

# **Calculus VCT plc**

**Offer for subscription  
for the tax years 2016/2017 and 2017/2018,  
to raise up to £4 million  
by way of issues of D Shares**

**25 November 2016**

**Prospectus and Application Form**



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

This document constitutes a prospectus (the "**Prospectus**") dated 25 November 2016 issued by Calculus VCT plc (the "**Company**"), prepared in accordance with the Prospectus Rules made under Section 84 of FSMA and has been approved by the Financial Conduct Authority ("**FCA**") in accordance with FSMA.

The Company and its Directors, whose names appear on page 12 of this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# Calculus VCT plc

*(Registered in England and Wales under company number 07142153)*

## **Offer for subscription to raise up to £4 million by way of issue of D Shares in the Company**

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

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

Application will be made to the UKLA for the D Shares offered for subscription pursuant to the Prospectus to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such D Shares to be admitted to trading on its main market for listed securities. It is expected that admission will become effective and that trading in the D Shares will commence three Business Days following allotment.

The Offer is conditional upon the approval of the Shareholders of the Company at the general meeting of the Company to be held on 19 January 2017.

Copies of this Prospectus (and any supplementary prospectus published by the Company) are available free of charge from the offices of the Company's manager, Calculus Capital at 104 Park Street, London, W1K 6NF and the Company's lawyers, RW Blears LLP, at 29 Lincoln's Inn Fields, London WC2A 3EG.

**YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 10 and 11.**

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## SUMMARY

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

This summary contains all the Elements required to be included in a summary for the type of shares being issued pursuant to the Prospectus containing an offer for subscription (“**Offer**”) of D Shares of 1 penny each in the Company (“**D Shares**”) and the Company being a closed-ended investment fund. Some of the Elements are not required to be addressed and, as a result, there may be gaps in the numbering sequence of the Elements.

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

| <b>A</b> |                                                                | <b>Introduction and warnings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A1       | Warning                                                        | This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.                                                                                               |
| A2       | Consent for intermediaries                                     | <p>The Company and the Directors consent to the use of the Prospectus by financial intermediaries in the UK, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offer is expected to close on 28 April 2017, subject to the Offer not having closed at an earlier date (if fully subscribed or otherwise at the Directors discretion) or unless previously extended by the Directors. There are no conditions attaching to this consent. <b>Any financial intermediary using the Prospectus is required to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto.</b></p> <p><b>In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.</b></p> |
| <b>B</b> |                                                                | <b>Issuer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| B1       | Legal and commercial name                                      | Calculus VCT plc (the “ <b>Company</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| B2       | Domicile / Legal form / Legislation / Country of incorporation | The Company is a public limited liability company which is registered in England and Wales with registered number 07142153. The principal legislation under which the Company operates is the Companies Act 2006 (the “Act”) and the regulations made thereunder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| B5       | Group description                                              | Not applicable. The Company is not part of a group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| B6       | Material Shareholders / Different voting rights / Control      | <p>All Shareholders have the same voting rights in respect of the existing share capital of the Company.</p> <p>As at 24 November 2016 (being the latest practicable date prior to the publication of this document), the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Company).</p>                                                                                                                                                                                                                                                                                                                                                                                                                |

|     |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             |                                             |                                             |                                              |
|-----|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|
| B7  | Selected financial information and statement of any significant changes | Certain key historical information of the Company is set out below:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                             |                                             |                                             |                                              |
|     |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Audited year end to 28 February 2014</b> | <b>Audited year end to 28 February 2015</b> | <b>Audited year end to 29 February 2016</b> | <b>Unaudited half year to 31 August 2016</b> |
|     |                                                                         | <b>Net Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                             |                                             |                                             |                                              |
|     |                                                                         | Ordinary Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | £4,512,000                                  | £3,148,000                                  | £1,486,000                                  | £1,345,000                                   |
|     |                                                                         | C Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | £1,765,000                                  | £1,739,000                                  | £1,492,000                                  | £1,451,000                                   |
|     |                                                                         | D Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | -                                           | -                                           | -                                           | £1,769,000                                   |
|     |                                                                         | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | £6,277,000                                  | £4,887,000                                  | £2,978,000                                  | £4,565,000                                   |
|     |                                                                         | <b>Total return before tax</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                             |                                             |                                             |                                              |
|     |                                                                         | Ordinary Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | £199,000                                    | £(73,000)                                   | £(384,000)                                  | £(141,000)                                   |
|     |                                                                         | C Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | £47,000                                     | £61,000                                     | £(161,000)                                  | £46,000                                      |
|     |                                                                         | D Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | -                                           | -                                           | -                                           | £(34,000)                                    |
|     |                                                                         | Total:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | £246,000                                    | £(12,000)                                   | £(545,000)                                  | £129,000                                     |
|     |                                                                         | Net asset value per Share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                             |                                             |                                             |                                              |
|     |                                                                         | Ordinary Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 95.2p                                       | 66.4p                                       | 31.4p                                       | 28.4p                                        |
|     |                                                                         | C Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 91.4p                                       | 90.1p                                       | 77.3p                                       | 75.1p                                        |
|     |                                                                         | D Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | n/a                                         | n/a                                         | n/a                                         | 97.6p                                        |
|     |                                                                         | <b>Dividends paid per Share</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             |                                             |                                             |                                              |
|     |                                                                         | Ordinary Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 5.25p                                       | 27.25p                                      | 27.05p                                      | -                                            |
|     |                                                                         | C Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4.5p                                        | 4.5p                                        | 4.5p                                        | 4.5p                                         |
|     |                                                                         | D Share Fund:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | n/a                                         | n/a                                         | -                                           | -                                            |
|     |                                                                         | <p>The Company's net asset value per Ordinary Share (C Share respectively) has fallen from 95.2p (91.4p) at 28 February 2014 to 31.4p (77.3p) at 29 February 2016, and dividends equivalent to 59.55p (13.5p) in aggregate were paid per Ordinary Share (C Share) during the three years ended 29 February 2016.</p> <p>On 24 October 2016, the Company issued 2,001,471 shares at an average subscription price of £1.0241.</p> <p>Save as noted above, both during the financial periods referred to above and in the period between 31 August 2016 and the date of publication of the Prospectus, there has been no significant change to the Company's financial condition or operating results.</p> |                                             |                                             |                                             |                                              |
| B8  | Key pro forma financial information                                     | Not applicable. There is no pro forma financial information in the Prospectus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             |                                             |                                             |                                              |
| B9  | Profit forecast                                                         | Not applicable. There is no profit forecast in the Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                             |                                             |                                             |                                              |
| B10 | Qualifications in the audit report                                      | Not applicable. There were no qualifications in the audit report for periods ended 28 February 2015 or 29 February 2016.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                             |                                             |                                             |                                              |

|     |                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| B11 | Insufficient working capital                                       | Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period from the date of this document.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| B34 | Investment objective and policy, including investment restrictions | <p>The Company's investment objective and policy set out below is subject to the approval of Shareholders at the General Meeting.</p> <p><b>Investment Objective</b></p> <p>The Company's principal objectives for investors are to:</p> <ul style="list-style-type: none"> <li>• invest in a portfolio of Venture Capital Investments that will provide investment returns sufficient to allow the Company to maximise annual dividends and with the goal of capital growth over the medium to long term;</li> <li>• generate sufficient returns from a portfolio of Venture Capital Investments that will provide attractive long-term returns within a tax efficient vehicle beyond an interim return date;</li> <li>• review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and</li> <li>• 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.</li> </ul> <p><b>Investment Policy</b></p> <p>It is intended that a minimum of 75 per cent of the monies raised by the Company will be invested within 60 days in a variety of investments which will be selected to preserve capital value, whilst generating income, and may include liquidity funds and fixed income securities issued by major companies and institutions as well as with counterparty credit rating of not less than A minus (Standard &amp; Poor's rate)/A3 (Moody's rated).</p> <p>The balance will be used to meet initial costs and held in cash and will be available to invest in Venture Capital Investments and to fund ongoing expenses.</p> <p>The Company's policy is to build a diverse portfolio of Venture Capital Investments primarily in established unquoted companies across different industries and investments may be by way of loan stock and/or fixed rate preference shares as well as ordinary shares to generate income. The amount invested in any one sector and any one company will be no more than approximately 20 per cent. and 10 per cent. respectively of the Venture Capital Investments portfolio. The Board and Calculus Capital will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status.</p> <p>Where investment opportunities arise in one asset class which conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision. Under its Articles, the Company has the ability to borrow a maximum amount equal to 25 per cent. of the value of the gross assets of the Company. The Board will consider borrowing if it is in the Shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.</p> <p>The Company will not vary the investment objective or the investment policy, to any material extent, without the approval of Shareholders. The Company intends to be a generalist VCT investing in a wide range of sectors.</p> |
| B35 | Borrowing limits                                                   | The Company has the ability to borrow a sum equal to 25% of the gross assets of the Company. The Board will consider borrowing if it is in the interests of Shareholders to do so.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| B36 | Regulatory status                                                  | The Company is subject to the Act and the regulations made thereunder and in the UK generally, its shares are listed on the premium segment of the Official List and, as a qualifying VCT, it is subject to regulation by HMRC in order to retain such status.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|-----|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------|
| B37 | Typical investor                                                       | A typical investor in the Company will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £5,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                   |                                                               |
| B38 | Investments of 20% or more in a single company                         | Not applicable. The Company does not and will not hold any investments which represent more than 20% of its gross assets in a single company or group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                   |                                                               |
| B39 | Investments of 40% or more in a single company                         | Not applicable. The Company does not and will not hold any investments which represent more than 40% of its gross assets in a single company or group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                   |                                                               |
| B40 | Service providers                                                      | <p>Calculus Capital acts as the investment manager to the Company in respect of Venture Capital Investments and receives an annual fee of 1% of the attributable net assets of the Ordinary and C Shares and 1.75% of the attributable net assets of the D Shares in the Company.</p> <p>Calculus Capital provides a total cap on annual expenses of the Company (excluding irrecoverable VAT, annual trail commission and performance incentive fees) of 3.0 per cent. of the gross amount raised under the previous Ordinary Share and C Share offers and 3.4 per cent. of the gross amount raised under the previous and current D Share offers.</p> <p>In addition, Calculus Capital will be entitled to a promoter's fee in relation to the Offer. The Promoter's Fee is calculated at either 3.0% or 5.0% of the Net Asset Value per Share issued to an investor pursuant to the Offer dependent upon the type of investor.</p> <p>Investec Structured Products acts as the investment manager to the Company in respect of Structured Product investments but receives no annual fee. Investec Structured Products' appointment will come to an end on the earlier of 14 March 2017 and the sale of the final Structured Product Investment in the Company's C Share Fund.</p> <p>Each of Calculus Capital and Investec Structured Products are entitled to performance incentive payments once Shareholders have received distributions of at least 105p per £1 invested.</p> |                                                   |                                                               |
| B41 | Regulatory status of Calculus Capital and Investec Structured Products | <p>Calculus Capital Limited is a private company registered in England and Wales with registered number 03861194. Calculus Capital is authorised and regulated by the Financial Conduct Authority, with registration number 190854.</p> <p>Investec Structured Products is a trading name of Investec Bank plc which is a public company registered in England and Wales with registered number 00489604. Investec Structured Products is authorised and regulated by the Financial Conduct Authority, with registration number 172330.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                   |                                                               |
| B42 | Calculation of net asset value                                         | The Company's net asset value is calculated every quarter and published on an appropriate regulatory information service. If for any reason valuations are suspended, shareholders will be notified in a similar manner.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                   |                                                               |
| B43 | Umbrella collective investment scheme                                  | Not applicable. The Company is not part of an umbrella collective investment scheme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                   |                                                               |
| B44 | Absence of financial statements                                        | Not applicable. The Company has commenced operations and published financial statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                   |                                                               |
| B45 | Investment portfolio                                                   | The Company invests in a portfolio of UK smaller companies in order to generate income and capital growth over the medium to long term. A summary of the Company's portfolio is set out below (based on the latest unaudited management accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                   |                                                               |
|     |                                                                        | <b>NAV per Share at 31 August 2016 (p)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Number of investments as at 31 August 2016</b> | <b>Carrying value of investments as at 31 August 2016 (£)</b> |
|     |                                                                        | 28.4p (Ordinary Shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 14 (Ordinary Shares)                              | £1,374,000 (Ordinary Shares)                                  |
|     |                                                                        | 75.1p (C Shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 15 (C Shares)                                     | £1,504,000 (C Shares)                                         |
|     |                                                                        | 97.6p (D Shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 5 (D Shares)                                      | £1,562,000 (D Shares)                                         |

|          |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B46      | Most recent NAV per Share                                | As at 31 August 2016, the unaudited net asset value per Ordinary Share was 28.4p, the unaudited net asset value per C Share was 75.1p and the unaudited net asset value per D Share was 97.6p.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>C</b> |                                                          | <b>Securities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| C1       | Description and class of securities and authority        | The securities being offered pursuant to the Offer are D Shares of 1 penny each (" <b>D Shares</b> ") (ISIN: GB00BYQPF348).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| C2       | Currency                                                 | The Company's share capital currently comprises Ordinary Shares of 1 penny each (GBP), C Shares of 1 penny each (GBP) and D Shares of 1 penny each (GBP).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| C3       | Shares in issue                                          | As at the date of this document 4,738,463 Ordinary Shares, 1,931,095 C Shares and 3,813,555 D Shares are in issue (all fully paid up).<br><br>The maximum number of D Shares to be issued pursuant to the Offer is approximately 3.9 million.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| C4       | Description of the rights attaching to the securities    | The D Shares rank equally with each other and with other existing Shares with respect to voting and will have the right to receive distributed income and capital from of the assets of the D Share Fund, except that the Offer Shares will not be entitled to any dividend declared in respect of the Company's year ended 28 February 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| C5       | Restrictions on transfer                                 | The D Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| C6       | Admission                                                | Application will be made to the UKLA for the new D Shares to be listed on the Official List and will be made to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the new D Shares will commence three Business Days following allotment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| C7       | Dividend policy                                          | The Board's policy is to whenever possible maintain a steady flow of tax-free dividends, generated from income or capital profits realised on the sale of investments. The Board has a stated objective of paying annual dividends equal to 4.5 per cent. of the prevailing NAV of the D Shares and of the Ordinary Shares (and of the C Shares after 14 March 2017) per annum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>D</b> |                                                          | <b>Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| D2       | Key information on the key risks specific to the Company | <p><i>The Company</i></p> <ul style="list-style-type: none"> <li>• The past performance of investments made by the Company or other funds managed or advised by the Managers should not be regarded as an indication of the performance of investments to be made by the Company.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult or impossible and may take considerable time.</li> <li>• There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position to fully to protect its interests.</li> </ul> |

|          |                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D3       | Key information on the key risks specific to the securities | <p><i>The Securities</i></p> <ul style="list-style-type: none"> <li>• If an investor who subscribes for Shares disposes of those Shares within five years, the investor is likely to be subject to clawback by HMRC of any income tax relief originally obtained on subscription.</li> <li>• Although the D Shares Fund is managed and accounted for separately from the Ordinary Shares Fund and the C 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 maintain VCT status.</li> <li>• Although the existing Shares issued by the Company have been (and it is anticipated that the new D Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value.</li> </ul> |
| <b>E</b> |                                                             | <b>Offer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| E1       | Offer net proceeds                                          | The Company is proposing to raise up to £4 million pursuant to the Offer. The total initial expenses of the Offer (assuming full subscription by Non Advised Investors, professional client investors and/or direct investors only) will be 5.0% of the gross proceeds and the total net proceeds are therefore estimated to be £3.8 million.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| E2a      | Reasons for the Offer and use of proceeds                   | The additional funds raised under the Offer will be invested in accordance with the Company's investment policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| E3       | Terms and conditions of the Offer                           | <p>D Shares issued under the Offer will be at an offer price determined by the following pricing formula (rounded down to the nearest whole Share):</p> <p>The number of Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Share):</p> $\text{Number of Offer Shares} = \frac{\text{Amount subscribed, less:}}{(\text{(i) Promoter's Fee and (ii) Initial Adviser Charge / Commission (if any) plus (iii) applicable early application and/or loyalty discount}) \times \text{Dividend Entitlement Factor} \div \text{Latest published NAV per D Share}}$ <p>where "Dividend Entitlement Factor" = 1.047, unless the Offer is extended beyond 31 August 2017 in which case "Dividend Entitlement Factor" = 1 for any issues after 31 August 2017.</p> <p>The proceeds of the Offer will be invested in accordance with the Company's investment policy.</p>                                                                                                                                                                                                                                                                                                                                                            |
| E4       | Description of any interest that is material to the issue   | Not applicable. There are no interests that are material to the issue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| E5       | Name of persons selling securities                          | Not applicable. No entity is selling securities in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|    |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| E6 | Amount and percentage of immediate dilution | D Shareholders subscribing under the Offer will hold 50.6% of the D Share capital assuming the Offer is fully subscribed. Existing D Shareholders will suffer no NAV dilution as a result of the Offer (save to the extent of the cost of early incentive and loyalty bonuses met by the Company).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| E7 | Expenses charged to the investor            | <p>For applications received from Non-Advised Investors, professional client investors and/or direct investors only, the costs of the Offer will be 5.0% of the Net Asset Value of each Offer Share issued pursuant to that investor's application which will cover Calculus Capital's 3.0% fee as promoter of the Offer and commission of 2.0% to authorised intermediaries (save for permissible trail commission which the Company will be responsible for).</p> <p>For applications received from retail client Investors, the investor will pay Calculus Capital's 3.0% fee as promoter of the Offer and the Company will facilitate any agreed Adviser Charge which the investor has negotiated with their financial intermediary via a reduction in the number of D Shares the investor will receive, calculated in accordance with a pricing formula.</p> |

## RISK FACTORS

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

- The levels and bases of reliefs from taxation may change and changes could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors. The Company's objectives have been set on the basis that all Investors obtain 30% VCT income tax relief on their subscriptions. Therefore, investment in the Company may not be suitable for Investors who do not qualify for the full 30% VCT income tax relief.
- The past performance of investments made by the Company or other funds managed by either Manager should not be regarded as an indication of the performance of investments to be made by the Company.
- Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the prospects of investee companies as well as the operation of the Company itself and/or its ability to maintain VCT status.
- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of the Company which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds raised must be invested in smaller, earlier stage companies which met a number of criteria as to their size and activities as set out in the Income Tax Act 2007.
- Recent changes to the VCT Rules place restrictions on the range of investments into which the Company can deploy funds in the future and include a 7 year maximum age limit on investee companies and a lifetime investment limit of no more than £12 million (£20 million in the case of knowledge intensive companies) of tax advantaged risk finance which can be invested in a single company. VCT non-qualifying portfolios are also now restricted to a limited range of liquidity management investments. These legislative changes mean the Company is required to invest in younger businesses than has previously typically been the case, potentially exposing the Company to a higher risk profile, and also limiting the Company's ability to make new investments or make further investments into existing portfolio companies, which may negatively impact the Company's ability to support portfolio companies. The penalty for breaching some of the proposed new rules is loss of VCT status, so the Company and its investors may face a higher risk of the loss of tax benefits than previously. The Directors believe that, while acknowledging the additional risks that the new rules may introduce, the Company will be able to satisfactorily adapt to the new rules and that they should not have a significant impact on the performance of the Company.
- There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position to fully protect its interests. Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

- Although the D Shares Fund is managed and accounted for separately from the Ordinary Shares Fund and the C 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 maintain VCT status. In particular, under the Company's articles of association, dividends may be paid to the shareholders of a particular class from the income and/or capital assets of another class provided that such amounts are accounted for no later than three years from the end of the accounting period in which the last allotment of shares of the former class took place. The Directors may, at their discretion, utilise this power to pay dividends to D Shareholders from the profits attributable to Ordinary and, subject to HMRC approval, C Shareholders for the four years following the close of the Offer. In addition, it is expected that the D Shares Fund will be merged with the Ordinary Shares Fund and the C Shares Fund, at which point the investments and other net assets attributable to each fund will be merged and the cost cap attributable to the merged fund will be equal to the aggregate of the cost caps applicable to each of the classes being merged.
- Where more than one of the funds managed or advised by Calculus Capital wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash available for investment by each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment in which case the incumbent investor will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure, the proposed structure of the investment and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in Qualifying Companies and the Manager may depart from this basis of allocation if, in its absolute discretion, it considers it appropriate to do so having regard to the overall investment policy of each fund and the benefit of creating diversity within the portfolios of investors. This may mean that a Company may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.
- Although the existing Shares issued by the Company have been (and it is anticipated that the Offer Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may be exacerbated by the unavailability of income tax relief on "second hand" VCT shares. If the Company lacks sufficient cash reserves to purchase its own Shares and during prohibited periods when the Company is unable to purchase its own Shares the market price of Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value.
- If an investor who subscribes for Shares disposes of those Shares within five years, the investor is likely to be subject to clawback by HMRC of any income tax relief originally obtained on subscription. While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.

## CORPORATE INFORMATION

### Directors

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

### Registered Office

104 Park Street  
London W1K 6NF

Telephone: 020 7493 4090

### Company Registration Number

07142153

### Venture Capital Investment Manager and Company Secretary

Calculus Capital Limited  
104 Park Street  
London W1K 6NF

Telephone: 020 7493 4090

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

### Structured Products Investment Manager Investec Structured Products

2 Gresham Street  
London EC2V 7QP

Telephone: 020 7597 4000

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

### Fund Administrator

Capita Asset Services  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

### Registrars

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

Tel: 0371 664 0324

(calls cost 12p per minute plus network extras,  
lines open Mon-Fri from 9.00 a.m. to 5.30 p.m.)

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

### Auditors

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

### Receiving Agent

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

### Solicitors

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

### Sponsor

SPARK Advisory Partners Limited  
5 St John's Lane  
London EC1M 4BH

## EXPECTED TIMETABLE, STATISTICS AND OFFER COSTS

### Indicative Offer Timetable

|                                                                             |                                         |
|-----------------------------------------------------------------------------|-----------------------------------------|
| Offer opens                                                                 | 25 November 2016                        |
| Closing date (for 2016/17 tax year)                                         | 3 April 2017                            |
| Closing date (for 2017/18 tax year)*                                        | 28 April 2017                           |
| First allotment                                                             | no later than 5 April 2017              |
| Effective date for the listing of the D Shares and commencement of dealings | three Business Days following allotment |
| D Share certificates and tax certificates to be dispatched                  | ten Business Days following allotment   |

\* The Directors reserve the right to extend the closing date at their discretion. The Offer will close earlier than the date stated above if fully subscribed or otherwise at the Directors' discretion.

### Offer Statistics

|                                                                              |              |
|------------------------------------------------------------------------------|--------------|
| Maximum amount to be raised by the Company*                                  | £4 million   |
| NAV per D Share as at 31 August 2016                                         | 97.6p        |
| Maximum number of D Shares to be issued                                      | 3,900,000    |
| Estimated net proceeds of the Offer**                                        | £3.8 million |
| Discount for applications received by 27 January 2017***                     | 0.5%         |
| Discount for applications received from existing investors in the Company*** | 0.5%         |

\* The Directors reserve the right to increase the size of the Offer, any such increase being subject to the issue of a supplementary prospectus.

\*\* Assuming full subscription and total Offer costs of 5% of funds raised.

\*\*\* Discounts for early applications and for existing investors in the Company will be applied through an increase in the number of Offer Shares allocated via the Pricing Formula.

### Offer Costs and Commissions

#### Advised Investors

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

#### Non-Advised Investors (through Intermediaries)

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

#### Direct Investors (those without an Intermediary)

|                |      |
|----------------|------|
| Promoter's fee | 5.0% |
|----------------|------|

## LETTER FROM THE CHAIRMAN

Calculus VCT plc  
104 Park Street  
London W1K 4NP

25 November 2016

Dear Investor

Calculus VCT plc was launched as a VCT in March 2010 and raised approximately £4.7 million (before expenses) in respect of the Ordinary Shares Fund and £1.9 million (before expenses) in respect of the C Shares Fund. Since the Company's launch, it has paid an annual dividend of 5.25p per Ordinary Share (from 2011 to 2015) and an annual dividend of 4.5p per C Share (from 2012) in line with the aims set out in the Company's original subscription documents. In addition, the Company paid special dividends of 22p per Ordinary Share in November 2014 and 21.8p per Ordinary Share in December 2015, exceeding the target return of at least 70p per Ordinary Share by 14 December 2015. As at 31 August 2016, the NAV total return<sup>1</sup> since launch of the Ordinary Shares is 98.4p per share, of the C Shares is 97.7p per share and of the D Shares is 97.6p. In order to return realisation proceeds from the successful sales of Metropolitan Safe Custody Limited and Human Race Group Limited to investors, the Directors declared a further dividend of 7p per Ordinary Share to be paid on 25 November 2016 to Ordinary Shareholders on the register on 4 November 2016.

The case for investing in Venture Capital Investments remains as strong as it was at the launch of the Company. We believe that the current economic climate presents investors with an excellent opportunity. Bank lending remains constrained, which means that even high quality, well managed smaller companies are finding it difficult to raise funds for expansion. There is continued governmental support of VCT and EIS as a strategy for growth for small private companies – arguably the backbone of the UK economy. In contrast, there remains uncertainty around the future for tax reliefs on pension contributions. The Calculus VCT, with its focus on investing in these small and growing businesses, is ideally positioned and set up to benefit from the investment opportunities available. Accordingly, the Company is launching the Offer to source additional funds to invest in venture capital opportunities for the benefit of existing and new shareholders.

The key points of the Offer are set out below:

- **Tax Benefits** – under current legislation investors in Calculus VCT plc will have access to generous tax incentives, subject to a maximum investment of £200,000 per individual per tax year:
  - 30% income tax relief will be available on the value of the D Shares subscribed for, providing they are held for at least five years and you have not sold any shares in the Company six months either side of the issue of the new shares;
  - Capital gains on VCT shares are tax-free;
  - Tax-free dividends: the Company's target dividend equates to a tax-free yield of 6.1% p.a. on the current offer price net of 30% income tax relief. It should be noted that there is no guarantee of dividend levels and no profit forecast or estimate is made.
- **Experience of the Venture Capital Investment Manager** – Calculus Capital is an experienced EIS and VCT fund manager and a pioneer in the tax efficient arena, having launched its first approved EIS fund in 1999/2000. Calculus has £132.9 million funds under management as at 31 August 2016 and a strong track record of profitable exits.
- **Record of delivering dividends to shareholders** – the Company has to date paid cumulative dividends of 70.05p per Ordinary Share and 22.5p per C Share. As discussed above, the Directors have declared a dividend of 7p per Ordinary Share and its objective continues to be to provide an interim return of 70p per C Share by 14 March 2017.
- **Investment Strategy** – The Company, advised by Calculus Capital, primarily invests in established businesses, with capable and experienced management teams, over a range of sectors. In advance of investing of VCT qualifying investments, the Company will invest in assets selected to preserve capital value whilst generating income.
- **Early application and loyalty benefits** – Applications received before 27 January 2017 will benefit from a 0.5% early application discount. Additionally, existing shareholders who apply will receive an 0.5% loyalty discount.

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<sup>1</sup> Dividends paid plus latest NAV, excluding all tax reliefs

**Next Steps**

If you wish to invest, please read the whole Prospectus and complete the Application Form set out at the end of this document. If Investors have any questions regarding this investment they should contact their financial intermediary. For questions relating to an application, please telephone Calculus Capital on 020 7493 4940 or send an email to [info@calculuscapital.com](mailto:info@calculuscapital.com). Investors should note that no investment advice can be given by Calculus Capital and their attention is drawn to the risk factors set out on pages 10 – 11 of this document.

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

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

Yours sincerely

Michael O'Higgins

Chairman

## **PART 1: THE OFFER**

### **Introduction to the Offer**

VCTs were introduced in 1995 to encourage individuals to invest indirectly in a range of small and growing UK trading companies. VCTs are investment companies whose shares are listed on the Official List and traded on the London Stock Exchange. To date, £6.38 billion has been raised by VCTs and £435 million was raised by VCTs in the 2015/16 tax year.

VCTs were created so that their investors could benefit from a spread of Qualifying Investments under the supervision of professional managers who can contribute valuable experience, contacts and advice to the businesses in which they invest. For the tax benefits to be available, VCTs are required to be approved by HM Revenue & Customs for the purposes of the venture capital trust legislation. VCTs are entitled to exemption from corporation tax on any gains arising on the disposal of their investments and such gains may be distributed tax-free to investors. Dividends and capital distributions from VCTs are currently tax-free, subject to a maximum investment of £200,000 per individual per tax year and no change in VCT regulations.

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

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

However, following a change in investment policy and strategy, rather than making further investments in Structured Products, the Board intends that funds not employed in VCT qualifying investments, or pending such employment, may be invested in a variety of investments selected to preserve capital, whilst generating income, which may include liquidity funds and fixed income securities issued by major companies and institutions with counterparty credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated).

No new investments are to be made in the Structured Products portfolio and all capital raised by the Offer will be invested in line with the investment policy set out on pages 17 – 19.

### **Terms of the Offer**

The Offer opens on 25 November 2016 and will close at 5.00pm on 28 April 2017, unless extended. The Offer is conditional on the relevant resolutions being passed by Shareholders at the General Meeting. Applications will be accepted (in whole or part) at the discretion of the Board, but the Board intends to meet applications on a 'first come, first served' basis.

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

Investors whose applications are received before 27 January 2017 will benefit from a 0.5% early application discount. Existing shareholders who apply will receive an additional 0.5% loyalty discount.

The minimum investment by an investor under the Offer is £5,000 (subject to the Directors' discretion to accept any lower amount).

Fractions of D Shares will not be issued. Subscription monies of £5 or more not used to acquire D Shares will be refunded.

## Pricing Formula

The number of D Shares to be issued to an investor shall be calculated based on the following Pricing Formula (rounded down to the nearest whole Share):

$$\begin{array}{rclcl} \text{Number of} & & & & \text{Amount Subscribed, less:} \\ \text{D Shares} & = & \text{Dividend} & \times & \text{(i) Promoter's Fee; and} \\ & & \text{Entitlement} & & \text{(ii) Commission**/Adviser Charge (as relevant), plus} \\ & & \text{Factor*} & & \text{(iii) applicable early application and/or loyalty discount} \\ & & & & \hline & & & & \text{Divided by latest published NAV per D Share***} \end{array}$$

\* "Dividend Entitlement Factor" = 1.047, unless the Offer is extended beyond 31 August 2017, in which case "Dividend Entitlement Factor" = 1 for any issues after 31 August 2017.

\*\* adjusted where commission is waived by Intermediaries.

\*\*\* adjusted for any dividends declared and ex-dividend but not yet paid and any early application and loyalty discounts in respect of earlier allocations in this Offer, as appropriate.

## Offer Costs

The Company, through the mechanism of the Pricing Formula, will pay to Calculus Capital a fee of up to:

- 3.0% of the NAV per D Share issued to investors who subscribe through authorised intermediaries; and
- 5.0% of the NAV per D Share issued to investors who subscribe directly;

in consideration of its acting as Promoter of the Offer. The Company shall pay 2.0% initial commission to the financial intermediaries of Non Advised Investors and Professional Client Investors subject to such intermediaries' election to waive such commission and reinvest it for additional D Shares on behalf of their clients. In addition, the Company shall, pursuant to the terms of the Offer, pay an annual trail commission of 0.5% per annum of the NAV of the D Shares, subject to a cumulative maximum of 3.0% of the amount subscribed for them, to the authorised intermediaries of Non Advised Investors and Professional Client Investors. The Company will be responsible for paying such initial commission and Adviser Charge facilitation payments to financial intermediaries as are calculated in accordance with the Pricing Formula set out at paragraph 6 below. Other than the above Promoter's Fees, commission, trail commission and Adviser Charge facilitation payments, all costs, charges and expenses of or incidental to the Offer shall be paid by the Promoter from the Promoter's Fee.

The net proceeds for the Company from the Offer, assuming full subscription, Offer costs of 5.0% and ignoring reinvested commission, will therefore amount to approximately £3.8m.

## Investment Objective and Policy

### *Investment Objective*

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments to provide investment returns sufficient to allow the Company to maximise annual dividends and with the goal of capital growth over the medium to long term;
- generate sufficient returns from a portfolio of Venture Capital Investments that will provide attractive long-term returns within a tax efficient vehicle;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable qualifying investors to retain their income tax relief of up to 30 per cent. on the initial investment and receive tax-free dividends and tax-free capital growth.

### *Investment Policy*

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

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

The Company's policy is to build a diverse portfolio of Venture Capital Investments primarily in established unquoted companies across different industries and investments may be by way of loan stock and/or fixed rate preference shares as well as ordinary shares to generate income. The amount invested in any one sector and any one company will be no more than 20 per cent. and 10 per cent. respectively of the Venture Capital Investments portfolio. These percentages are measured as at the time of investment. The Board and Calculus Capital will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status.

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

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

#### *Risk Diversification*

The Board controls the overall risk of the Company. Calculus Capital will ensure the Company has exposure to a diversified range of Venture Capital Investments from different sectors.

#### *Investment Restrictions*

The Company is subject to the investment restrictions relating to a venture capital trust in the ITA 2007, as more particularly detailed in Part 4 of the Prospectus, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out above; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10 per cent., in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of the Company will require the approval of the Shareholders pursuant to the Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and maintain its status as a premium listed closed ended investment fund and accordingly:

- a) the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
- b) the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
- c) none of the investments at the time of acquisition will represent more than 15 per cent. by value of the Company's investments; and
- d) not more than 20 per cent. of the Company's gross assets will at any time be invested in the securities of property companies.

In the event of a breach of the investment restrictions which apply to the Company as described in this paragraph, Shareholders will be informed by means of the interim and/or the annual report or through a public announcement.

#### *Co-Investment Policy*

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each fund. The terms of the investments may differ between the parties. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors,

designated members and committees. It is not intended that the Company will co-invest with Directors or members of the Calculus Capital management team (including family members).

Funds attributable to separate share classes may co-invest (i.e. pro rata allocation per fund unless 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.

### **Dividend Policy (D Shares)**

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

The Board has a stated objective of paying annual dividends equal to 4.5 per cent. of the prevailing NAV of the D Shares per annum. This will be subject to investment performance, availability of distributable reserves and the need to retain cash for investment purposes and annual running costs. Returns will be dependent on the performance of the portfolio of the Company's Investments. The Board will review the dividend policy of the D Shares Fund annually to take account of the performance of its investments. Calculus Capital will focus on investing in companies where an exit within 3-5 years through a trade sale or flotation is reasonably foreseeable. It is intended that any profits made on the disposal of investments will be distributed to D Shareholders, to the extent that this is prudent. To enable the Company to pay the intended annual dividend, Calculus Capital will invest by way of loan stock and/or redeemable preference shares as well as ordinary shares.

### **Buyback Policy**

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

The Board, therefore, considers that the Company should have the ability to purchase its Shares in the market with the aim of providing the opportunity for Shareholders who wish to sell their Shares to do so. Subject to maintaining a level of liquidity in the Company which the Board considers appropriate, it is the intention that such purchases of Shares will be made at a price which represents a discount of no greater than 5 per cent. (or 10 per cent. in respect of buybacks made on or before 28 February 2020) to the most recently published net asset value per share. Shares bought back will be cancelled.

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

### **Merger of the classes**

Investors should note that it is the Directors' intention, subject to HMRC approval, to merge the Ordinary Shares and C Shares with the D Share classes into a single class with effect from the sale or liquidation of the last Structured Product in the C Share Fund, which is expected to be by June 2017. These class mergers have been approved by the Company's Shareholders in a general meeting held in October 2015.

The share class mergers will each be effected on a relative net assets basis where a portion of the shares in the class with the lower net asset value would be converted to deferred shares and repurchased by the Company for cancellation at a nominal aggregate cost, with all remaining shares in the two classes subsequently re-designated as a single class and updated share certificates issued as required.

The newly merged class will be known simply as the "Ordinary Shares" but would be subject to the on-going management arrangements described in this document as being applicable to the D Shares and the Company's current investment policy as detailed on pages 17 – 19. The cost cap applicable to the newly merged class would be the aggregate of the current cost caps applicable to each of the classes being merged.

### **The Board**

The Board comprises four non-executive Directors, three of whom (including the Chairman) are independent of the Managers. The Board has substantial experience of venture capital businesses and overall responsibility for the Company's affairs, including determining the investment policy of the Company. John Glencross is a director of Calculus Capital.

*Michael O'Higgins (62) (Chairman)*

Michael is an experienced private investor with significant VCT and EIS holdings. In his business career, Michael was a Managing Partner with PA Consulting (successfully leading its Government and IT Consulting Groups), a Partner at Price Waterhouse (now PricewaterhouseCoopers), and a Principal Administrator at the OECD. He began his working career as an academic at London School of Economics and the University of Bath, and more recently has been a Visiting Professor at both, as well as having held visiting appointments at Harvard University and the Australian National University. He is also chairman of the NHS Confederation, a nonexecutive director of Network Rail and chair of its Remuneration Committee, and a non-executive director of HM Treasury and chair of the Treasury Group Audit Committee. He was chair of The Pensions Regulator between January 2011 and March 2014, chairman of the Audit Commission for the six years to September 2012 and of the charity Centrepoint for eight years until December 2011.

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

Kate worked for Morgan Stanley Investment Management for 12 years between 1992 and 2004, where she was Managing Director and head of Morgan Stanley Investment Management's Global Core Equity team. Before joining Morgan Stanley, Kate spent two years at M&G Investment Management as a financial analyst. More recently Kate has acted as a consultant providing financial research to private equity and financial training firms. Kate is a non-executive director and chairman of the Remuneration Committee of Scancell Holdings plc, and a non-executive director of Arcis Biotechnology Ltd. She is a Chartered Financial Analyst (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Certificate.

*John Glencross (63)*

John co-founded Calculus Capital in 1999, creating one of the UK's most successful, independent private equity firms focused on investing in smaller, proven companies. John has over 30 years' experience in private equity, corporate finance, and operational management. During that time, he has invested in, advised on or negotiated more than 100 transactions and served on publicly quoted and private corporate boards. He is a director of Neptune-Calculus Income and Growth VCT plc and Terrain Energy and was formerly a director of Human Race and Hembuild Group Limited. Terrain, Human Race and Hembuild Group Limited are companies in which the Company has invested. He is also a board member of the Enterprise Investment Scheme Association and a member of its Tax and Technical and its Regulatory Committees. Before co-founding Calculus Capital, John served as an Executive Director of European Corporate Finance for UBS for nine years where he advised on M&A, IPOs, restructurings and recapitalisations, strategic alliances and private equity. Prior to this, John was headhunted to be Head of the Mergers & Acquisitions Group of Philips and Drew, a 100 year old London based financial institution. At the start of his career, John qualified as a Chartered Accountant with Peat Marwick (subsequently KPMG), where he then went on to be recruited as a founder member of Deloitte's newly established Corporate Finance practice in London. John graduated from Oxford University with an MA (Hons) in Philosophy, Politics and Economics.

*Steve Meeks (59)*

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

### *Current and Past Directorships*

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

#### **Michael O'Higgins**

##### **Current**

Local Pensions Partnership Ltd  
Local Pensions Partnership  
Administration Ltd  
Local Pensions Partnership  
Investments Ltd  
Hedgehog (1) Limited  
The NHS Confederation Group  
Company Limited  
Network Rail Infrastructure  
Limited  
Network Rail Limited  
Calculus VCT plc  
Millers Wharf Management  
Company Limited

##### **Past 5 Years**

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

#### **Steve Meeks**

##### **Current**

Canley Consulting Limited  
Calculus VCT plc  
Get Smarter Energy Limited  
Smart Carbon Control Limited  
Stay Close Band Limited

##### **Past 5 Years**

#### **Kate Cornish- Bowden**

##### **Current**

Calculus VCT plc  
Scancell Holdings PLC  
Arcis Biotechnology Holdings  
Limited  
KCB Research Limited

##### **Past 5 Years**

#### **John Glencross**

##### **Current**

Calculus Advisory Limited  
Calculus Asset Management  
Limited  
Calculus Capital Limited  
Calculus Capital Partners Limited  
Calculus Holdings Limited  
Calculus Nominees Limited  
Calculus VCT plc  
McDonald Glencross Limited  
Terrain Energy Limited  
Neptune-Calculus Income and  
Growth VCT plc  
The EIS Association Limited  
The Alchemy Circle Ltd

##### **Past 5 Years**

Hembuild Group Limited  
Human Race Group Limited  
Investec SPV Limited  
Neptune-Calculus SPV Limited

### *Directors' Interests*

As at 24 November 2016 (the latest practicable date prior to the publication of this document), the interests of the Directors (and their immediate families) in the issued Ordinary Share capital of the Company were as follows:

| <b>Director</b>     | <b>Shares held</b>                         | <b>% of total issued share capital</b> |
|---------------------|--------------------------------------------|----------------------------------------|
| Kate Cornish-Bowden | 10,000 C Shares<br>24,375 D Shares         | 0.33                                   |
| John Glencross      | 25,000 Ordinary Shares<br>9,700 D Shares   | 0.33                                   |
| Steven Meeks        | 20,550 Ordinary Shares<br>4,875 D Shares   | 0.24                                   |
| Michael O'Higgins   | 205,500 Ordinary Shares<br>49,750 D Shares | 2.43                                   |

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

The Directors, other than Kate Cornish-Bowden, were appointed under letters of appointment dated 22 February 2010. Kate Cornish-Bowden was appointed under a letter of appointment dated 10 February 2011. The appointments are subject to an initial period expiring immediately following the first annual general meeting, and (subject to re-election at the first annual general meeting) thereafter the appointments may be terminated on 3 months' notice. No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office, nor have any amounts been set aside to provide pension, retirement or similar benefits. The total annual remuneration receivable by Michael O'Higgins as chairman is £20,000 (plus applicable employers' National Insurance Contributions). The total annual remuneration receivable by Steve Meeks and Kate Cornish-Bowden is £15,000 each (plus applicable employers' National Insurance Contributions). John Glencross does not receive any remuneration from the Company in respect of his appointment. Aggregate Directors' emoluments for the year ending 29 February 2017 is expected to be £50,000 (plus applicable employers' National Insurance Contributions).

The Directors, other than John Glencross who is Chief Executive of Calculus Capital (for the reasons set out in the paragraph below), act and will continue to act independently of Calculus Capital and Investec Structured Products. No majority of the Directors will be directors or employees of, or former directors or employees of, or professional advisers to Calculus Capital or Investec Structured Products or any other company in the same group as Calculus Capital or Investec Structured Products.

Save for the management arrangements, performance incentive arrangements and promoters arrangement set out in paragraphs 4.1 - 4.9 of Part 6 of this document, under which Calculus Capital and Investec Structured Products are entitled to fees and pursuant to which Investec Structured Products is appointed to make investments on behalf of the Company in Structured Products issued by Investec Bank plc, as at 24 November 2016 (this being the latest practicable date prior to publication of this document) there were no other potential conflicts of interest between the duties of any Director and their private interests and/or duties.

Except as stated above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the period since its incorporation and remains in any respect outstanding or unperformed.

No loan or guarantee has been granted or provided by the Company to or for the benefit of any of the Directors.

The Company has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.

No Director has any convictions in relation to fraudulent offences during the previous five years.

Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager during the previous 5 years.

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

## **The Managers**

The Board has appointed Calculus Capital to manage its Venture Capital Investments. Calculus Capital will not advise the Board in relation to the Company's non-VCT qualifying capital preservation investments. The Board will, as required, consult a suitable adviser in respect of the investment of these funds and Investec Structured Products will continue to act as discretionary investment manager in respect of the Company's non-VCT qualifying Structured Products until the earlier of 14 March 2017 and the sale of the final Structured Product Investment in the Company's C Share Fund.

### *Calculus Capital*

Calculus Capital is the Venture Capital Investments portfolio manager.

Calculus Capital was established in 1999 and is authorised and regulated by the FCA. A pioneer in tax efficient investing, Calculus Capital created the UK's first approved Enterprise Investment Scheme fund. Since then, it has successfully launched a further 16 EIS funds and four VCT offers for subscription (including offers for subscription for shares in the Company). As at 31 August 2016, it had £132.9 million of funds under management or advice (including the qualifying assets of the Company).

Calculus Capital is a generalist investor and has extensive experience investing across a multitude of sectors, including hosted software, life sciences, leisure and hospitality, manufacturing, energy and transportation. Calculus Capital's focus is to find and back capable management teams in established companies which are already successfully selling products and services.

Calculus Capital intends to:

- invest in a diversified portfolio from a range of different sectors
- focus on companies with the following characteristics:
  - relatively predictable cash flows, recurring revenues and a strong balance sheet
  - their primary constraint to growth is access to finance
  - profits or a clear path to profitability
  - strong management teams
  - proven successful products or services
  - clear route to exit
  - companies which can achieve our target IRR of 20%
- structure investments to include loans and preference shares
- invest in companies which can benefit not only from the capital provided by Calculus Capital but also from the many years of operating and financial experience of the Calculus Capital team

Calculus Capital is recognised as a leading manager of Venture Capital Investments and has been awarded the EIS Association 'Best EIS Fund Manager' Award three times, the latest at the 2016 Awards ceremony and was awarded "Best EIS Investment Manager" at the 2016 Growth Investor Awards. Calculus Capital also attained the title of 'Best EIS Investment Exit' in 2012. Calculus Capital's success is underpinned by a disciplined investment process, strong risk management and very close monitoring of and partnership with portfolio companies.

## *The Calculus Capital Team*

### **John Glencross**

*Chief Executive*

Details for John Glencross can be found on page 20.

### **Susan McDonald**

*Chairman*

Susan is one of the UK's leading experts on investing in smaller companies and the government's Enterprise Investment Scheme. A pioneer of the EIS industry, in 1999/2000, she structured and launched the UK's first HM Revenue & Customs approved EIS fund with John Glencross. Susan has over 29 years of experience and has personally directed investment to over 80 companies in the last 18 years covering a diverse range of sectors. She has regularly served as board member of the firm's private equity-backed companies. Before co-founding Calculus Capital, Susan was Director and Head of Asian Equity Sales at Banco Santander. Prior to this, she gained over 12 years' experience in company analysis, flotations and private placements with Jardine Fleming in Hong Kong, Robert Fleming (London) and Peregrine Securities (UK) Limited. Susan has an MBA from the University of Arizona and a BSc from the University of Florida. Before entering the financial services industry, Susan worked for Conoco National Gas Products Division and with Abbott Laboratories Diagnostics Division.

### **Lesley Watkins**

*Finance Director*

Lesley joined Calculus Capital in 2002. She has over 19 years' experience in investment banking and held senior posts at three international investment banks, where her responsibilities included advising several companies in the FTSE 100. Most recently, she was Managing Director, Global Investment Banking at Deutsche Bank, which took over BT Alex Brown, where she was a Managing Director in the UK Equity Advisory Division. Before that, Lesley spent 14 years at UBS, where she was a Managing Director in the Corporate Finance Division. She has extensive experience of fundraising, flotations, mergers and acquisitions, disposals and restructurings for her clients. In 2009, Lesley was appointed Non-Executive Council Member of the Competition Commission, and in 2011 was appointed as a non-executive director of Panmure Gordon. She is a fellow of the Institute of Chartered Accountants.

### **Robert Davis**

*Deputy Chief Executive and Head of Portfolio Management*

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

### **Richard Moore**

*Head of New Investments*

Richard joined Calculus Capital in 2013. Prior to this he was a Director at Citigroup, which he joined in 2005, and previously worked at JPMorgan and Strata Technology Partners. Richard has over 14 years' corporate finance experience advising public and private corporations and financial sponsors on a range of M&A and capital raising transactions. Richard began his investment banking career in the UK mid-cap advisory team at Flemings (acquired by JPMorgan in 2000), working with companies across a broad a range of sectors. More recently Richard has specialised in advising companies in the technology industry. Richard has advised on a wide range of transactions including buy-side and sell-side M&A mandates, public equity and debt offerings, private equity investments and leveraged buy outs in the UK, Europe, US and Asia. Richard began his career at KPMG where he qualified as a Chartered Accountant, and remains a member of the ICAEW. He has a BA (Hons) in Politics and Economics from Durham University.

**Alexander Crawford***Investment Director*

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

**Alexandra Lindsay***Investment Director*

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

**Roshan Puri***Investment Assistant Director*

Roshan joined Calculus Capital in 2013. Prior to this, he qualified as a Chartered Accountant with Ernst & Young where he gained experience in transaction advisory, tax and audit. He has worked on structuring numerous domestic and international mergers and acquisitions and corporate restructuring transactions, modelling the transaction implications and project managing the transaction implementation. Roshan has significant experience advising businesses on tax efficient transactions including; intellectual property optimisation, efficient capital and corporate structuring. Roshan has a wide range of industry experience and since joining Calculus Capital, has worked with businesses within the leisure, healthcare and software sectors.

**Claire Cherry***Investment Associate*

Claire joined the investment team in September 2013 and assists with financial modelling, primary due diligence and valuations. Preceding this she worked in the Finance and Fund Administration department. Prior to joining Calculus Capital, Claire worked for Oculus Investment Managers Limited where she was responsible for investment research and composing the quarterly market commentary. She also dealt with client queries and portfolio performance reporting. Claire graduated from Durham University with a BSc (Hons) in Natural Sciences and is a CFA charter holder.

**Daniela Tsoneva***Investment Analyst*

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

**Toby Scregg***Investment Analyst*

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

**Natalie Evans***Financial Controller*

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

**Calculus Capital fees and Performance Incentive (D Shares)**

Calculus Capital has been appointed as the discretionary investment manager to the D Shares Fund in respect of the Venture Capital Investments portfolio for which Calculus Capital receives an annual management fee of 1.75 per cent. of the net assets of the D Share Fund. Calculus Capital will also be entitled to a performance incentive fee equal to 20 per cent. of D Shareholder proceeds in excess of 105p.

**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 and is regulated by the FCA and the Prudential Regulation Authority) is the Structured Products portfolio manager. Investec Structured Products' appointment will come to an end on the earlier of 14 March 2017 and the sale of the final Structured Product Investment in the Company's C Share Fund (in respect of the C Shares).

## PART 2: THE PORTFOLIO

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

|                                         | Ordinary<br>Shares<br>£'000 | C Shares<br>£'000 | D Shares<br>£'000 | Total<br>£'000 | %    |
|-----------------------------------------|-----------------------------|-------------------|-------------------|----------------|------|
| <b>Structured products</b>              |                             |                   |                   |                |      |
| Investec Bank Plc                       |                             | 591               |                   | 591            | 15%  |
| <b>Qualifying investments</b>           |                             |                   |                   |                |      |
| Solab Group Ltd                         | 153                         | 162               |                   | 315            | 8%   |
| Antech Limited                          | 292                         |                   |                   | 292            | 8%   |
| Terrain Energy Limited                  | 144                         | 67                |                   | 211            | 6%   |
| Quai Administration Services Limited    |                             | 150               |                   | 150            | 4%   |
| Tollan Energy Limited                   | 146                         |                   |                   | 146            | 4%   |
| Microenergy Services Limited            | 132                         |                   |                   | 132            | 3%   |
| Scancell Holdings Plc                   |                             | 78                | 51                | 129            | 3%   |
| The One Place Capital Limited           |                             | 95                |                   | 95             | 2%   |
| C4X Discovery Holdings Plc              |                             |                   | 75                | 75             | 2%   |
| Venn Life Sciences plc                  |                             | 73                |                   | 73             | 2%   |
| Genedrive Plc                           |                             |                   | 70                | 70             | 2%   |
| Picos Limited                           |                             | 58                |                   | 58             | 2%   |
| Brigantes Energy Limited                | 15                          |                   |                   | 15             | 0%   |
| Corfe Energy Limited                    | 14                          |                   |                   | 14             | 0%   |
| Dryden Human Capital Group Limited      | 5                           |                   |                   | 5              | 0%   |
| <b>Other non-qualifying investments</b> |                             |                   |                   |                |      |
| Aberdeen Sterling Liquidity Fund        | 1                           | 1                 | 480               | 482            | 13%  |
| Fidelity Instl Liq A 1 Flex Gbp Dis     |                             | 0                 | 480               | 480            | 13%  |
| Goldman Sachs Am Stlg Lqd Reserves      |                             |                   | 480               | 480            | 13%  |
|                                         | 902                         | 1,275             | 1,636             | 3,813          | 100% |

Since 31 August 2016, the Company has sold its investments in Human Race Group Limited and Metropolitan Safe Custody Ltd as described below and has invested £75,000 for the D share portfolio in Manchester based drug discovery and development company, C4X Discovery Holdings plc.

Set out in the table above are investments with a value of greater than 1% of the Company's gross assets and an aggregate value greater than 50% of the Company's portfolio across the Ordinary Shares, C Share and D Share portfolios as at the date of this document. The valuations above have been sourced from the Company's unaudited interim financial statements for the six months ended 31 August 2016 (with the exception of C4X Discovery Holdings Plc which was acquired after 31 August 2016 and is valued at cost), these being the most recent valuations of the relevant companies at which date the Company's net asset value per Ordinary Shares was 28.4p, per C Shares was 75.1p and per D Share was 97.6p. In respect of the information on investee companies' sales, profits and losses and net assets, these have been taken from the financial year end accounts published by those investee companies as referred to in this part.

The information set out below on the investee companies has been extracted from the unaudited interim financial statements for the Company for the period ended 31 August 2016. Financial information relating to the turnover, profit/loss and assets/liabilities of the investee companies has been sourced from the accounts of those investee companies. This financial information on the investee companies is, for the purpose of this paragraph, "Third Party Information". The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **Venture Capital Investments**

The D Shares portfolio is substantially uninvested, having first raised funds in March 2016, however, the Company is targeting a diversified portfolio in excess of 20 companies once fully invested.

### ***Solab Group Limited (Ordinary and C share portfolios)***

Solab Group Limited ("Solab") (formerly Hampshire Cosmetics) is a long established manufacturer of fragrances, shampoos and skincare products for third party customers, including Penhaligon's and Philip Kingsley. The company has a good reputation as a supplier to both major cosmetics brands and smaller independents.

This cosmetics business has been affected by difficult market conditions generally and by a significant reduction in volumes from its largest customer, The Body Shop. The results from a decision to in-source manufacturing to French factories following The Body Shop's acquisition by L'Oreal, it is not a business loss to a competitor. New business from third parties has, to date, only partially replaced that lost turnover, although Solab has had some success in winning new customers and enlarging existing accounts. Solab has recently recruited Julien Laporte, a former CEO of Crabtree & Evelyn with extensive experience at L'Oreal, as a part time director to increase sales further.

The company has also sought more balance to its portfolio by investing in its animal care & veterinary orientated activities. Revenues from this area have increased substantially, with near break-even achieved in 2015 and a small profit anticipated this year.

### ***AnTech Limited (Ordinary share portfolio)***

AnTech Limited ("Antech") is a specialist oil and gas engineering company both manufacturing products and providing services for directional coiled tube drilling.

AnTech's Products Division supplies customised and standard products used mainly in production. Its Coiled Tube Drilling Services Division has developed a new generation of directional drilling tools which transform the manner and efficiency with which oil and gas wells can be drilled with coiled tubing. These tools, COLT and POLARIS, are effective for interventions in existing wells to enhance production yield and extend well life. The tools have been used commercially in France in late 2014 and Ohio in 2015 with good results. In October this year, AnTech will drill its first well for Aramco in Saudi Arabia; this is a significant step for the company as talks are already underway for multiple further wells if the first is successful.

In February 2016, funds managed by Calculus Capital made a £2.35m investment in AnTech in order to provide working capital for the anticipated growth of the Services business.

### ***Terrain Energy Limited (Ordinary and C share portfolios)***

Terrain has interests in twelve petroleum licences; Keddington, Kirklington, Dukes Wood, Burton on the Wolds, Whisby and Louth in the East Midlands, Larne and an offshore licence to the north of Larne in Northern Ireland, Brockham and Lidsey in the Weald Basin and Egmatung and Starnberger See in Germany. The Whisby-6 well was successfully drilled in March/April 2016 and is capable of producing c. 180 barrels of oil a day (net 153bopd to Terrain). A first well on the Larne licence targeting the Woodburn prospect was drilled in May/June 2016 but did not encounter any commercial hydrocarbon accumulation – the data collected in the well is being evaluated to decide where to focus future exploration activity in the basin. The company is currently producing from wells at Whisby and Keddington; Brockham and Lidsey are currently shut in until the oil price recovers. A new well at Lidsey and a sidetrack at Brockham are due to be drilled in the next 12 months.

### ***Quai Administration Services Limited (C share portfolio)***

Quai Administration Services Limited ("Quai") provides platform technology combined with back office administration services for the high-volume personal savings industry. Quai's platform administers thousands of individual savings plans at a fraction of the cost incurred by established insurance companies and wealth managers. Mass distribution of individual savings plans is pressurising providers to offer efficient, high-volume, low-margin schemes.

Quai is progressing well and now has eight live customers on its platform and advanced discussions with a number of additional customers. Financial performance in the year to October 2015 was similar as the prior year as revenue growth was slower than anticipated. Recent wins have targeted clients with large books of assets under management which will result in revenues growing more quickly.

In February 2016 funds managed by Calculus Capital Limited participated in a further funding round alongside members of the Quai board and other private individuals, to accelerate development of the Company's technology platform and expand the sales and marketing teams.

***Tollan Energy Limited (Ordinary share portfolio)***

Tollan Energy Limited ("Tollan") owns a portfolio of solar systems on roof tops in Northern Ireland. The solar generating capacity, which is installed on residential and some commercial roofs in the Belfast area, benefits from Northern Ireland Renewable Obligation Certificates (NIROCs). In addition, the company benefits from the export tariff for any surplus electricity not used by the homeowner that is exported to the grid. The portfolio is now fully installed and comprises 334 systems (1.55MW). The systems generated 1276MWh in the year to March 2016. We are looking to divest our investment in Tollan within the next 6 months.

***MicroEnergy Generation Services Limited (Ordinary share portfolio)***

MicroEnergy Generation Services Limited ("MicroEnergy") owns and operates a fleet of 168 small onshore wind turbines (<5kW) installed on farm land in East Anglia and Yorkshire. Revenues come from two sources, both of which are inflation protected, being directly linked to RPI. Firstly, there is the Government backed feed-in tariff (FIT) paid by the electricity suppliers for every kilowatt of electricity generated for twenty years. Secondly, there is an export tariff for any surplus electricity not used by the site owner that is exported to the grid. Annual generation to 31 March 2016 is ahead of last year at 860,000kWh (2015: 640,000) this reflects improved operations and the acquisition of an additional 15 turbines. We are in discussions with various potential buyers for MicroEnergy.

***Scancell Holdings plc (C and D share portfolios)***

Scancell Holdings plc ("Scancell") is developing two distinct immune-oncology platforms, each with broad applications. ImmunoBody® is a DNA vaccine which stimulates high avidity (i.e. powerful) anti-tumour T cells to target cancer cells for use in combination with a category of cancer drugs called checkpoint inhibitors. Moditope® targets modified antigens to stimulate a powerful anti-tumour T cell response for hard to treat cancers. Both platforms are targeting multi-billion dollar markets. The scientific principle behind Moditope® is autophagy which is the hitherto obscure area of medical research which was the subject of this year's Nobel Prize for Medicine.

SCIB1 (based on the ImmunoBody®) platform has achieved unprecedented survival rates in a phase I/II clinical trial covering twenty patients for malignant melanoma and a phase II combination trial of SCIB1 and a checkpoint inhibitor will commence out of Massachusetts General Hospital in Boston. A phase I trial for Modi-1, based on the Moditope® platform, targeting triple negative breast cancer, osteosarcoma and ovarian cancer is scheduled for 2018.

In April, Scancell completed a £6 million fund raising to prepare for the SCIB1 combination and Modi-1 trials. In June, Scancell had to suspend the extension of the SCIB1 phase 1/2 trial due to drug supply issues; this has since been rectified and manufacturing will be undertaken by Eurogentec in Belgium. Eurogentec is a world class manufacturer of DNA and recombinant proteins, and the material will be compliant with Good Manufacturing Practices (GMP) and Food and Drug Administration (FDA) requirements.

***The One Place Capital Limited ("Money Dashboard") (C share portfolio)***

Money Dashboard empowers consumers to take control of their finances. The company has built a database of over 100,000 users whose financial transactions from all their internet enabled current accounts, savings accounts and credit cards are automatically updated in one secure place, providing these consumers with a free-to-use view of their financial lives. Money Dashboard aggregates this data on an anonymous basis to analyse consumer spending trends which can be sold to institutional investors and others.

A new CEO, Steve Tigar, was appointed in October 2015. Under his leadership, the cash flow generation of the Company has significantly improved with the Company's cost base reduced and growth in the Data Insights' pipeline underpinned by large recurring contracts with global institutional investor clients. New product developments, including a white label solution for financial advisors and a mortgage affordability assessment product, are expected to drive further revenue growth in 2017. Externally, the introduction of the Open Banking Standards from Q1 17 is expected to be a significant milestone for Money Dashboard; with the potential to transform the rate of data user acquisition, significantly enhancing the efficacy of the Company's Data Insights product.

**C4X Discovery Holdings plc (D Share portfolio)**

The Company invested £75,000 in September 2016 in C4X Discovery Holdings plc ("C4XD").

C4XD was spun out of the University of Manchester in July 2007. Their proprietary patented software, Conformetrix, allows scientists to view accurately the dynamic 3D shape of potential drug candidates on the basis of experimental data, and to select the candidate that is most likely to bind to the required target. Previously it was only possible to determine this in the laboratory, using time consuming and expensive trial and error techniques.

C4XD's second patented software platform is Taxonomy3® which identifies novel genetic linkages by examining data sets on certain diseases allowing new drug targets to be identified. C4XD has already had success in this area with Rheumatoid Arthritis and Parkinson's disease.

**Venn Life Sciences plc (C share portfolio)**

Venn Life Sciences plc ("Venn") is a growing Clinical Research Organisation (CRO), providing clinical trial management and resourcing solutions to pharmaceutical, biotechnology and medical device clients. Venn is consolidating a number of small European CROs to build a mid-sized CRO focused on the European market, offering clients a full service, multi-centre capability in Phase II-IV trials across a range of principal disease areas. Venn ended 2015 on very strong footing with revenue up 135% year on year and its first EBITDA profit of £400k (versus a loss of £1.5m for 2014). This marked improvement was due to a combination of small, value add acquisitions and a strong rate of new business wins. Since the end of the year, Venn have signed a new contract worth £2.8m with a European Biotechnology client for a Phase II study for Multiple Sclerosis starting in October 2016. We do not believe this positive performance is fully reflected in the share price.

**Genedrive plc (D share portfolio)**

Genedrive provides molecular diagnostics tests delivered at or near the point of care for the diagnosis of infectious diseases. The Genedrive® platform and its first tuberculosis ("TB") test has been successfully commercially launched in India in conjunction with Xcelris Labs to provide rapid molecular identification and antibiotic resistance/drug susceptibility testing for TB. This launch follows hot on the heels of David Budd's appointment as CEO in March, David has a number of years' experience in successfully launching diagnostic tests within Danaher, Siemens and Bayer. Genedrive® is designed to bring the power of central laboratory molecular diagnostics to the Point of Care setting in a device that has a lower cost and lower time to result than molecular alternatives, just 60-90 minutes. Alongside this, Genedrive announced the successful completion of its first external assessment of its Point of Care Hepatitis C test at the Institut Pasteur, Paris. The Hepatitis C test forms part of a suite of tests to be subsequently launched on the Genedrive® platform including HIV and Hepatitis B. In addition, the Company has been allocated funding of \$5.3 million from the US Department of Defence to develop Genedrive® to be a handheld biohazard identifier, should this stage be successful a further \$2.5m will be granted. The contract research division, which was the company's original activity, is now largely unrelated to the company's core work in diagnostic devices, advisors have been appointed to assess the strategic options for this side of the business. The recent funding round will enable further development and commercialisation of the Genedrive platform.

**Picos Limited ("Benito's Hat") (C share portfolio)**

Offering tailor-made burritos, tacos and salads, Benito's Hat is a Mexican-themed restaurant brand centred on an authentic experience and high-quality food, at an affordable price point. The brand has a devoted customer following and has won many accolades from food critics. In light of the need for strategic and operational change, the CEO hired in 2014 has been replaced and the Board has reappointed Ben Fordham, the Founder, as CEO. The core principles of the business remain first class engaging service, high quality food and drink with authenticity in a vibrant and fun environment. These aspects, coupled with a unique evening proposition, continue to separate the business from its competition.

**Non Qualifying Portfolio**

The D shares portfolio invested in £480,000 in three money market funds during the period in accordance with its investment policy: Aberdeen Sterling Liquidity Fund, Goldman Sachs Sterling Liquidity Fund and Fidelity Sterling Liquidity Fund.

## Structured Products

| Issuer               | Strike Date | FTSE 100<br>Initial Index<br>Level | Notional<br>Investment | Purchase<br>Price | Price at<br>31 August<br>2016 | Maturity<br>Date | Return/<br>Capital at Risk<br>("CAR")                                     |
|----------------------|-------------|------------------------------------|------------------------|-------------------|-------------------------------|------------------|---------------------------------------------------------------------------|
| Investec<br>Bank plc | 05/08/2011  | 5,246.99                           | £328,000               | £1.00             | £1.802730                     | 10/03/2017       | 182% if FTSE<br>100 higher*;<br>CAR if FTSE 100<br>falls more than<br>50% |

\* The Final Index Level is calculated using 'averaging', meaning that the average of the closing levels of the FTSE 100 is taken on each Business Day over the last 2-6 months of the Structured Product plan term (the length of the averaging period differs for each plan). The use of averaging to calculate the return can reduce adverse effects of a falling market or sudden market falls shortly before maturity. Equally, it can reduce the benefits of an increasing market or sudden market rises shortly before maturity.

## Recent Exits

The Company's aim is to exit companies within the VCT portfolio after a holding period of 3-5 years. Common exit routes include trade sale, sale to a larger private equity house or flotation. It is intended that profits made on the disposal of investments will enable the Company to pay future dividends, and to support this further, the Company may invest by way of loan stock and/or redeemable preference shares as well as ordinary shares. An overview of the three recent exits from the VCT portfolio is detailed below.

### ***Human Race Group Limited (Ordinary and C share portfolios)***

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

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

### ***Metropolitan Safe Custody Limited (Ordinary and C share portfolios)***

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

### ***Horizon Discovery Group plc (C share portfolio)***

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

## PART 3: MEMORANDUM AND ARTICLES OF ASSOCIATION

### Memorandum of Association

The objects of the Company are not limited by any provisions of the Memorandum or the Articles of the Company.

### Articles

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

#### *1. Specific rights attaching to the Ordinary Shares, C Shares and D Shares*

##### (a) Definitions

**"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.

**"D Share Surplus"** means the net assets of the Company attributable to the D 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 D 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 and the D Share Surplus.

**"Statutes"** means the CA 2006 as amended and supplemented, and every other statute for the time being in force concerning companies affecting the Company.

##### (b) Undertaking

Without prejudice to its obligations under the Statutes, the Company shall, without prejudice to its obligations under the Statutes (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Ordinary Shareholders, C Shareholders and D Shareholders can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that a separate income and expenditure account (or, if applicable, profit and loss account) balance sheet and cash flow account and such other separate accounts as may, in the opinion of the Board, be desirable to ensure compliance by the Company with the provisions of section 259 of ITA 2007 as amended, shall be created and maintained in the books of the Company for the assets attributable to the Ordinary Shareholders, C Shareholders and D Shareholders, (ii) allocate to the assets attributable to the Ordinary Shareholders, C Shareholders and D Shareholders such proportion of the expenses and liabilities of the Company incurred or accrued as the Directors fairly consider to be allocable to the Ordinary Shares, C Shares and D Shares and (iii) give appropriate instructions to the Company's investment managers and advisers to manage the Company's assets so that such undertakings can be complied with by the Company.

##### (c) Voting Rights

Subject to paragraph (f) below and subject to any special terms as to voting on which any shares may be issued, on a show of hands, every member present in person or by proxy (or being a corporation, represented by an authorised representative) shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. The Ordinary Shares, C Shares and the D Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company

(d) Dividends

The rights of members 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;
- (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;
- (iii) the D Shareholders shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the D Shares.

At the discretion of the Board, acting in the interests of the Company as a whole, Shareholders of any class (the "**Recipient Class**") may additionally receive dividends paid from the net income derived from the assets attributable to one or more other share classes (the "**Paying Class(es)**") (or from the capital of such class(es) including amounts representing cancelled share premium), subject to the requirement that the Recipient Class account to the Paying Class(es) for any amount so distributed no later than four years from the end of the accounting period in which the last allotment of shares of the Recipient Class took place. Until the relevant amount is accounted for, the Paying Class shall have first call on the revenue and capital profits (after expenses) of the Recipient Class.

(e) Distribution of Assets on Liquidation

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

- (i) the Ordinary Share Surplus shall be divided amongst the holders of the Ordinary Shares pro rata according to their holdings of Ordinary Shares;
- (ii) the C Share Surplus shall be divided amongst the holders of C Shares pro rata according to their holdings of C Shares; and
- (iii) the D Share Surplus shall be divided amongst the holders of D Shares pro rata according to their holdings of D Shares.

(f) Class Consents and Variation Rights

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

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

*2. Share Capital*

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

Shareholders shall have the right to receive notice of, attend and vote at all general meetings.

If any shareholder, or any other person appearing to the Directors to be interested in any shares in the capital of the Company held by such shareholder, has been duly served with a notice under section 793 of the CA 2006 and is in default for a period of 14 days from the date of service of the notice in supplying to the Company the information thereby required, then the Company may (at the absolute discretion of the Directors) at any time thereafter by notice (a "restriction notice") to such shareholder direct that, in respect of the shares in relation to which the default occurred and any other shares held at the date of the restriction notice by the shareholder, or such of them as the Directors may determine from time to time (the "restricted shares" which expression shall include

any further shares which are issued in respect of any restricted shares), the shareholder shall not, nor shall any transferee to which any of such shares are transferred other than pursuant to a permitted transfer, be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or to be reckoned in a quorum.

Where the restricted shares represent at least 0.25% in nominal value of the issued shares of the same class as the restricted shares (excluding any shares of that class held as treasury shares) the restriction notice may in addition direct, inter alia, that any dividend or other money which would otherwise be payable on the restricted shares shall be retained by the Company without liability to pay interest; any election by such member to receive shares instead of cash in respect of any dividends on such restricted shares will not be effective; and no transfer of any of the shares held by the shareholder shall be registered unless the shareholder is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares which are the subject of the transfer are restricted shares.

The Board shall be entitled to make calls for the sums, if any, remaining unpaid on any shares, subject to the terms of allotment of such shares. If any call remains unpaid then the Board may, after giving not less than 14 clear days' notice, forfeit such share and sell or transfer such forfeited shares on such terms as the Board may determine.

### *3. General Meetings*

#### ***Convening of General Meetings***

The Board shall convene annual general meetings and may convene other general meetings whenever it thinks fit. A general meeting shall also be convened on such requisition or in default may be convened by such requisitionists as provided by the CA 2006. At any meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not within the UK sufficient members of the Board to convene a general meeting, any Director may call a general meeting. The Board may make arrangements to ensure the orderly conduct of general meetings and to preserve the security of attendees.

#### ***Notice of General Meeting***

General meetings shall be convened by the minimum period of notice required by the CA 2006. Every notice convening a general meeting shall specify:

- (a) whether the meeting is an annual general meeting or an extraordinary general meeting;
- (b) the place, the day and the time of the meeting;
- (c) in the case of special business the general nature of that business;
- (d) if the meeting is convened to consider a special resolution the text of the resolution and the intention to propose the resolution as such; and
- (e) with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.

#### ***Omission to Send Notice***

The accidental omission to send a notice of meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy or any other document, to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.

#### ***Quorum at General Meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the Meeting. Two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

If within 15 minutes (or such longer interval as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be

dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the Board) may determine, being not less than 10 clear days thereafter. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved.

#### ***Method of Voting***

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of the CA 2006, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least 5 members present in person or by proxy having the right to vote at the meeting; or
- (c) a member or members present in person or by proxy representing not less than one tenth of the voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

#### ***Votes of Members***

Subject to the provisions of the CA 2006 and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall on a show of hands have one vote and on a poll shall have one vote for each share of which he is the holder.

#### ***Variation of Class Rights***

Subject to the provisions of the CA 2006, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles (but not otherwise).

All the provisions in the Articles as to general meetings shall mutatis mutandis apply to every meeting of the holders of any class of shares save that the quorum at every such meeting shall be not less than 2 persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class; every holder of shares of the class present in person or by proxy may demand a poll; each such holder shall on a poll be entitled to one vote for every share of the class held by him; and if at any adjourned meeting of such holders, such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

#### ***Consolidation and Subdivision***

The Company in general meeting may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares; and
- (b) subject to the provisions of the CA 2006, sub-divide its shares or any of them into shares of smaller nominal value and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

#### *4. Transfer of Shares*

##### ***Form of Transfer***

Except as may be provided by any procedures implemented for shares held in uncertificated form, each member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it.

##### ***Right to Refuse Registration***

The Board may in its absolute discretion refuse to register any share transfer (as to which it shall provide reasons) unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is delivered for registration to the registered office of the Company, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that such discretion may not be exercised in such a way as to prevent dealings in shares admitted to the Official List from taking place on an open and proper basis.

#### *5. Dividends and Other Payments*

##### ***Declaration of Dividends***

Subject to the provisions of the CA 2006 and of the Articles, the Company may by ordinary resolution declare that, out of profits available for distribution, dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board.

##### ***Entitlement to Dividends***

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid pro rata according to the amounts paid up or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly.

All dividends and interest shall be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by ordinary resolution or the Board may determine, notwithstanding any subsequent transfer or transmission of shares.

The Board may pay the dividends or interest payable on shares in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.

#### *6. Borrowing Powers*

Subject as provided in the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the provisions of the CA 2006, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiaries so as to procure (as regards its subsidiaries in so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of net moneys borrowed by the Group (exclusive of moneys borrowed by one Group (being the Company and its subsidiaries from time to time) company from another and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 25% of the value of the gross assets of the Company.

For these purposes only:

- (a) in calculating the value of the gross assets of the Company, the value of securities listed or dealt on a reputable stock exchange shall be based on the closing mid market price and the value of other securities shall be determined by the Board on the basis of valuation principles recommended by the auditors of the Company for the time being.
- (b) moneys borrowed include also the following except in so far as otherwise taken into account:
  - (i) the nominal amount of any issued and paid up share capital and the principal amount of any debenture or borrowings of any person together with any fixed or minimum premium payable on redemption, the beneficial interest in which or right to repayment to which is not for the time being owned by a Group company but the payment or repayment of which is the subject of a guarantee or indemnity by a Group company or is secured on the assets of a Group company;
  - (ii) the principal amount raised by any Group company by acceptances or under any acceptance credit opened on its behalf by any bank or acceptance house (not being a Group company);
  - (iii) the principal amount of any debenture (whether secured or unsecured) of any Group company beneficially owned otherwise than by a Group company;
  - (iv) the principal amount of any preference share capital of any subsidiary beneficially owned otherwise than by a Group company;
  - (v) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing; and
  - (vi) any amount in respect of a finance lease which would be shown at the material time as an obligation in a balance sheet of any member of the Group prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet;but do not include:
  - (vii) moneys borrowed by any Group company for the purpose of repaying within 6 months of being first borrowed the whole or any part of any moneys borrowed and then outstanding (including any premium payable on final repayment) of that or any other Group company pending their application for such purpose within that period;
  - (viii) there shall be credited against the amount of any moneys borrowed any cash deposited and the value of any money market instruments (valued as referred to in paragraph (a));
  - (ix) where under the terms of any borrowing the amount of money which would be required to discharge the principal amount of moneys borrowed in full if it fell to be repaid (whether at the option of the company borrowing the same or by reason of default) at such material time is less than the amount which would otherwise be taken into account in respect of such moneys borrowed for the purposes of the Articles, the amount of such moneys borrowed to be taken into account shall be such lesser amount;
- (c) the value of borrowings or assets denominated in a currency other than sterling shall be translated into sterling at the rate used in the last relevant balance sheet or if not used in such balance sheet then at the then prevailing exchange rate selected by the Board.

A report or certificate of the auditors of the Company as to the amount of gross assets of the Company or the amount of moneys borrowed falling to be taken into account for the purposes of this article or to the effect that the limit imposed by this article has not been or will not be exceeded at any particular time or times or as a result of any particular transaction or transactions shall be conclusive evidence of the amount or of that fact the Directors may at any time act in reliance on a bona fide estimate of the amount of the gross assets of the Company and if in consequence the limit set out in the Articles is inadvertently exceeded, an amount borrowed equal to the excess may be disregarded

until the expiration of 3 months after the date on which by reason of a determination of the auditors or otherwise the Directors become aware that such a situation has or may have arisen.

No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by the Articles shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security at the time when the debt was incurred or security given that the limit had been or would thereby be exceeded but no lender or other person dealing with the Company shall be concerned to see or enquire whether such limit is observed.

#### *7. Directors*

Unless otherwise determined by the Company the maximum number of directors shall be 10 and the minimum shall be 2. The quorum for meetings of the Board shall be 2 and the Chairman shall have a second or casting vote on a tie.

The Directors shall be entitled to be paid fees for their services as Directors in such sums as the Board may determine from time to time but not exceeding £100,000 (or such larger amount as the Company may determine) per annum.

Each Director may appoint as an alternate Director either another Director or a person approved by the Board and to terminate such appointment.

At every annual general meeting, there shall retire from office any Director who shall have been a Director at each of the preceding two annual general meetings and who was not appointed or re-appointed by the Company in general meeting at, or since, either such meeting. A retiring Director shall be eligible for re-appointment. A Director retiring at a meeting shall, if he is not re-appointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the conclusion of such meeting.

#### *8. Directors' Interests*

##### **Conflicts of Interest Requiring Board Authorisation**

The Board may, provided the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a Director breaching his duty under CA 2006 to avoid conflicts of interest except that the Director concerned and any other Director with a similar interest:

- (a) shall not count towards the quorum at the meeting at which the conflict is considered; and
- (b) the resolution will only be valid if it would have been agreed to if his vote had not been counted.

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

- (a) the Board may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the Director concerned and any other Director with a similar interest as it may determine, including, without limitation, the exclusion of that Director and any other Director with a similar interest from the receipt of information, or participation in discussion (whether at meetings of the Board or otherwise) related to the conflict;
- (b) the Director concerned and any other Director with a similar interest will be subject to any terms imposed by the Board from time to time in relation to the conflict;
- (c) any authority given by the Board in relation to a conflict may also provide that where the Director concerned and any other Director with a similar interest obtains information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence; and
- (d) the Board may withdraw such authority at any time.

Directors are obliged to declare any material interest which they may have in any transaction or arrangement involving the Company. Such directors shall not vote or be counted in the quorum in relation to any resolution to any transaction or arrangement in which he is to his knowledge materially interested save that a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer he is, or may be entitled to, participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) any contract, arrangement, transaction or other proposal concerning any other body corporate in which he, or any other person connected with him is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he or any person connected with him do not hold an interest in one per cent. or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;
- (e) any contract, arrangement, transaction or other proposal for the benefit of employees of the Company which does not accord him any privilege or benefit not generally accorded to the employees to whom the scheme relates; and
- (f) any contract, arrangement or transaction concerning any insurance which the Company is to purchase and/or maintain for, or for the benefit of, any Directors or persons including Directors.

If any question shall arise at any meeting as to an interest or as to the entitlement of any Director to vote such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed

***Director may have interests***

Subject to the provisions of CA 2006 and further provided that a Director declares his interest, a Director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (b) may hold any other office or place of profit under the Company (except that of auditor (being the auditor of the Company from time to time) or of auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by itself or through his firm in a professional capacity for the Company and in any such case on such terms as to remuneration and otherwise as the remuneration committee may arrange either in addition to or in lieu of any remuneration provided for by any other article;
- (c) may be a member of or a director or other officer, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by or promoting the Company or in which the company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate; and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

***9. Untraced Members***

The Company shall be entitled to sell at the best price reasonably obtainable any share of a member or any share to which a person is entitled by transmission if and provided that:

- (a) during the period of 12 years prior to the date of the publication of the advertisements referred to below (or if published on different dates, the earlier or earliest of them) the Company has paid at least 3 dividends and no cheque, order or warrant has been cashed;
- (b) on or after expiry of the said period of 12 years the Company has given notice of its intention to sell such share by advertisements in both a national daily newspaper published in the UK and in a newspaper circulating in the area in which the last known address of such member or person appeared;

- (c) the said advertisements, if not published on the same day, shall have been published within 30 days of each other; and
- (d) during the further period of 3 months following the date of publication of the said advertisements (or, if published on different dates the later or latest of them) and prior to the exercise of the power of sale the Company has not received any communication in respect of such share from the member or person entitled by transmission.

To give effect to any sale of shares pursuant to this article the Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the register notwithstanding the absence of any share certificate being lodged in respect of it and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

#### *10. Distribution of Realised Capital Profits*

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the registrar of companies of its intention to carry on business as an investment company (a "Relevant Period") distribution of the Company's capital profits (within the meaning of section 833 of the CA 2006) shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period all surpluses arising from the realisation or revaluation of investments and all other monies realisation on or derived from the realisation, payment off of or 32 other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve.

Subject to the CA 2006, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realisation on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to the CA 2006, any expenses, loss or liability (or provision thereof) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that notwithstanding any other provision of the Articles during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company.

#### *11. Transfer or Sale under Section 110, Insolvency Act 1986*

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to section 110, Insolvency Act 1986 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

#### *12. Duration of the Company*

In order for the future of the Company to be considered by the members, the Board shall at the annual general meeting of the Company falling after the tenth anniversary of the last allotment of shares in the Company and thereafter at five yearly intervals, invite the members to consider whether the Company should continue as a venture capital trust and if such resolution is not carried the Board shall within 9 months of that meeting convene a general meeting to propose:

- (a) a special resolution for the reorganisation or reconstruction of the Company; and
- (b) to wind up the Company voluntarily, provided that if the special resolution referred to at paragraph (a) is not passed the shareholders voting in favour of this resolution shall be deemed to have such number of additional votes as are required to pass such resolution to wind up

### *13. Uncertificated Shares*

The Board may make such arrangements as it sees fit, subject to the CA 2006, to deal with the transfer, allotment and holding of shares in uncertificated form and related issues.

### *14. Indemnity and Insurance*

The Company shall indemnify the directors to the extent permitted by law and may take out and will maintain insurance for the benefit of the directors.

## PART 4: TAXATION

### Tax Considerations for Investors

Individuals who subscribe for D Shares must be aged 18 or over to qualify for the tax reliefs outlined below.

#### Relief from Income Tax

An investor subscribing up to £200,000 in the 2016/17 and/or 2017/18 tax years for qualifying shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. If an investor has sold, or if they sell, any shares in Calculus VCT plc within six months either side of the subscription for the D shares, then for the purposes of calculating income tax relief on the D Shares the subscribed amount must be reduced by the amount received from the sale. Relief is also restricted to the amount which reduces the investor's income tax liability to nil.

#### Dividend Relief

An investor who subscribes for or acquires qualifying shares in a VCT (up to a maximum of £200,000 in each of the 2016/17 and 2017/18 tax years) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source.

#### Capital Gains Tax Relief

A disposal by an individual investor of his/her shares in a VCT will neither give rise to a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is also limited to disposals of shares acquired within the £200,000 annual limit described above.

#### Loss of Tax Reliefs

- (i) If a company which has been granted approval or provisional approval as a VCT subsequently fails to comply with the conditions for approval, VCT status may be withdrawn or treated as never having been given. The exemptions from corporation tax on capital gains will not apply to any gain realised after VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).
- (ii) For investors, the withdrawal of VCT status may (depending upon the timing of such withdrawal) result in:
  - repayment of the 30% income tax relief on subscription for new VCT shares;
  - income tax becoming payable on subsequent payments of dividends by the VCT; and
  - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the company, except that any part of the gain attributable to the period for which the VCT was approved would be exempt.
- (iii) The consequences for investors in a company which never obtains full unconditional approval as a VCT are as follows:
  - repayment of the 30% income tax relief on subscriptions for new VCT shares and interest on overdue tax may arise;
  - income tax becoming payable on all payments of dividends by the company; and
  - any gain arising on a disposal of the shares would be liable to capital gains tax and losses on the shares would be allowable losses for capital gains tax purposes.

### **Consequences of an investor dying or a transfer of shares between spouses**

#### **(i) Initial income tax**

If an investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.

#### **(ii) Tax implications for the beneficiary**

Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to tax-free dividends and will not pay capital gains tax on any disposal, but will not be entitled to any initial income tax relief.

#### **(iii) Transfer of shares between spouses**

Transfers of shares in a VCT between spouses is not deemed to be a disposal and, therefore, all tax reliefs will be retained.

### **Tax Position of the Company**

VCTs are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. The Company will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

### **Qualification as a VCT**

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on a regulated market;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares or securities in Venture Capital Investments, of which 70% by VCT Value must be in eligible shares;
- (e) have at least 10% by VCT Value of each Venture Capital Investment in eligible shares;
- (f) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- (g) not retain more than 15% of its income derived from shares and securities in any accounting period; and
- (h) not repay capital to shareholders, derived from relevant shares issued after 5 April 2014, until a period of three years beginning at the end of the accounting period of the VCT in which the relevant shares were issued has elapsed;
- (i) not make an investment in a company over seven years old (10 years for 'knowledge intensive' companies) unless certain exemptions apply;
- (j) not make an investment in a company which causes the company to have received more than £5 million of State aid risk finance in any 12 month period, or £12 million over that company's lifetime (£20 million for 'knowledge intensive' companies); and
- (k) not make an investment in a company where the money is used to acquire another business.

### **Venture Capital Investments**

A Venture Capital Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Chapter 3 and 4 of Part 6 of the ITA 2007.

The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding. In addition, to be qualifying holdings, VCT funds must invest in companies which have no more than 250 full time (equivalent) employees and do not obtain more than £5 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise

Investment Scheme (EIS) in any rolling 12 month period. VCT investments in companies carrying on business in joint venture are limited to £1 million in any rolling 12 month period in aggregate across the companies which are party to the joint venture.

### **Qualifying Companies**

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

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

### **Approval as a VCT**

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval.

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

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

The Company has received HMRC provisional approval as a VCT.

### **Withdrawal of Approval**

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

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

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

Breaches of the age restriction, no business acquisition condition and the investment limit condition mentioned above can each have the effect that VCT approval is withdrawn.

### **General**

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

Non resident investors, or investors who may become non resident, should seek their own professional advice as to the consequences of making an investment in a VCT, because they may be subject to tax in other jurisdictions.

#### **Stamp duty and stamp duty reserve tax**

No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of VCT shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of

the consideration paid where the total consideration exceeds £1,000 or if it forms part of a series of transactions where the total consideration exceeds £1,000. Such duties would be payable by a person who purchases such shares from the original subscriber.

#### **Purchases in the market after listing**

Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.

#### **The VCT Regulations 2004**

Under the VCT Regulations, monies raised by any further issue of shares by an existing VCT are subject to a grace period of three years before they must be applied in making investments which meet the VCT qualifying thresholds. However, to the extent any of the money raised (save for an insignificant amount in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares then this grace period shall not apply.

**The above is only a summary of the tax position of individual investors in VCTs and is based on the Company's understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of their investing in a VCT. All tax reliefs referred to in this document are UK tax reliefs and are dependent on the Company maintaining its VCT qualifying status.**

## PART 5: FINANCIAL INFORMATION ON THE COMPANY

### Financial Information

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

The annual reports referred to above were all prepared in accordance with UK generally accepted accounting practice (GAAP) and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" November 2014 (SORP). The Company confirms that the annual financial statements of the Company for the years ended 28 February 2014 and 28 February 2015, which were prepared under UK GAAP, were presented and prepared in a form which is consistent with that adopted in the annual financial statements for the year ended 29 February 2016, which were prepared under FRS 102, having regard to accounting standards, policies and legislation applicable to such annual financial statements, in so far as there are no material differences between the financial statements for this year prepared under these two accounting frameworks.

The annual reports contain a description of the Company's financial condition, changes in financial condition and results of operations for each relevant year and those sections of the annual reports and half-yearly reports detailed below, which are incorporated by reference into this document, can be accessed at the Calculus website ([www.calculuscapital.com](http://www.calculuscapital.com)) and are available for inspection through the national storage mechanism, which can be accessed at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM). Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

| Description                                                   | 2016<br>Unaudited<br>Interim Report | 2016<br>Annual Report | 2015<br>Unaudited<br>Interim Report | 2015<br>Annual Report | 2014<br>Annual Report |
|---------------------------------------------------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|
| Balance sheet                                                 | pages 22-25                         | page 41               | pages 20-23                         | page 46               | page 49-51            |
| Income statement<br>(or equivalent)                           | pages 14-17                         | page 35-36            | pages 13-15                         | page 42               | page 45-46            |
| Statement showing all<br>changes in equity<br>(or equivalent) | pages 18-21                         | page 37-38            | pages 16-19                         | pages 44-45           | pages 47-48           |
| Cash flow statement                                           | pages 26-29                         | page 42-43            | pages 24-27                         | page 49-50            | page 52-53            |
| Accounting policies<br>and notes                              | pages 30-36                         | pages 44-66           | pages 28-34                         | pages 51-71           | pages 54-74           |
| Auditors' report                                              | N/A                                 | Pages 31-34           | N/A                                 | page 39-41            | page 42-44            |

This information has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Manager's Report" and "Portfolio Summary" in the published audited statutory accounts of the Company for the periods stated.

The reports also include operating/financial reviews as follows:

| Description                            | 2016                        | 2016                  | 2015                        | 2015                  | 2014                  |
|----------------------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|
|                                        | Unaudited<br>Interim Report | Annual Report         | Unaudited<br>Interim Report | Annual Report         | Annual Report         |
| Objectives                             | page 1                      | Inside<br>front cover | page 1                      | Inside<br>front cover | Inside<br>front cover |
| Financial highlights                   | page 1-2                    | page 1                | page 1-2                    | page 1                | page 1                |
| Chairman's statement                   | N/A                         | pages 1-2             | N/A                         | pages 2-3             | pages 2-3             |
| Manager's report                       | pages 4-9                   | pages 3-14            | pages 2-5                   | pages 4-18            | pages 4-17            |
| Portfolio summary<br>(Ordinary Shares) | page 10                     | page 15               | page 6-7                    | page 18               | page 19               |
| Portfolio summary<br>(C Shares)        | page 11                     | page 16               | page 7-8                    | page 19               | page 20               |
| Portfolio summary<br>(D Shares)        | page 12                     | N/A                   | N/A                         | N/A                   | N/A                   |
| Investment policy                      | N/A                         | Page 17               | N/A                         | pages 20-22           | pages 21-23           |

### Working Capital

In the opinion of the Company the working capital is sufficient for the Company's present requirements, being at least 12 months from the date of this document.

### Net Assets

The Offer will have a positive impact on the net assets of the Company by increasing its net assets by the same amount as the net funds raised and is expected to have a positive impact on earnings.

### Capitalisation and Indebtedness

As at 31 August 2016, being the date of most recent unaudited half yearly results of the Company, the Company has incurred no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, indirect or contingent. The Company has the power to borrow, details of which are set out on pages 36 – 37, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 31 August 2016 was as follows:

| Shareholders'<br>Equity      | Ordinary<br>Share Fund<br>£'000 | C Share Fund<br>£'000 | D Share Fund<br>£'000 | Total<br>£'000 |
|------------------------------|---------------------------------|-----------------------|-----------------------|----------------|
| Called-up share capital      | 47                              | 19                    | 18                    | 84             |
| Share premium                | -                               | -                     | 1,785                 | 1,785          |
| Special reserve              | 1,160                           | 1,368                 | -                     | 2,528          |
| Capital reserve - realised   | 648                             | (42)                  | (9)                   | 597            |
| Capital reserve - unrealised | (90)                            | 277                   | (3)                   | 184            |
| Revenue reserve              | (420)                           | (171)                 | (22)                  | (613)          |
| Total                        | 1,345                           | 1,451                 | 1,769                 | 4,565          |

There has been no material change to the Company's capitalisation or indebtedness since 31 August 2016.

## **PART 6: ADDITIONAL INFORMATION**

### **Incorporation and Registered Office**

- 1.1 The legal and commercial name of the Company is Calculus VCT plc.
- 1.2 The Company was incorporated and registered in England and Wales as a public company with limited liability on 1 February 2010 with registered number 07142153. The Company was issued with a trading certificate under section 761 of CA 2006 on 18 February 2010.
- 1.3 The principal legislation under which the Company operates is the CA 2006 and regulations made thereunder. The Company operates in conformity with its articles of association, key provisions of which are set out on pages 32 – 41.
- 1.4 The Company's registered office and principal place of business is at 104 Park Street, London W1K 6NF. The Company is domiciled in England. The Company does not have, nor has it had since incorporation, any subsidiaries or employees nor is it a member of a group of companies.
- 1.5 The Company received provisional approval from HM Revenue & Customs as a VCT under section 259 of the ITA 2007. The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval. The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described on pages 17 – 19.
- 1.6 In order for the future of the Company to be considered by the members, the Directors shall procure that a resolution will be proposed at the tenth annual general meeting after the last allotment of shares (and thereafter at five yearly intervals) to the effect that the Company shall continue as a venture capital trust. If, at such meeting, the resolution is not passed, the Directors shall, within nine months of the meeting, convene a general meeting to propose a special resolution for the re-organisation or reconstruction of the Company and a resolution to wind up the Company voluntarily. If the resolution to wind up the Company is not passed the Company shall continue as a venture capital trust.
- 1.7 The Company is not authorised and/or regulated by the FCA or an equivalent overseas regulator. The Company is subject to the requirements for VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. The Company is not otherwise regulated.
- 1.8 The Company's existing Ordinary Shares, C Shares and D 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 with ISINs of GB00B631ZQ22, GB00B3RNDW55 and GB00BYQPF348 respectively.
- 1.9 An application will be made to the UK Listing Authority for the Offer Shares to be admitted to the Official List and to the London Stock Exchange plc for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission to the Official List will become effective and that dealings in the new D Shares will commence three Business Days following allotment.

### **Share Capital**

- 2.1 The issued share capital of the Company on incorporation was twenty Ordinary Shares, nil paid to the subscribers to its Memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 To enable the Company to register as a public limited company and to obtain a certificate under section 761 of CA 2006, on 10 February 2010, 5,000,000 redeemable shares were allotted by the Company at par for cash, paid up as to one quarter of their nominal value. On 29 June 2010 such redeemable shares were paid up in full and redeemed out of the proceeds of the original offer on launch of the Company and then were automatically cancelled as issued and the Articles were amended by the deletion of all references to the redeemable shares and the rights attaching to them.
- 2.3 As at 1 March 2013, the date from which the financial information set out in Part 2 Section C has been prepared, 4,738,463 Ordinary Shares and 1,931,095 C Shares were in issue. At 31 August 2016, 4,738,463 Ordinary Shares, 1,931,095 C Shares and 1,812,084 D Shares were in issue.
- 2.4 The Company has issued no further Ordinary Shares or C Shares since 31 August 2016, nor has it undertaken any buy-backs. On 24 October 2016, the Company issued 2,001,471 D Shares at an average subscription price of £1.0241 per share.

2.5 The following resolutions, inter alia, are to be proposed at a General Meeting of the Company to be held on 19 January 2017:

2.5.1 That:

2.5.1.1 the directors of the Company be authorised in accordance with section 551 of the CA 2006 to exercise all the powers of the Company to allot D ordinary shares of 1p each in the Company ("D Shares") and to grant rights to subscribe for or to convert any security into D Shares in the Company ("D Share Rights") up to an aggregate nominal amount of £150,000, 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 D Shares to be allotted or D Share Rights to be granted after such expiry; and

2.5.1.2 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 2.5.1.1 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 shall expire on the conclusion of the annual general meeting of the Company to be held in 2016 and provided further that this power shall be limited to:

- (a) the allotment and issue of D Shares with an aggregate nominal value representing up to £150,000 in connection with an offer for subscription for D Shares made pursuant to a prospectus published by the Company on 25 November 2016 ("D Share Offer"); and
- (b) the allotment and issue of D Shares with an aggregate nominal value representing up to 10 per cent. of the issued D Share capital of the Company immediately following close of the D Share Offer, where the proceeds may in whole or part be used to purchase D Shares.

2.6 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561(1) of CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the unissued share capital of the Company which is not subject to the disapplication referred to in paragraph 2.5 above.

2.7 Following the issue of the D Shares pursuant to the Offer (assuming full subscription and ignoring costs) the issued share capital of the Company is expected to be approximately:

| Shares Issued |           |                 |
|---------------|-----------|-----------------|
| Class         | Number    | Nominal Value £ |
| Ordinary      | 4,738,463 | 47,384.63       |
| C Shares      | 1,931,095 | 19,310.95       |
| D Shares      | 7,713,555 | 77,135.55       |

2.8 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by the Company in the future, the holders of fully paid Ordinary Shares, C Shares and D Shares will be entitled pari passu amongst themselves in proportion to the number of Ordinary Shares, C Shares or D Shares held by them to share in the whole of the profits of the Company attributable to the Ordinary Shares, C Shares or D Shares (as the case may be) which are paid out as dividends and in the whole of any surplus attributable to the Ordinary Shares, C Shares or D Shares (as the case may be) in the event of a liquidation of the Company.

2.9 The D Shares to be issued pursuant to the Offer will be in registered form and no temporary documents of title will be issued. The Company is registered with CREST, a paperless settlement system and those Shareholders who wish to hold their D Shares in electronic form may do so.

- 2.10 Except as disclosed in this paragraph 2 above (including pursuant to the Offer), and except for commission payable to authorised financial intermediaries in connection with the Offer, no share or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commission, discount, brokerage or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option. No shares of the Company represent anything other than capital, there are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.

### **Management and Administration**

- 3.1 The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for its affairs. The Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of the Company. Calculus Capital and Investec Structured Products have been appointed as discretionary investment managers on the terms set out below. However, as noted above, Investec Structured Products has served notice that it will cease to act as investment manager of the Company.
- 3.2 Calculus Capital and Investec Structured Products have and will have sufficient and satisfactory relevant experience in advising on investments of the size and type in which the Company proposes to make. The Directors will also ensure that the Board and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 3.3 As is customary in the private equity industry, Calculus Capital will retain the right to charge arrangement and syndication fees to the private companies in which the Company invests. Such charges are in line with industry practice. The costs of all deals that do not proceed to completion will be borne by Calculus Capital and not by the Company. Calculus Capital may also receive ongoing directors' fees and monitoring fees from the investee companies as appropriate and in line with market practice. Investec Structured Products shall receive an arrangement fee of 0.75 per cent. of the amount invested in each Structured Product for as long as it is appointed as discretionary investment manager. This arrangement fee shall be paid to Investec Structured Products by the issuer of the relevant Structured Product. Further details regarding this arrangement fee are available upon request. No arrangement fee will be paid to Investec Structured Products in respect of any decision to invest in Investec Issued Structured Products. Investec Structured Products will not receive any annual management fees.
- 3.4 All unquoted investments will be valued in accordance with IPEV Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter are valued at fair value. Investment in AIM quoted or ISDX-listed companies and the Structured Products or other quoted investments will be valued at the bid price of the shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. The Company's net asset value will be calculated quarterly and published on an appropriate regulatory information service.
- 3.5 The Company has appointed its manager Calculus Capital to provide company secretarial services for an annual fee of £15,000. The services to be provided will include all necessary secretarial, bookkeeping and accounting services required in connection with the business and operation of the Company.
- 3.6 PricewaterhouseCoopers LLP will provide legal advice and assistance in relation to the maintenance of the VCT status of the Company and will receive usual hourly rates or fees as agreed with the Directors in connection with other VCT tax and legal advice and assistance. If requested by the Company, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of the Company to ensure continuing compliance.
- 3.7 While the Company is still invested in Structured Products, Investec Bank plc will act as custodian in relation to the Company's Structured Product assets (save for in relation to the unquoted assets and near cash investments which are held in the Company's own name or that of an appointed nominee), and in this capacity, is responsible for ensuring safe custody and dealing and settlement arrangements. Investec Bank plc also acts as custodian for the Company's AIM quoted qualifying investments. The Company otherwise has custody of its own assets.

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

3.9 Annual expenses for the Company are subject to a cap of 3.0 per cent. of the gross amount raised under the Ordinary Share and C Share offers and 3.4 per cent. of the gross amount raised by D Share offers, excluding irrecoverable VAT, annual trail commission and performance incentive fees with any excess to be paid by Calculus Capital.

Annual running costs include, inter alia, Directors' fees, fund administration fees, fees for audit, taxation and legal advice, registrar's fees, costs of communicating with Shareholders and annual trail fee (set out below). Assuming full subscription, the Board estimates that the annual running costs of the Company will be approximately 3.6 per cent. (excluding annual trail commission) of its net assets (excluding irrecoverable VAT) in the first accounting period (calculated on an annualised basis).

3.10 The members of the Board, other than John Glencross, also comprise the members of the audit committee of the Company, with Michael O'Higgins being the chairman. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year to consider, amongst other things, the following:

- . monitoring the integrity of the financial statements of the Company;
- . reviewing the Company's internal control and risk management systems;
- . making recommendations to the Directors in relation to the appointment of the external auditor;
- . reviewing and monitoring the external auditor's independence and objectivity; and
- . implementing and reviewing the Company's policies on the engagement of the external auditor to supply non-audit services.

3.11 Given the structure of the Company and the Board, the Board does not believe it necessary to appoint a remuneration committee or a nomination committee. The roles and responsibilities of these committees will be reserved for consideration and decision by the Board. In particular, the following matters will be reviewed:

- . the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role;
- . comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards; and
- . composition and balance of skills, knowledge and experience of the Directors and would make nominations to the Directors in the event of a vacancy (new Directors are required to resign at the annual general meeting following appointment and then thereafter every three years).

3.12 As at the date of this document the Company has adopted the provisions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council in September 2012. The Company will continue to comply with such provisions following close of the Offer save as set out above and as follows:

- . Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the Articles that all Directors retire by rotation at the annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code); and
- . in light of the responsibilities retained by the Board and the Audit Committee and of the responsibilities delegated to Calculus Capital, Investec Structured Products, Capita Registrars and PricewaterhouseCoopers, the Company has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable.
- . Given the structure of the Company, and the Board, the Board does not believe it necessary to appoint separate remuneration or nomination committees and the roles and responsibilities normally reserved for these committees are resolved by the Board.
- . The Company does not have an internal audit function as all of the Company's management

functions are performed by third parties whose internal controls are renewed by the Board. The need for an internal audit function is renewed annually by the Board.

## **Material Contracts**

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

- 4.1 An investment management agreement dated 2 March 2010, between the Company (1) and Investec Structured Products (2) pursuant to which Investec Structured Products has agreed to act as discretionary investment manager to the Company in respect of the Structured Products portfolio. The agreement is for an initial period up to 14 December 2015 and the appointment may be terminated on 12 months' notice expiring on 14 December 2015 or at any time thereafter. The appointment of Investec Structured Products will automatically terminate on the date that the Company no longer has investments in Structured Products in the Ordinary Shares Fund. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Investec Structured Products has agreed not to receive a fee in relation to its appointment under this agreement. Investec Structured Products shall receive a commission of 0.75 per cent. of the amount invested in each Structured Product payable by the issuer of the relevant Structured Product (save for Structured Products issued by Investec Bank plc). Investec Structured Products agreed under this agreement to meet the annual expenses of the Company in excess of 3.0 per cent. of the gross amount raised pursuant to the original 2010 offer of Ordinary Shares for the first five financial years of the Company. The agreement contains normal provisions indemnifying Investec Structured Products in respect of loss and/or liability incurred in the provision of services pursuant to the agreement (save in circumstances of its wilful default, negligence or fraud). Pursuant to a letter to the Company dated 23 June 2015, Investec Structured Products' engagement as manager of the Ordinary Share Fund determined on 24 June 2016.
- 4.2 A supplemental investment management agreement dated 7 January 2011 between the Company (1) and Investec Structured Products (2) pursuant to which Investec Structured Products has agreed to act as discretionary investment manager to the C Shares Fund of the Company in respect of the Structured Products portfolio. The agreement is for an initial period up to the 14 March 2017, and the appointment may be terminated on 12 months' notice expiring on or after that date. The appointment of Investec Structured Products will automatically terminate on the date that the Company no longer has investments in Structured Products in the C Shares Fund. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Pursuant to this agreement the terms of the Ordinary Share Fund agreement set out at paragraph 4.1 above will apply, mutatis mutandis, to the C Shares Fund.
- Pursuant to a letter to the Company dated 23 June 2015, Investec Structured Products' engagement as manager of the C Shares Fund will determine no later than 14 March 2017.
- 4.3 An investment management agreement dated 2 March 2010, between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the Company in respect of the Venture Capital Investments portfolio and to advise in respect of the Company's investments in near cash assets. The agreement covered an initial period up to 14 December 2015 and the appointment may be terminated on 12 months' notice expiring on 14 December 2015 or at any time thereafter. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Calculus Capital receives an annual management fee of 1 per cent. of the net assets of the Company, calculated and payable quarterly in advance, together with any applicable VAT thereon. Calculus Capital may retain the right to charge arrangement and syndication fees to the private companies in which the Company invests and may also receive on-going directors' fees and monitoring fees from such investee companies. The agreement contains normal provisions indemnifying Calculus Capital in respect of loss and/or liability incurred in the provision of services pursuant to the agreement (save in circumstances of its wilful default, negligence or fraud).
- 4.4 A supplemental investment management agreement dated 7 January 2011 between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the C Shares Fund of the Company in respect of the Venture Capital Investments portfolio and to advise in respect of the C Share Funds' investments in near cash assets. The agreement is for an initial period up to the 14 March 2017, and the appointment may

be terminated on 12 months' notice expiring on or after that date. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Pursuant to this agreement the terms of the Ordinary Share Fund agreement set out at paragraph 4.3 above will apply, mutatis mutandis, to the C Shares Fund (pursuant to which, for the avoidance of doubt, Calculus Capital's entitlement to receive an annual management fee of 1 per cent. of the net assets of the Company is in respect of investment management services provided across both the Ordinary Shares Fund and the C Shares Fund).

- 4.5 A performance incentive agreement between the Company (1), Investec Structured Products (2) and Calculus Capital (3) dated 2 March 2010 pursuant to which Investec Structured Products and Calculus Capital will each be entitled to 10 per cent. of dividends paid to Ordinary Shareholders provided that the performance conditions set out below are achieved. Investec Structured Products and Calculus Capital will each receive a performance incentive fee payable in cash of an amount equal to 10 per cent. of dividends and distributions paid to Ordinary Shareholders following the payment of such dividends and distributions provided that Ordinary Shareholders have received or been offered an interim return of at least 70p per Ordinary Share on or before 14 December 2015 and aggregate distributions of at least 105p per Ordinary Share have been paid (including the relevant distribution being offered). Such performance incentive fees will be paid within ten business days of the payment of the relevant dividend or distribution. If the appointment of either of the Managers as investment manager to the Company is terminated by the Company as a result of a material breach by the Manager concerned of the provisions of the investment management agreement between it and the Company, no further performance incentive will be payable to the Manager concerned. If the appointment of Investec Structured Products is terminated for any other reason, it will continue to be entitled to the performance incentive. If the appointment of Calculus Capital is terminated for any other reason, it will be entitled to a performance incentive in respect of distributions paid during the period of five years after the date of termination, but the amount payable to it shall reduce pro rata during that period and no performance incentive will be payable in respect of distributions made thereafter.

- 4.6 A performance incentive agreement dated 7 January 2011 between the Company (1), Investec Structured Products (2) and Calculus Capital (3) pursuant to which Investec Structured Products and Calculus Capital will each be entitled to performance incentive fees as set out below:

- 10 per cent. of C Shareholder proceeds in excess of 105p and up to and including 115p per C Share, such amount to be paid within ten business days of the date of payment of the relevant dividend or distribution pursuant to which a return of 115p per C Share is satisfied; and
- thereafter, 10 per cent. of C Shareholder proceeds, such amounts to be paid within ten business days of the date of payment of the relevant dividend or distribution,

provided in each case that C Shareholders have received or been offered a C Shares Fund interim return of at least 70p per C Share on or before 14 March 2017 and at a least a further 45p per C Share having been received or offered for payment on or before 14 March 2019. In addition, performance incentive fees in respect of the C Shares Fund will only be payable in respect of dividends and distributions paid or offered on or before 14 March 2019. The terms of this agreement will otherwise be materially the same as those for the arrangements for the Ordinary Shares Fund and as is more particularly described in paragraph 4.5 above.

- 4.7 A supplemental investment management agreement dated 26 October 2015 between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital has agreed to act as discretionary investment manager to the D Shares Fund of the Company in respect of the Venture Capital Investments portfolio and to advise in respect of the D Share Funds' investments in near cash assets and which gives the Shareholders of all classes the benefit of annual running cost caps to be provided by Calculus Capital. The agreement is for an initial period of five years, and the appointment may be terminated on 12 months' notice expiring on or after that date. This appointment may also be terminated (inter alia) in circumstances of material breach by either party. Pursuant to this agreement the terms of the Ordinary Share Fund agreement set out at paragraph 4.3 above will apply, mutatis mutandis, to the D Shares Fund save that Calculus Capital shall be entitled to receive an annual management fee of 1.75 per cent. of the net assets of the Company in respect of investment management services provided to the D Share Fund. This agreement provides that in the event that any of the share classes are merged, the terms attributable to the merged class shall be those currently attributable to the D Share class except that the new cost cap will be the aggregate of the cost caps applicable to the classes to be

merged classes. Furthermore, Calculus Capital provides company secretarial services as part of its investment management services to the Company, for an additional annual fee of £15,000, terminable on three months' notice, and the terms of this appointment are contained in the schedule to this agreement.

- 4.8 A performance incentive agreement dated 26 October 2015 between the Company (1) and Calculus Capital (2) pursuant to which Calculus Capital will be entitled to a performance incentive fee equal to 20 per cent. of D Shareholder proceeds in excess of 105p to be paid within ten business days of the date of payment of the relevant dividend or distribution pursuant to which a return of 105p per D Share is satisfied and otherwise on similar terms, mutatis mutandis, to the performance incentive agreement noted at 4.5 above.
- 4.9 A sponsor's agreement dated 5 September between the Company (1) and SPARK Advisory Partners Limited (2) whereby SPARK Advisory Partners Limited agreed to act as sponsor in relation to the Offer. The agreement contained warranties given by the Company and the Directors to SPARK. The Company will pay a fee to SPARK of £20,000 for sponsor services relating to the Offer.
- 4.10 A promoter's agreement dated 25 November 2016 between the Company (1), the Directors (2) Calculus Capital (3) whereby Calculus Capital agreed to act as promoter in connection with the Offer. The agreement contains warranties given by the Company and the Directors to Calculus Capital (as the promoter). The Company will pay to Calculus Capital a promoters fee of 3.0 per cent. (in respect of Investors through intermediaries) and 5.0 per cent. (in respect of direct investors) of the gross amount subscribed under the Offer out of which certain costs, charges and expenses of or incidental to the Offer will be paid. The Company will bear the costs of paying commission to the authorised intermediaries of investors under the Offer.

#### **Miscellaneous**

- 5.1 There has been no significant change in the financial or trading position of the Company which has occurred since 31 August 2016, being the date of the last financial period for which interim unaudited financial information has been published.
- 5.2 The Board believes that the Offer will result in a significant change to the Company, including an increase in its earnings and in the net assets of an amount equivalent to the net proceeds received under the Offer, expected to be approximately £3.8 million assuming full subscription.
- 5.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which the Company is aware) during the period from the incorporation of the Company which may have or had in the recent past significant effects on the Company's financial position or profitability.
- 5.4 The issue costs payable directly by the Company are limited to annual trail commission of 0.5% (subject to a cumulative maximum of 3.0%) in respect of applications from professional client Investors and Non Advised Investors and the professional fees of its advisers. Investors will bear the costs of the Promoter's Fee of 3.0% (or 5.0% depending on the category of Investor) and any up front commission or adviser charges payable through the application of the Pricing Formula.
- 5.5 The issue premium for the D Shares will be the difference between the issue price of the D Shares under the Offer and their nominal value of 1 penny. The Offer is not underwritten.
- 5.6 The Company has paid dividends amounting to 70.05p per Ordinary Share and 22.5p per C Share since incorporation to date.
- 5.7 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described on pages 17 – 19 and in accordance with the VCT Rules.
- 5.8 The typical investor for whom investment in the Company is designed is a retail investor who is an individual higher rate tax payer aged 18 or over, with an investment range of £5,000 and £200,000, who is capable of understanding and is comfortable with the risks of VCT investment, and who is resident in the United Kingdom.
- 5.9 Calculus Capital is responsible for the determination and calculation of the Company's net asset value, which will be prepared quarterly for approval by the Directors in accordance with the International Private Equity and Venture Capital Association ("IPEVC") valuation guidelines. The net asset value of the Company will be communicated to investors through a Regulatory Information Service provider at the same frequency as the determinations. The calculation of

the net asset value would only be suspended in circumstances where the underlying data necessary to value the investments of the Company could not readily, without undue expenditure, be obtained. In the event of a suspension, valuations are held at the suspended price and a view is taken with consideration to best market practice and information from advisers. Shareholders will be notified of any suspension by announcement through a Regulatory Information Service.

- 5.10 Calculus Capital may retain for its own benefit and without liability to account to the Company (subject to full disclosure having been made to the Board) any arrangement fees and directors' or monitoring fees which it receives in connection with any investments made by the Company. The Company will not be liable for legal, accounting and any other fees incurred on potential investments which do not proceed to completion.
- 5.11 Calculus Capital Limited has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.
- 5.12 Investec Structured Products has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.
- 5.13 SPARK Advisory Partners Limited has consented to the issue of the Prospectus with the inclusion of references to their name appearing in the form and context in which they appear.
- 5.14 The Company and the Directors consent to the use of the Prospectus by financial intermediaries in the UK, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries. The Offer is expected to close on 28 April 2017, subject to the Offer not having closed at an earlier date (if fully subscribed or otherwise at the Directors discretion) or unless previously extended by the Directors. There are no conditions attaching to this consent.
- 5.15 **Any financial intermediary using the Prospectus is required to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto. In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.**
- 5.16 Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## ***Other Information***

### **Shareholders**

As at 24 November 2016 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FCA, a holding of 3 per cent. or more must be notified to the Company). No shareholders have different voting rights. To the best of the knowledge and belief of the Directors, the Company is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.

### **Investor Communications**

The Directors recognise the importance of maintaining regular communications with Shareholders. Calculus Capital will accordingly publish information on new investments and the progress of companies within the Company's portfolio from time to time.

### **Reporting Dates**

|                                                                            |             |
|----------------------------------------------------------------------------|-------------|
| Year end                                                                   | 28 February |
| Announcement and publication of annual report and accounts to shareholders | June        |
| Announcement and publication of interim results                            | October     |

## **D Shares**

The securities being offered pursuant to the Offer are D ordinary shares of one penny each (ISIN: GB00BYQPF348). The D Shares will be allotted and issued pursuant to resolutions to be proposed at the General Meeting and under the Companies Act 2006. All Shareholders will have the same voting rights in respect of the existing share capital of the Company. No change may be made to the rights attaching to D Shares without the separate approval of the holders of D Shares.

The D Shares are a separate class from the Company's Ordinary Shares and C Shares. All investments and cash attributable to the Ordinary Share Fund and C Share Fund will be kept separate from the D Share Fund. Accordingly investors in the D Shares will have immediate exposure to investments in the D Shares Fund but will not have any immediate exposure to the investment gains and losses of the Ordinary Share Fund and C Share Fund, although the Company expects to merge the Company's three share classes by June 2017.

Generally, the holders of D Shares will have the exclusive right to distributions from the assets within the D Share Fund but not from the assets attributable to other shares and equally the holders of other shares will continue to have the exclusive right to distributions from assets attributable to such shares respectively but not from assets attributable to D Shares. However, the Articles do make provision for the assets or revenue of a particular class to be used to pay dividends in respect of a different class on an interim basis provided these are duly accounted for from the assets of the class in receipt of such a dividend and the Directors in their discretion considering such an arrangement to be for the benefit of the Company as a whole.

All Shareholders will share the benefit of spreading the Company's fixed administration costs over a wider asset base. D Shareholders will be entitled to receive certificates in respect of their D Shares and the D Shares will also be eligible for electronic settlement.

## **General Meeting - Resolutions Relating to the Offer**

The Offer needs to be approved by Shareholders in order to proceed. Accordingly a general meeting of the Company has been convened for 19 January 2017 at the offices of Calculus Capital, 104 Park Street, London W1K 6NF. In summary Shareholders' approval is being sought for the Company to:

- authorise the Directors to allot D Shares pursuant to the Offer;
- dis-apply statutory pre-emption rights for these purposes; and
- authorise the Company to reduce its share premium account subject to confirmation by an order of the High Court.

## **Documents available for Inspection**

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

- the Memorandum and Articles of the Company;
- the material contracts referred to in paragraph 4 of Part 6 of this document;
- the circular to shareholders dated 25 November 2016;
- the consent letters set out in paragraph 5.11 to 5.13 of Part 6 of this document; and
- this Prospectus.

## DEFINITIONS

|                               |                                                                                                                                                                        |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>"Admission"</b>            | the date on which the new D Shares are listed on the Official List of the UKLA and admitted to trading on the LSE's main market for listed securities;                 |
| <b>"Adviser Charge"</b>       | fees agreed between a financial intermediary and a Retail Client Investor for giving a personal recommendation to subscribe for Offer Shares                           |
| <b>"AIM"</b>                  | the Alternative Investment Market;                                                                                                                                     |
| <b>"Application Form"</b>     | the application form for use in respect of the Offer;                                                                                                                  |
| <b>"Articles"</b>             | the articles of association of the Company, as amended from time to time;                                                                                              |
| <b>"Board" or "Directors"</b> | the board of directors of the Company;                                                                                                                                 |
| <b>"Business Day"</b>         | any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in the City of London;                                          |
| <b>"CA 1985"</b>              | Companies Act 1985, as amended;                                                                                                                                        |
| <b>"CA 2006"</b>              | Companies Act 2006, as amended;                                                                                                                                        |
| <b>"C Shareholders"</b>       | holders of C Shares;                                                                                                                                                   |
| <b>"C Shares"</b>             | C ordinary shares of 1p each in the capital of the Company;                                                                                                            |
| <b>"C Shares Fund"</b>        | 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); |
| <b>"Calculus Capital"</b>     | Calculus Capital Limited, which is authorised and regulated by the FCA;                                                                                                |
| <b>"Capita Registrars"</b>    | a trading name of Capita Registrars Limited;                                                                                                                           |
| <b>"Company"</b>              | Calculus VCT plc;                                                                                                                                                      |
| <b>"CREST"</b>                | the Certificateless Registry for Electronic Share Transfer, operated by Euroclear;                                                                                     |
| <b>"D Shareholders"</b>       | holders of D Shares;                                                                                                                                                   |
| <b>"D Shares"</b>             | D ordinary shares of 1p each in the capital of the Company;                                                                                                            |
| <b>"D Shares Fund"</b>        | the net assets of the Company attributable to the D Shares, including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets;  |
| <b>"FCA"</b>                  | the Financial Conduct Authority;                                                                                                                                       |
| <b>"FSMA"</b>                 | the Financial Services and Markets Act 2000, as amended;                                                                                                               |
| <b>"FTSE 100 Index"</b>       | a capitalisation weighted index of the 100 most highly capitalised companies traded on the London Stock Exchange;                                                      |
| <b>"Group"</b>                | the Company and its subsidiary undertakings (if any);                                                                                                                  |
| <b>"General Meeting"</b>      | the general meeting of the Company to be held on 19 January 2017;                                                                                                      |
| <b>"HMRC"</b>                 | HM Revenue & Customs;                                                                                                                                                  |
| <b>"Interim Return Date"</b>  | 14 December 2015 (in respect of the Ordinary Shares) and 14 March 2017 (in respect of the C Shares);                                                                   |

|                                         |                                                                                                                                                                                                        |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>"Investec Bank plc"</b>              | 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;          |
| <b>"Investec Structured Products"</b>   | the Investec Structured Products team within Investec Bank plc and a trading name of Investec Bank plc;                                                                                                |
| <b>"Investor"</b>                       | a person who subscribes for D Shares pursuant to the Offer;                                                                                                                                            |
| <b>"ISDX-listed"</b>                    | a company listed on the ICAP Securities and Derivatives Exchange, ISDX Growth Market, a prescribed market for the purposes of section 118 of Financial Services and Markets Act 2000 operated by ICAP; |
| <b>"ITA 2007"</b>                       | Income Tax Act 2007, as amended;                                                                                                                                                                       |
| <b>"Listing Rules"</b>                  | listing rules issued by the FCA, acting as the UK Listing Authority, pursuant to Part VI of the FSMA;                                                                                                  |
| <b>"London Stock Exchange" or "LSE"</b> | London Stock Exchange plc;                                                                                                                                                                             |
| <b>"Managers"</b>                       | Calculus Capital and Investec Structured Products (and each a "Manager");                                                                                                                              |
| <b>"Memorandum"</b>                     | the memorandum of association of the Company;                                                                                                                                                          |
| <b>"NAV" or "net asset value"</b>       | the net asset value of a company calculated in accordance with that company's normal accounting policies;                                                                                              |
| <b>"Non Advised Investor"</b>           | an investor who applies under the Offer through a financial intermediary where that intermediary does not make a personal recommendation in respect of the investment ('execution only');              |
| <b>"Offer"</b>                          | the offer for subscription of D Shares as described in the Prospectus;                                                                                                                                 |
| <b>"Offer Shares"</b>                   | those D Share being offered for subscription pursuant to the Offer;                                                                                                                                    |
| <b>"Official List"</b>                  | the official list of the UKLA;                                                                                                                                                                         |
| <b>"Ordinary Shareholders"</b>          | holders of Ordinary Shares;                                                                                                                                                                            |
| <b>"Ordinary Shares"</b>                | ordinary shares of 1p each in the capital of the Company;                                                                                                                                              |
| <b>"Ordinary Shares Fund"</b>           | 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);                          |
| <b>"Performance Incentive"</b>          | the performance incentive arrangements with Calculus Capital described in paragraph 4.8 of Part 6 of this document;                                                                                    |
| <b>"Prospectus"</b>                     | this document, being a prospectus published by the Company dated 25 November 2016;                                                                                                                     |
| <b>"Prospectus Rules"</b>               | the prospectus rules of the UK Listing Authority;                                                                                                                                                      |
| <b>"Qualifying Company"</b>             | an unquoted company carrying on a qualifying trade wholly or mainly in the UK and which satisfies certain other conditions as defined in Chapter 4 Part 6 of the ITA 2007;                             |
| <b>"Qualifying Investors"</b>           | an individual aged 18 or over who subscribes for D Shares within the investor's qualifying subscription limit of £200,000 per tax year;                                                                |
| <b>"Qualifying Investment"</b>          | an investment of the Company which meets the requirements for a qualifying investment under Chapter 4 of Part 6 of the ITA 2007;                                                                       |

|                                         |                                                                                                                                                                                                                                                                                 |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>"Receiving Agent"</b>                | The City Partnership (UK) Limited , in its capacity as receiving agent to the Offer;                                                                                                                                                                                            |
| <b>"Registrar"</b>                      | Capita Registrars, in its capacity as registrars to the Company;                                                                                                                                                                                                                |
| <b>"Shareholder"</b>                    | a holder of Shares;                                                                                                                                                                                                                                                             |
| <b>"Shareholder Proceeds"</b>           | amounts paid by way of dividends or other distributions, share buy-backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by Shareholders in the Company, excluding any income tax relief on subscription; |
| <b>"Shares"</b>                         | shares in the capital of the Company;                                                                                                                                                                                                                                           |
| <b>"SPARK" or the "Sponsor"</b>         | SPARK Advisory Partners Limited, the Company's sponsor;                                                                                                                                                                                                                         |
| <b>"Structured Product(s)"</b>          | 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);                                                                                                            |
| <b>"UK"</b>                             | the United Kingdom;                                                                                                                                                                                                                                                             |
| <b>"UKLA" or "UK Listing Authority"</b> | the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 of the Financial Services and Market Act 2000;                                                                                     |
| <b>"Venture Capital Investments"</b>    | 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 ITA 2007;                                                                                                          |
| <b>"VCT" or "venture capital trust"</b> | a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts; and                                                                                                                                                                        |
| <b>"VCT Rules"</b>                      | the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts.                                                                                                                                               |

## **Terms and Conditions of Application**

**1.** The contract created by the acceptance of applications in the manner herein set out will be conditional upon the Admission of the Offer Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities unless otherwise so resolved by the Board. D Shares will be issued conditional on the relevant Resolutions being passed at the General Meeting. If any application is not accepted or if any application is accepted for fewer Offer Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by the Company in a separate client account.

**2.** The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts.

**3.** By completing and delivering an Application Form, you (as the applicant):

**(a)** irrevocably offer to subscribe for the amount of money specified in your Application Form which will be applied to purchase D Shares, subject to the provisions of (i) the Prospectus, (ii) these Terms and Conditions and (iii) the Memorandum and Articles; and (iv) any document mentioned in paragraph (h) below;

**(b)** authorise the Company's Registrars to send definitive documents of title for the number of D Shares for which your application is accepted and to procure that your name is placed on the registers of members of the Company in respect of such D Shares and authorise the Receiving Agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;

**(c)** agree, in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any D Shares to any persons other than by means of the procedures set out or referred to in the Prospectus, that your application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery by hand of your Application Form duly completed to the Receiving Agent;

**(d)** understand that your cheque or banker's draft will be presented for payment on receipt, and agree and warrant that it will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive certificates for the D Shares applied for or to enjoy or receive any rights or distributions in respect of such D Shares unless and until you make payment in cleared funds for such D 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 D Shares, the Company may (without prejudice to their other rights) treat the agreement to allot such D Shares as void and may allot such D Shares to some other person in which case you will not be entitled to any refund or payment in respect of such D Shares (other than return of such late payment);

**(e)** agree that monies subscribed for D Shares will be held for the account of the Company pending allotment of D Shares (which may not take place until several weeks after cleared funds have been received) and that all interest thereon shall belong to the Company and further that any documents of title and any monies returnable to you may be retained pending clearance of your remittance and that such monies will not bear interest;

**(f)** agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of either 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 D Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by inclusion in an allotment of D Shares to you by the Receiving Agent;

**(h)** agree that, having had the opportunity to read the Prospectus and any supplementary prospectus issued by the Company and filed with the FCA, you shall be deemed to have had notice of all information and representations concerning the Company contained herein and in any supplementary prospectus issued by the Company and filed with the FCA and in any announcement made by the Company on an appropriate Regulatory Information Service (whether or not so read);

**(i)** agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;

**(j)** confirm that in making such application you are not relying on any information or representation in relation to the Company other than those contained in the Prospectus and any supplementary prospectus filed with the FCA and you accordingly agree that no person responsible solely or jointly for the Prospectus and/or any supplementary prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;

**(k)** confirm that you have reviewed the restrictions contained in this paragraph 3 and paragraph 4 below and warrant as provided therein;

**(l)** warrant that you are not under the age of 18 years;

**(m)** agree that such Application Form is addressed to the Company, SPARK Advisory Partners Limited and the Receiving Agent;

**(n)** agree to provide the Company and/or the Receiving Agent with any information which either may request in connection with your application and/ or in order to comply with the Venture Capital Trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as the same may be amended from time to time);

**(o)** warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, SPARK Advisory Partners Limited, the Receiving Agent or Calculus Capital acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;

**(p)** agree that neither SPARK Advisory Partners Limited nor Calculus Capital will regard you as its customer by virtue of you having made an application for D 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 D Shares and that the D Shares are being acquired for bona fide commercial purposes and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.

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

**5.** The basis of allocation will be determined by the Company (after consultation with SPARK Advisory Partners Limited) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The Offer will be closed on 28 April 2017 or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications, which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat

as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures contained in the Application Form. In particular, but without limitation, the Company (after consultation with SPARK Advisory Partners Limited) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions. The Offer is not underwritten. The Offer will be suspended if at any time any of the Company is prohibited by statute or other regulations from issuing D Shares.

**6.** Save where the context requires otherwise, terms defined in the Prospectus and any supplementary prospectus filed with the FCA bear the same meaning when used in these terms and conditions of application and in the Application Form.

**7.** Authorised financial intermediaries who, acting on behalf of their clients where those client are Non Advised investors or have classified their clients as 'professional clients' under the FCA Rules, return valid Application Forms bearing their stamp and FCA number will normally be paid 2.0% commission on the amount payable in respect of the D Shares allocated for each such Application Form. In addition, provided they continue to act for their client and the client continues to hold such D Shares, such intermediaries will be paid an annual trail commission of 0.5% of the net asset base value for each such D Share. For this purpose, "net asset base value" means the net assets attributable to the D Share in question as determined from the audited annual accounts of the Company as at the end of the preceding financial year. It is expected that annual trail commission will be paid 5 months after the year end of the Company in each year. The administration of annual trail commission will be managed on behalf of the Promoter by Capita which will maintain a register of intermediaries entitled to trail commission. The Promoter shall be entitled to rely on a notification from a client that he has changed his adviser, in which case, the trail commission will cease to be payable to the original adviser and will be payable to the new adviser if one is appointed. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 3.0% of the amount subscribed for each such D Share or in respect of any period commencing after the sixth anniversary of the closing date of the Offer. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for commission. The Receiving Agent will collate the Application Forms bearing the financial intermediaries' stamps and calculate the initial commission payable which will be paid within one month of the allotment.

**8.** Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived through the mechanism of the Pricing Formula. Applications received before 5.00pm on 27 January 2017 will be entitled to a 0.5% early application discount. Existing Shareholders will be entitled to an additional 0.5% loyalty discount on applications received at any time prior to the closing of the Offer. All such early application and loyalty discounts will be applied through the mechanism of the Pricing Formula.

**9.** Where Application Forms are returned by you or on your behalf by an authorised financial intermediary who has given you a personal recommendation in respect of your application having first categorised you as a retail client under the FCA Rules, the Company will facilitate the payment of any Adviser Charge agreed between you and your intermediary, as validated by your completion of Box 3 on the Application Form. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment equal to the Adviser Charge direct to the intermediary which will be taken into account when applying the Pricing Formula to your subscription, and will reduce, the number of D Shares which are issued to you on the basis set out on page 17.

**10.** There has been no material disparity in the past year (from the date of this document), nor shall there be under the Offer in the effective cash cost of D Shares to members of the public as compared with the effective cash cost of D Shares to members of the Company's management (including its administrative and supervisory bodies) or their affiliates.

**11.** Where Application Forms are returned on your behalf by an authorised financial intermediary, the Promoter at its sole discretion will determine the Promoter's Fee applicable to your application for D Shares, subject to a maximum of 5.0% of the initial Net Asset Value per D Share.

**12.** Non-material amendments to these terms or to the procedure for making applications under the Offer may be made at the discretion of the Directors without giving prior notice to applicants.

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

Completed Application Forms with the appropriate remittance must be posted or delivered by hand on a Business Day between 9.00am and 5.30pm to the Receiving Agent. The Offer opens on

25 November 2016 and will close on 28 April 2017, or earlier at the discretion of the Directors. The Directors in their absolute discretion may also decide to extend the Offer to 24 November 2017 at the latest. 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 D Shares will commence three Business Days following allotment and that share certificates will be despatched ten business days of allotment of the D Shares. Allotments will be announced on an appropriate Regulatory Information Service. Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. To the extent that any application is not accepted any excess payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.