issued by Nomura Bank International plc which pays 37 per cent. if the FTSE 100 is up after 2.7 years. Capital is at risk if the FTSE 100 is less than 50 per cent. of its Initial Index Level. Maturity date – 15 February 2013.

*Accounts for the
year ended
31 December
2009*

Net income				(£244 million)
Total assets				£15,838 million
Total equity				£451 million
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
7 notes of £50,000 (ISIN – XS0514795052)	n/a	343,000	365,365	9.59

The Royal Bank of Scotland Group plc

The Royal Bank of Scotland Group through subsidiaries, accepts deposits and offers commercial banking services.

The Company has invested in a structured equity derivative issued by The Royal Bank of Scotland Group plc which pays 62.5 per cent. if the FTSE 100 is up after 5 years. Capital is at risk if the FTSE 100 is less than 50 per cent. of its Initial Index Level. Maturity date – 12 May 2015.

*Accounts for the
year ended
31 December
2009*

Pre-tax profit/(loss)				(£2,595 million)
Total assets				£1,696,486 million
Total equity				£94,631 million
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
2,750 certificates of £100 (ISIN – GB00B618MD11)	n/a	264,000	267,960	7.03

Terrain Energy Limited

UK based company with a portfolio of oil and gas interests based onshore in the UK.

				<i>No accounts produced since incorporation</i>
				£n/a
Pre-tax profit/(loss)				£n/a
Turnover				£n/a
Net assets/(liabilities)				£n/a
Description of securities held	<i>Equity Percentage (%)</i>	<i>Cost (£)</i>	<i>Valuation (£)</i>	<i>Percentage of Investment Portfolio (%)</i>
44,643 ordinary shares and £200,000 loan stock	2.1	250,000	250,000	6.56

Note:

The investment and portfolio information in this Part Six has been extracted from the Company's records as at 14 September 2010. In respect of the information on investee companies' sales, profits and losses and net assets, these have been taken from the latest financial year end accounts published by those investee companies as referred to in this Part Six ("Third Party Information"). As at the date of this document, there has been no material change in the valuations set out in this Part Six since 14 September 2010. The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information provided, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PART SEVEN – MANAGEMENT, EXPENSES AND ADMINISTRATION

Management Fees

Annual Fees

One of the overriding objectives of both the Board and the Managers is to provide investors with a low cost tax efficient investment vehicle. The average investment management fees for VCTs is 2.0 per cent. per annum*. The annual investment management fee for the Company, however, is 1.0 per cent. per annum, thus allowing a Shareholder to benefit from more of the returns achieved.

Each Manager has been appointed as an investment manager of the Company, under the terms of their respective investment management agreements, further details of which are set out in Part Three of the Registration Document. Each agreement is for an initial period up to the Interim Return Date, and the appointment of either may be terminated on 12 months' notice expiring on the Interim Return Date or at any time thereafter. The appointment of Investec Structured Products will automatically terminate on the date the Company no longer has investments in Structured Products.

Calculus Capital receives an annual investment management fee of an amount equivalent to 1.0 per cent. of the net assets of the Company. Calculus Capital retains the right to charge arrangement and syndication fees to the private companies in which the Company invests. Such charges are in line with industry practice and will be no more than 3.0 per cent. of the investment to be made in the relevant company. The costs of all deals that do not proceed to completion will be borne by Calculus Capital and not by the Company. Calculus Capital may also retain ongoing directors' fees and monitoring fees from the investee companies as appropriate and in line with market practice.

Investec Structured Products receives an arrangement fee from Issuers of up to 0.75 per cent. of the amount invested in each Structured Product. This arrangement fee shall be paid to Investec Structured Products by the issuer of the relevant Structured Product. Further details regarding these arrangement fees are available upon request. No arrangement fee will be paid to Investec Structured Products in respect of any decision to invest in Structured Products issued by Investec Structured Products. Investec Structured Products will not receive any annual management fees from the Company.

The annual running costs of the Company will, until the Interim Return Date, be capped at 3.0 per cent. of the gross amount raised (2.35 per cent., if the Company has raised funds of at least £20 million from this and any future offers), excluding irrecoverable VAT, annual trail commission and performance incentive fees, and any excess will be paid by Investec Structured Products.

Annual running costs include, *inter alia*, Directors' fees, fund administration fees, fees for audit, taxation and legal advice, registrar's fees, costs of communicating with Shareholders and the annual fees payable to Calculus Capital, but not annual trail commission and the performance incentive (as set out below). Assuming full subscription under the Offer, the average annual running costs of the Company are estimated at 2.8 per cent. per annum (excluding annual trail commission and irrecoverable VAT) of its net assets.

The cap on the annual running costs of the Company will be reassessed by the Board after the Interim Return Date and, if applicable and appropriate, re-set by the Board (in consultation with the Calculus Capital and, if still appointed, Investec Structured Products).

The above arrangements will, if C Shares are issued, also apply to the management of the C Shares Fund.

Performance Incentive Fees

As is customary in the venture capital industry, the Company's Managers are entitled to receive a performance related incentive in respect of the Ordinary Shares Fund based upon Shareholder Proceeds.

The Managers will each receive a performance incentive fee payable in cash of an amount equal to 10 per cent. of dividends and distributions paid (including the relevant distribution being offered) to Shareholders over and above 105p per Ordinary Share (this being a 50 per cent. return on an initial net investment of 70p per Ordinary Share taking into account up front income tax relief) provided Shareholders have received or been offered an Interim Return of at least 70p per Share for payment on or before the Interim Return Date. Such performance incentive fees will be paid within 10 business days of the date of payment of the relevant dividend or distribution.

*an average of market data taken from www.taxefficientreview.com/vct/vct_forthcoming.asp and 'VCTs: Market Overview' by David Cartwright, <http://www.theaic.co.uk/Documents/Member%20Director%20centre/AIC%20Conferences/DavidCartwrightVCT2010.pps>.

A similar performance related incentive will be entered into, if C Shares are issued, in respect of the C Shares Fund, save that the interim return (such amount to be assessed and agreed prior to launch of the C Share offer for subscription) per C Share must be received or offered on or before 14 December 2016 (ie 12 months after the Ordinary Shares Fund Interim Return Date).

Offer Costs

The Offer costs are capped at 5.0 per cent. of the gross funds raised pursuant to the Offer (excluding annual trail commission). Investec Structured Products has agreed to underwrite all the costs of the Offer (excluding annual trail commission) in return for an initial fee of 5.0 per cent. of the gross funds raised pursuant to the Offer.

Administration Fees

Capita Sinclair Henderson provides fund administration services to the Company, for an annual fee of £56,000 plus an amount equivalent to 0.05 per cent. of the Company's net assets. The appointment is for an initial period to March 2011, thereafter on three months' notice.

VCT Status Monitoring

Martineau is the Company's VCT status adviser. Martineau carries out reviews of the Company's investment portfolios to ensure continuing VCT compliance and, when requested to do so by the Board or Calculus Capital, reviews prospective investments to ensure that they are qualifying Venture Capital Investments.

Dividend Policy

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

The Board has a stated objective of paying annual dividends for the first five years of 5.25p per Ordinary Share. This will be subject to investment performance and the need to retain cash for investment purposes and annual running costs. It is intended that these will be paid annually after the year end until the Interim Return Date. Thereafter, returns will be dependent on the performance of the portfolio of Venture Capital Investments.

The Structured Product portfolio will aim to produce ongoing capital gains that together with returns from the Venture Capital Investments will be sufficient to fund an intended annual dividend of 5.25p per Ordinary Share for the first five years. In the event of a long-term decline in the FTSE 100 Index there will be no gains from the Structured Products and in the event of a fall of 50 per cent. or more there will be losses on the capital invested in Structured Products. The Board will review the dividend policy annually to take account of the performance of the Company's investments.

Calculus Capital will focus on investing in companies where an exit within 3-4 years through a trade sale or flotation is reasonably foreseeable. It is intended that any profits made on the disposal of investments will be distributed to Shareholders, to the extent that this is prudent. To enable the Company to pay the intended annual dividend of 5.25p per Ordinary Share and the Interim Return (including dividends) of 70p per Ordinary Share, Calculus Capital will invest by way of loan stock and/or redeemable preference shares as well as ordinary shares.

The Company is in the process of cancelling its existing share premium account in order to create a special distributable reserve from the sum set free which can be used to absorb losses, fund buy-backs, and other corporate purposes to support the making of distributions by the Company. The Board intends to do the same in respect of the further share premium created pursuant to the Offer.

The Managers are both incentivised to maximise dividend and capital payments to Shareholders through the Performance Incentive arrangements, as each is entitled to receive a performance related fee based on hurdles linked to Shareholder Proceeds.

The objective of the Board in respect of the C Share Fund will also be to maximise both annual and interim returns, however, the intended level of returns are unknown at this time and will be assessed and agreed prior to the launch of the C Share offer for subscription.

Buy Backs

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

The Board, therefore, considers that the Company should have the ability to purchase its Ordinary Shares in the market with the aim of providing the opportunity for Shareholders who wish to sell their Ordinary Shares. Subject to maintaining a level of liquidity in the Company which the Board consider appropriate, it is the intention that such purchases of Ordinary Shares will be made at a price which represents a discount of no greater than 10 per cent. to the most recently published net asset value per share. Ordinary Shares bought back will be cancelled.

The above buy back policy will, if C Shares are issued, also apply to the C Shares Fund.

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

Investor Communications

The Board recognises the importance of maintaining regular communications with Shareholders. In addition to the announcement and publication of the annual report and accounts and the interim results, the Company will also publish and circulate to its Shareholders quarterly statements of net asset value. These documents will also be available at www.investecstructuredproducts.com and www.calculuscapital.com.

Year End	28 February
Posting of Annual Report	June
Half-Year End	31 August
Posting of Half-Yearly Report	November

PART EIGHT – TAX POSITION OF QUALIFYING INVESTORS

1. Tax Reliefs

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

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

(a) Income Tax

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

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

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

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

(ii) ***Dividend relief***

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

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

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

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

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

Dividend relief ceases to be available once the Qualifying Investor ceases to own the VCT shares in respect of which it has been given or if the VCT loses its approval within this period as detailed below.

(b) Capital Gains Tax

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

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

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

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

(c) Loss of VCT Approval

A company may be fully approved as a VCT or, to facilitate launch, provisionally approved to allow the company sufficient time to meet the various requirements for full approval as set out in Part Seven of this document.

(i) Loss of full approval

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

(ii) Loss of provisional approval

If a company which has been granted provisional approval as a VCT subsequently fails to comply with the conditions for full approval, such provisional approval as a VCT may be withdrawn and the effect is as if provisional approval had never been given. In these circumstances, therefore, relief from income tax on the initial investment is repayable, dividends paid and to be paid will be subject to income tax and any gains on the VCT shares will also be taxable on disposal.

2. Illustration of Effect of Tax Relief for Qualifying Investors

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

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

The combined effect of the initial income tax relief, tax free dividends and tax-free capital growth can substantially improve the net returns of an investment in a VCT. The limit for obtaining income tax relief on investments in VCTs is £200,000 in each tax year. Income tax relief is only available if the shares are held for the minimum holding period of five years.

3. Obtaining Tax Reliefs

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

4. Investors not Resident in the UK

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

PART NINE – TAX POSITION OF THE COMPANY

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

1. Qualification as a VCT

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

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on the London Stock Exchange;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70 per cent. by VCT Value of its investments in shares or securities in Venture Capital Investments, of which 30 per cent. by VCT Value must be in ordinary shares which carry no preferential rights to dividends, assets on a winding-up and no rights to be redeemed;
- (e) have at least 10 per cent. by VCT Value of each Venture Capital Investment in ordinary shares which carry no preferential rights to dividends or assets on a winding-up and no rights to be redeemed;
- (f) not have more than 15 per cent. by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- (g) not retain more than 15 per cent. of its income derived from shares and securities in any accounting period.

The requirement set out in paragraph (d) above will be amended for funds raised from an effective date to be specified, such that at least 70 per cent. by VCT Value of a VCT's investments in shares or securities in qualifying investments must be in ordinary shares which carry no future or preferential rights and no rights to be redeemed (the latter also being relevant to paragraph (e) above for funds raised from the same date).

2. Venture Capital Investments

A Venture Capital Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Parts 3 and 4 of Chapter 6 of the Tax Act and for which not more than £1 million was subscribed in any one tax year (nor more than £1 million in any period of 6 months straddling two tax years).

The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £7 million immediately before and £8 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding. In addition, to be qualifying holdings, VCT funds must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Incentive Scheme in any rolling 12 month period.

3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on PLUS Markets and AiM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). The trade must be carried on wholly or mainly in the UK (such requirement to be amended to the company having a permanent establishment in the UK for the investment of funds raised from an effective date to be specified) but the company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51 per cent. owned.

4. Approval as a VCT

A VCT must be approved at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval.

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

However, to aid the launch of a VCT, HM Revenue & Customs may give provisional approval if satisfied that conditions (b), (c), (f) and (g) in paragraph 1 above will be met throughout the current or subsequent accounting period and condition (d) in paragraph 1 above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

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

5. Withdrawal of Approval

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

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

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

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

PART TEN – OTHER INFORMATION

Life of the Company

Although it is intended that the Company should have an unlimited life Shareholders will have the opportunity to review the future of the Company at appropriate intervals. The Articles, therefore, contain provisions requiring the Directors of the Company to put a proposal to the Shareholders for the winding-up of the Company at the tenth annual general meeting of the Company.

CREST

The New Ordinary Shares will be in registered form and will be eligible for electronic settlement. The Company has its Ordinary Shares admitted in the CREST system so that, should they wish to, investors will be able to hold their Ordinary Shares in uncertificated form.

Share Rights

The following provisions apply to the Company's share capital:

Dividends and assets on a winding up

The Company may by ordinary resolution and, subject to the provisions of CA 2006 and of the Articles, declare dividends to be paid to Shareholders according to their respective rights and interests in the profit of the respective class of shares provided that no dividend shall exceed the amount recommended by the Directors.

The Directors may pay interim dividends if it appears to them that they are justified in so doing by the profits of the relevant class of shares available for distribution and the position of such class of shares.

Except as otherwise provided by the rights that attach to any class of share, dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares on which the dividend is paid (except where those amounts are paid up in advance of calls).

If any dividend remains unclaimed after a period of twelve years from the date of the declaration of that dividend, it shall be forfeited and shall cease to remain owing by the respective class of shares.

The Directors may with the prior authority of an ordinary resolution of the Company, subject to the provisions of the Articles, offer to holders of any class of shares the right to elect to receive shares credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution. Under current law, no tax will be withheld by the Company when it pays a dividend.

The capital and assets of the Company shall on a winding up or other return of capital be applied *pro rata* to Shareholders, save as otherwise provided for any class of share in the Company.

Voting rights

Subject to any special rights which may apply to any class of shares that may have been issued or may from time to time be held, every member who is present in person, including any corporation present by its duly authorised representative, or by proxy, at a general meeting of the Company shall, on a show of hands, have one vote. On a poll every member present in person or by proxy shall have one vote for each Share of which he is a holder.

Where shares are held jointly, the vote of the senior who has tendered a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the holding.

A Shareholder will lose his right to vote at a general meeting or at any separate meeting of the holders of any class of share, whether in person or by proxy, unless all calls presently payable by him in respect of those shares, together with interest and expenses (if any) have been paid in full to the Company, even where those shares are jointly held. The right to vote, together with all other rights and benefits of membership, will also be lost where the member (or any other person claiming to have an interest in such shares) has been issued with a notice pursuant to section 793 of CA 2006 (which requires the member or such other person to declare his interest in the shares) and has failed to give the required information to the Company within the prescribed period of fourteen days and has been served with a default notice.

Variation of class rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the CA 2006, be varied by the passing of an extraordinary resolution at a general meeting of such holders or the written consent of three quarters in nominal value of the issued shares of the affected class. At such a meeting, the necessary quorum shall be at least two members of the class holding (or representing by proxy) not less than one third in nominal value of the capital paid up on the issued shares of that class and at an adjourned meeting one person (whether present in person or by proxy) holding shares of that class in question.

Issue of shares

Subject to the provisions of the CA 2006 relating to authority, pre-emption rights and otherwise, and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and on such terms as they think fit.

Transfer of shares

A Shareholder may transfer any or all of his shares by instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer should be signed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. The transfer shall not become effective until the name of the transferee is entered into the register of members. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, either generally or in respect of any class of shares provided that the register shall not be closed for more than thirty days in any year.

The Directors may, in their absolute discretion and without assigning any reason therefore, refuse to register any transfer of shares where the shares in question are not fully paid up (in respect of which the Company has a lien) where such refusal does not restrict dealings on an open and proper basis. The Directors may refuse to recognise an instrument of transfer unless the instrument of transfer is (a) in respect of only one class of share; (b) is in favour of not more than four transferees; and (c) is lodged at the transfer office accompanied by the relevant share certificates and any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

No transfer will be registered if a member, or any other person appearing to be interested in the shares held by him, has been served with a notice under section 793 of the CA 2006 and, at the end of the prescribed period of fourteen days, is in default in supplying the information thereby required provided that those shares represent at least 0.25 per cent. (calculated exclusively of treasury shares) in nominal value of the issued shares of any class and subject to the exceptions specified in the Articles relating to the disclosure of interests. Restrictions on transfers do not apply to a sale to a *bona fide*, unconnected, third party.

Rights attaching to Ordinary Shares and C Shares (from the time C Shares are issued)

The Ordinary Shares and the C Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company. Neither the Ordinary Shares nor the C Shares are convertible securities under the Articles of the Company.

The rights to receive dividends are as follows:

- (i) the Ordinary Shareholders shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to the Ordinary Shares; and
- (ii) the C Shareholders shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the C Shares.

The capital and assets of the Company shall on a winding up or on a return of capital be applied as follows:

- (a) the Ordinary Share Surplus shall be divided amongst the holders of the Ordinary Shares *pro rata* according to their holdings of Ordinary Shares; and
- (b) the C Share Surplus shall be divided amongst the holders of C Shares *pro rata* according to their holdings of C Shares.

“C Share Surplus” means the net assets of the Company attributable to the C Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities including the fees and expenses of liquidation or return of capital (as the case may be) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the C Shareholders.

“Ordinary Share Surplus” means the net assets of the Company (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less (i) such proportion of the Company’s liabilities (including the fees and expenses of liquidation or return of capital (as the case may be) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the Ordinary Shareholders) and (ii) the C Share Surplus.

The holders of C Shares as a class and the holders of the Ordinary Shares as a class shall be required to approve and, accordingly, without such approval, the special rights attached to the C Shares and the Ordinary Shares shall be deemed to be varied, *inter alia*, by:

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

The Company shall, without prejudice to its obligations under statute procure that the Company’s records and bank accounts shall be operated so that the assets attributable to the C Shareholders can, at all times, be separately identified to the assets attributable to the Ordinary Shareholders.

Issued Share Capital and Dilution

The issued share capital of the Company as at the date of this document is 3,867,917.

If the Offer is fully subscribed (assuming an Offer Price of 100.5p per New Ordinary Share), the existing issued share capital would represent 27.99 per cent. of the enlarged issued share capital of the Company.

The C Shares, if issued, will dilute existing Shareholders further but it should be noted that the C Shares are a separate class of shares with separate rights as set out above.

Shareholder Authorities

The following resolutions were passed on 6 September 2010:

1. That:
 - 1.1 in substitution for existing authorities, the directors of the Company were authorised in accordance with section 551 of the CA 2006 to exercise all the powers of the Company to allot ordinary shares of 1p each in the Company (“Ordinary Shares”) and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company (“Ordinary Share Rights”) up to an aggregate nominal amount of £165,000, provided that, the authority conferred shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Ordinary Shares to be allotted or Ordinary Share Rights to be granted after such expiry; and
 - 1.2 in substitution for existing authorities, the directors were empowered pursuant to sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning as described to it in section 560(1) of CA 2006) for cash pursuant to the authority detailed in paragraph 1.1 or by way of a sale of treasury shares, as if section 561(1) of CA 2006 did not apply to such allotment, provided that the power provided by this paragraph 1.2 shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 and provided further that this power shall be limited to:

- 1.2.1 the allotment and issue of Ordinary Shares with an aggregate nominal value representing up to £125,000 in connection with the Offer; and
- 1.2.2 the allotment and issue of Ordinary Shares with an aggregate nominal value representing up to 10 per cent. of the issued Ordinary Share capital of the Company immediately following close of the Ordinary Share Offer, where the proceeds may in whole or part be used to purchase Ordinary Shares; and
- 1.3 That, in substitution for existing authorities, the Company was empowered to make one or more market purchases within the meaning of section 693(4) of CA 2006 of its own Ordinary Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - 1.3.1 the aggregate number of Ordinary Shares which may be purchased shall not exceed 2,455,000;
 - 1.3.2 the minimum price which may be paid per Ordinary Share is 1p, the nominal value thereof;
 - 1.3.3 the maximum price which may be paid per Ordinary Share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotation per Ordinary Share (of the relevant class) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Ordinary Share is to be purchased; and (b) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
 - 1.3.4 the authority conferred shall expire on the conclusion of the annual general meeting of the Company to be held in 2011, unless such authority is renewed prior to such time; and
 - 1.3.5 the Company may make a contract to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Ordinary Shares.
- 2. That:
 - 2.1 the Articles were amended to allow for the creation and issue of C Shares;
 - 2.2 in addition to the authority detailed in paragraph 1.1 above, the directors of the Company were generally and unconditionally authorised in accordance with section 551 of CA 2006 to exercise all the powers of the Company to allot C Shares in the Company and to grant rights to subscribe for or to convert any security into C Shares in the Company ("C Share Rights") up to an aggregate nominal amount of £275,000, provided that, the authority conferred shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require C Shares to be allotted or C Share Rights to be granted after such expiry;
 - 2.3 in addition to the authority detailed in paragraph 1.2 above, the directors were empowered pursuant to sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of CA 2006) for cash pursuant to the authority detailed in paragraph 2.2 above or by way of a sale of treasury shares, as if section 561(1) of CA 2006 did not apply to such allotment, provided that the power detailed in this paragraph 2.3 shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 and provided further that this power shall be limited to:
 - 2.3.1 the allotment and issue of C Shares with an aggregate nominal value representing up to £250,000 in connection with the offer for subscription of C Shares; and
 - 2.3.2 the allotment and issue of C Shares with an aggregate nominal value representing up to 10 per cent. of the issued C Share capital of the Company immediately following close of the offer for subscription of C Shares, where the proceeds may in whole or part be used to purchase C Shares; and
 - 2.4 in addition to the authority detailed in paragraph 1.3 above, the Company was empowered to make one or more market purchases within the meaning of section 693(4) of CA 2006 of its own C Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - 2.4.1 the aggregate number of C Shares which may be purchased shall not exceed 3,748,000;

2.4.2 the minimum price which may be paid per C Share is 1p, the nominal value thereof;

2.4.3 the maximum price which may be paid per C Share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotation per C Share (of the relevant class) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such C Share is to be purchased; and (b) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;

2.4.4 the authority conferred shall expire on the conclusion of the annual general meeting of the Company to be held in 2011, unless such authority is renewed prior to such time; and

2.4.5 the Company may make a contract to purchase C Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such C Shares.

Capitalisation and Indebtedness Statement

The capitalisation of the Company as at 30 June 2010, extracted without material adjustment from the financial information set out in Part Four of the Registration Document, is set out below. There has been no material change in the capitalisation of the Company between 30 June 2010 and 17 September 2010, the latest practicable date before the date of publication of this document.

Shareholders' Equity	£'000
<i>Called-up Share capital</i>	39
<i>Revenue reserve</i>	(32)
<i>Capital reserve</i>	(95)
<i>Share premium account</i>	3,616
Total	3,528

The Company does not, as at the date of this document, have any borrowings or indebtedness.

Working Capital Statement

The Company is of the opinion that it has sufficient working capital for its present requirements, that is for at least 12 months from the date of this document.

Significant Change Statement

There has been no significant change in the financial or trading position of the Company since 30 June 2010, the date to which the last financial information set out in Part Four of the Registration Document has been prepared, to the date of this document.

Third Party Information

The information sourced from www.taxefficientreview.com/vct/vct_forthcoming.asp and 'VCTs: Market Overview' by David Cartwright within the statements made on pages 13 and 32 have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information sourced from www.taxefficientreview.com/vct/vct_forthcoming.asp and 'VCTs: Market Overview' by David Cartwright, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Documents Available for Inspection

Copies of the following documents will be available for inspection during usual business hours on weekdays, Saturdays and public holidays excepted, at the offices of Martineau, No.1 Colmore Square, Birmingham B4 6AA whilst the Offer is open.

- the Memorandum and Articles of the Company;
- the material contracts referred to in paragraph 6 of Part Three of the Registration Document;
- the Registration Document;
- the Summary; and
- this Securities Note.

PART ELEVEN – APPLICATION FOR NEW ORDINARY SHARES

Terms and Conditions of Application

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

applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

- g) agree that, in respect of those New Ordinary Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by notice of acceptance thereof by Capita Registrars;
- h) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;
- i) agree that, having had the opportunity to read the Prospectus (and any supplementary prospectus issued by the Company and filed with the FSA), you shall be deemed to have had notice of all information and representations concerning the Company contained in the Prospectus (and any supplementary prospectus) issued by the Company and filed with the FSA (whether or not so read);
- j) confirm that in making such application you are not relying on any information or representation in relation to the Company other than those contained in the Prospectus (and any supplementary prospectus issued by the Company and filed with the FSA) and you accordingly agree that no person responsible solely or jointly for the Prospectus (and/or any supplementary prospectus issued by the Company and filed with the FSA) or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;
- k) confirm that you have reviewed the restrictions contained in paragraphs 4 and 5 below and warrant as provided therein;
- l) warrant that you are not under the age of 18 years;
- m) agree that such Application Form is addressed to the Company, Singer and Capita Registrars;
- n) agree to provide the Company and/or Capita Registrars with any information which it may request in connection with your application and/or in order to comply with the venture capital trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as the same may be amended from time to time);
- o) warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Singer, Capita Registrars or the Managers acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
- p) agree that Singer and Capita Registrars will not regard you as its customer by virtue of your having made an application for New Ordinary Shares or by virtue of such application being accepted; and
- q) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring New Ordinary Shares and that the New Ordinary Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.

4. No action has been or will be taken in any jurisdiction by, or on behalf of, the Company which would permit a public offer of New Ordinary Shares in any jurisdiction where action for that purpose is required, other than the UK, nor has any such action been taken with respect to the possession or distribution of this document other than in the UK. No person receiving a copy of the Prospectus (and any supplementary prospectus issued by the Company filed with the FSA) or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application for New Ordinary Shares to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents,

observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The New Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdictions (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended. No Application Form will be accepted if it bears an address or post mark in the USA.

5. The basis of allocation will be determined by the Company (after consultation with Singer) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The Offer will be closed at 12.00 noon on 10 December 2010 or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Application Procedures set out on pages 48 and 49. In particular, but without limitation, the Company (after consultation with Singer) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these Terms and Conditions. The Offer is not underwritten. The Offer will be suspended if at any time any of the Company is prohibited by statute or other regulations from issuing New Ordinary Shares. The Board further reserves the right to increase the size of the Offer.
6. Save where the context requires otherwise, terms defined in the Prospectus (and any supplementary prospectus issued by the Company filed with the FSA) bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.
7. Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp or full address details and FSA number will usually be entitled to receive an initial commission of either 3.25 per cent. or 2 per cent. (depending on whether they wish to receive trail commission) of the amount invested by their clients. intermediaries who elect to take an initial commission of 2 per cent. will additionally, provided that the intermediary continues to act for the client and the client continues to be the beneficial owner of the New Ordinary Shares, usually be paid an annual trail commission of 0.5 per cent. of the net asset value of their client's holding in New Ordinary Shares (subject to a cap in respect of the annual trail commission of 2.5 per cent. of the Offer Price of such New Ordinary Shares). Trail commission will be paid annually in July (commencing July 2012) based on the audited net asset value at the preceding 28 February (such first payment being proportionately reduced to the number of months elapsed from allotment).
8. Capita Registrars will collate the Application Forms bearing the financial intermediaries' stamps or full address details and calculate the initial commission payable which will be paid monthly. Annual trail will be calculated and paid by the Company.
9. Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived. For the avoidance of doubt, no further initial commission will be payable on such amount.

Lodging of Application Forms and dealing arrangements

Completed Application Forms with the appropriate remittance must be posted or delivered by hand (during normal business hours) to Capita Registrars, Corporation Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Offer opens on 20 September 2010 and will close on 10 December 2010 (or earlier if fully subscribed or at the discretion of the Board). The Board in their absolute discretion may also decide to extend the Offer). If you post your Application Form, you are recommended to use first class post and to allow at least two business days for delivery.

It is expected that dealings in the New Ordinary Shares will commence within three business days following allotment and that share certificates will be dispatched within ten business days of allotment

of the New Ordinary Shares. Allotments will be announced on an appropriate Regulatory Information Service.

Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

To the extent that any application is not accepted any payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.

Application procedures

It is essential that you complete all parts of the Application Form in accordance with the following instructions. Authorised Financial Intermediaries MUST read Points 6 and 7 of these notes.

1. Personal Details

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

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

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

2. Application and Amount Payable

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

Payment

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

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

Money Laundering Regulations

Under the Money Laundering Regulations 2007, Capita Registrars Limited (Capita) may be required to check the identity of persons who subscribe for in excess of the sterling equivalent of €15,000 (approximately £12,500) of New Ordinary Shares.

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

3. Declaration and Signature

Sign and date Box 3.

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

4. Dividend Mandate

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

5. Financial Intermediaries Details

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

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

Money Laundering Regulations

If you complete and stamp Box 5 on page 2 of the Application Form you are warranting that the applicant is known to you and that you have completed all the verification procedures as required by the relevant rules and guidance of the FSA, the Joint Money Laundering Steering Group Guidance Notes and other anti-money laundering laws and regulations as may be considered appropriate.

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

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

6. Commission

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

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

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

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

Return this form by post or (during normal business hours only) by hand to **Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** to arrive no later than **12 noon on 10 December 2010**.

Frequently Asked Questions

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

A: Cheques should be made payable to "Capita Registrars Limited: Investec Structured Products Calculus VCT plc Offer for Subscription a/c".

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

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

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

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

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

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

Application Form

INVESTEC STRUCTURED PRODUCTS CALCULUS VCT PLC

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

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

The Offer opens on 20 September 2010 and closes at 12 noon on 10 December 2010 (or earlier if the maximum subscription level has been reached before this time or at the discretion of the Board).

Make your cheque payable to **Capita Registrars Limited re: Investec Structured Products Calculus VCT plc Offer for Subscription a/c** (crossed A/C payee only) and return it together with this form by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than **12 noon on 10 December 2010**.

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

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

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

Title	Surname
First Name	
Home Address	
	Postcode
Daytime Telephone Number	Email Address
National Insurance Number	Date of Birth

Box 2 – Application and Amount Payable

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

Amount (£)

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

Box 3 – Declaration and Signature

By signing this form I HEREBY DECLARE THAT:

- (i) I have received and read the prospectus dated 20 September 2010 ("Prospectus") and have read the Terms and Conditions of Application contained therein and agree to be bound by them (definitions used in the Prospectus apply to this application form);
- (ii) I will be the beneficial owner of the New Ordinary Shares issued to me pursuant to the Offer; and
- (iii) to the best of my knowledge and belief, the particulars I have given the Company are correct.

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

Signature	Date
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Box 4 – Dividend Mandate

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

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

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

Bank

Branch Title

Address

Post Code

Sort Code

Account Number

Account Name

Signature

Date

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

Box 5 – Financial Intermediaries Details

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

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

Box 6 – Commission

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

INSTRUCTIONS: • Tick ONE OPTION only in Box A

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

BOX A Commission	BOX B Pay to IFA	BOX C Waive & Reinvest	BOX D TOTAL	For Official Use Only
3.25% <input checked="" type="checkbox"/> Example	1.75 % Example	1.5 % Example	3.25 %	Example

3.25% <input type="checkbox"/>	<input type="checkbox"/> %	<input type="checkbox"/> %	<input type="checkbox"/> %	
2% & trail <input type="checkbox"/>	<input type="checkbox"/> %	<input type="checkbox"/> %	<input type="checkbox"/> %	

If no election is made or the election is unclear a commission of 3.25% will be paid

CORPORATE INFORMATION

Directors

Christopher Paul James Wightman (Chairman)
Arthur John Glencross
Steven Guy Meeks
Michael O'Higgins
Mark Gary Rayward
Philip Hilary Swatman
Ian Robert Wohlman
(all of the registered office)

Structured Products Investment

Manager and Promoter

Investec Structured Products
2 Gresham Street
London
EC2V 7QP
Telephone: 020 7597 4000
Website:
www.investecstructuredproducts.com

Fund Administrator

and Company Secretary

Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter
EX4 4EP

Solicitors and VCT Status Adviser

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Registered Office

Beaufort House
51 New North Road
Exeter
EX4 4EP
Telephone: 01392 477500

Company Number

07142153

Venture Capital Investments

Manager

Calculus Capital Limited
104 Park Street
London
W1K 6NF
Telephone: 020 7493 4940
Website: www.calculuscapital.com

Registrars

Capita Registrars
Northern House
Woodsome Park
Huddersfield
West Yorkshire
HD8 0GA

Sponsor and Broker

Singer Capital Markets Limited
One Hanover Street
London
W1S 1YZ

Receiving Agent

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

Investec Structured Products is a trading name of Investec Bank plc, registered address 2 Gresham Street, London EC2V 7QP. Investec Bank plc is authorised and regulated by the Financial Services Authority. Registered under Financial Services Authority No. 172330.

Calculus Capital Limited, registered address 104 Park Street, London W1K 6NF, is authorised and regulated by the Financial Services Authority. Registered under Financial Services Authority No. 190854.