

**THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, accountant, or other independent adviser authorised under the Financial Services and Markets Act 2000 ("**FSMA**"). If you have sold or otherwise transferred all of your Shares in Calculus VCT plc (the "**Company**"), please pass this document together with all accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass them to the person who now owns the Shares. Application will be made to the UKLA for the Consideration Shares and the Offer Shares to be listed on the premium segment of the Official List and an application will be made to the London Stock Exchange for such Consideration Shares and the Offer Shares to be admitted to trading on its main market for listed securities. The Consideration Shares and the Offer Shares will rank *pari passu* with the existing issued Shares from the date of issue. The Company's existing Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities.

Beaumont Cornish Limited (the "**Sponsor**") which is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("**FCA**") is acting as sponsor to the Company. The Sponsor is not acting for any other person in connection with the matters described in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor by FSMA or the regulatory regime established thereunder, the Sponsor will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Sponsor and is not advising any other person in relation to any transaction contemplated in or by this document.

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## **Circular to Shareholders of Calculus VCT plc**

*(Incorporated in England and Wales under the Companies Act 2006 with registered number 07142153)*

### **Proposed Merger with Neptune-Calculus Income and Growth VCT plc**

#### **Approval of Related Party Transaction**

#### **Offer for Subscription to raise up to £5 million (with an over-allotment facility of a further £5 million)**

**and**

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

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You will find, set out at the end of this document, notice of a general meeting of the Company to be held at the offices of Calculus Capital, 104 Park Street, London W1K 6NF on 31 August 2017 at 11.00 a.m. in connection with proposals seeking Shareholders' authority to (i) acquire the assets and liabilities of Neptune; (ii) launch an offer for subscription for new Ordinary Shares; (iii) approve general allotment and repurchase authorities; (iv) reduce the share premium account; and (v) make various amendments to the Company's articles of association to remove extraneous references to the old C share and D share classes which no longer exist ("**General Meeting**").

**Whether or not you plan to attend the General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. Proxy forms must be received by close of business on 29 August 2017. This document should be read in conjunction with the Prospectus issued by the Company dated 4 August 2017. The Prospectus accompanies this document and is available in hard copy from the Company's registered office during normal business hours and at [www.calculuscapital.com/calculus-vct](http://www.calculuscapital.com/calculus-vct).**

Your attention is drawn to the letter from the chairman of the Company set out in Part 2 of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the General Meeting referred to on the same page. **Your attention is also drawn to the risk factors set out in Part 3 of this document.**

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## PART 1

### EXPECTED MERGER TIMETABLE

#### EXPECTED TIMETABLE FOR THE COMPANY

2017

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

#### EXPECTED TIMETABLE FOR NEPTUNE

2017

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

## EXPECTED OFFER TIMETABLE, STATISTICS AND COSTS

### Indicative Offer Timetable

Offer opens	4 August 2017
Closing date (for 2017/18 tax year)	3 April 2018
Closing date (for 2018/19 tax year)	31 July 2018
First allotment	no later than 5 April 2018
Effective date for the listing of Offer Shares and commencement of dealings	three Business Days following allotment
Share certificates and tax certificates to be dispatched	ten Business Days following allotment

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

### Offer Statistics

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

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

\*\* This is a blended figure. The NAV attributable to shareholders not entitled to a dividend for the year ended 28 February 2017 (those who invested after 25 October 2016) is 89.1 pence per share. The NAV attributable to shareholders who are entitled to the dividend is 93.3 pence per share.

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

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

### Offer Costs and Commissions

#### Advised Investors

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 per annum (maximum of 3.0%)

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

Promoter's Fee	5.0% of funds invested
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## PART 2

### LETTER FROM THE CHAIRMAN OF CALCULUS VCT PLC

#### Calculus VCT plc

(Registered in England and Wales with registered number: 07142153)

#### Current Directors

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

#### Registered Office

104 Park Street  
London  
W1K 6NF

#### Proposed Director

Diane Seymour-Williams

4 August 2017

Dear Shareholder

#### **Proposed Merger with Neptune-Calculus Income & Growth VCT plc ("Neptune"), Approval of Related Party Transaction, Offer for Subscription to raise up to £5 million (with an over-allotment facility of up to an additional £5 million) and Notice of General Meeting**

#### **1. Introduction**

On 19 June 2017, it was announced that the Board had agreed in principle with the board of Neptune to merge the two VCTs (the "**Merger**") by means of placing Neptune into members' voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Neptune's assets and liabilities in consideration for the issue of Consideration Shares (the "**Scheme**").

Conditional upon the Merger being effected, the Company's Manager, Calculus Capital Limited ("**Calculus Capital**"), has agreed to increase its potential contribution to the running costs of the Enlarged Company by reducing the cost cap. This requires the Enlarged Company entering into a revised management agreement with Calculus Capital which constitutes a related party transaction under the Listing Rules.

In addition, conditional upon the Merger being effected, the Company intends to seek further investment of up to an initial £5 million to be allotted in the 2017/18 and 2018/19 tax years with an over-allotment option of up to a further £5 million (the "**Offer**"). Further details of the Offer are set out in paragraph 9 of this letter and in the enclosed Prospectus issued by the Company dated 4 August 2017.

The purpose of this letter is to set out the proposals for the Merger, the Offer and the Related Party transaction for consideration by Shareholders, and to seek your approval accordingly.

If the Merger is effected, the Company should have increased net assets of approximately £10 million, prior to any shares being issued under the Offer.

#### **2. Merger**

##### **Benefits of the Merger**

The Merger should result in the following benefits for Shareholders:

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

Additional attractive features of the Merger include:

- the Company's venture capital investment manager, Calculus Capital has agreed to contribute 33% of the costs of the Merger, meaning that the estimated costs of £150,000 will be split evenly between Calculus Capital, the Company and Neptune; and
- no impact on the tax position of Shareholders.

#### **A reduction in the expected annual running costs**

Subject to the Merger taking place, Calculus Capital has agreed to increase its potential contribution to the running costs of the Company by reducing the cost cap to ensure that the annual running costs of the Enlarged Company (excluding irrecoverable VAT, annual trail commission and performance incentive fees) do not exceed 3% of the net assets of the Enlarged Company. This represents a reduction from the Company's current blended costs cap between 3.0% and 3.4% of gross amounts raised under earlier offers.

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

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

### **3. Related Party Transaction**

The amendment of the investment management agreement to reduce the cost cap as set out in section 2 above will constitute a related party transaction under the Listing Rules, as Calculus Capital is an investment manager of the Company and accordingly the approval of Shareholders to the amendment will be sought at the General Meeting. John Glencross, as the chief executive of Calculus Capital and a non-independent Director, did not take part in the Board's consideration of, nor vote on, the proposed amendment of the investment management agreement.

The Board which has been so advised by Beaumont Cornish, the Company's Sponsor, considers the proposed amendment to be fair and reasonable insofar as the Company's shareholders are concerned.

Calculus Capital and its associates, who together hold 23,796 shares representing approximately 0.27% of the entire issued share capital of the Company, intend to vote in favour of all the Resolutions to be proposed at the general meetings save for the resolution approving the amendments to the investment management agreement (Resolution 6) on which they are not permitted to vote. Calculus Capital has taken all reasonable steps to ensure that its associates will not vote on Resolution 6 at the General Meeting.

### **4. The Scheme for Merger**

The Merger will be effected in the following way.

First, Neptune will be placed into members' voluntary liquidation pursuant to a scheme of consolidation under section 110 of the Insolvency Act 1986, subject to Neptune Shareholders' approval.

Secondly, all of the assets and liabilities of Neptune will be transferred to the Company in consideration for the issue of Consideration Shares by the Company directly to the Neptune Shareholders.

The Scheme requires the prior approval of both the shareholders of Neptune and the Shareholders of the Company. If a shareholder of Neptune does not vote in favour of the Merger and expresses his/her dissent in writing then he/she may require the Liquidators to purchase his/her shares at their break-value price, this being an estimate of the amount he/she would receive in an ordinary winding up of Neptune if all of the assets had to be realised. The break-value is expected to be significantly below the net asset value of Neptune.

For these purposes, whilst there will only be one general meeting of the Company at which shareholders will be invited to consider and vote in favour of the Merger, there will be two general meetings for Neptune. At Neptune's first general meeting, Neptune Shareholders will be invited to approve the Merger. At the second Neptune Meeting, Neptune Shareholders will be invited to pass a special

resolution for the winding up of Neptune.

In addition to the approval of Shareholders being sought at the General Meeting, the Scheme is dependent on:

- the Scheme being approved by the shareholders of the Company (being each of Resolutions 1, 2 and 3) and Neptune;
- notice of dissent not being received from shareholders of Neptune who hold more than 10% in nominal value of the Neptune's issued share capital;
- each of the Company and Neptune confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against the other which the relevant board regard as material; and
- the maintenance of VCT status by both Companies.

### **Merger Illustration**

The number of Consideration Shares to be issued will be calculated on a relative net asset value basis as set out in Part 4 of this Circular.

Had the Merger been effected in accordance with the scheme illustration set out in Part 4 of this document, the number of Consideration Shares that would have been issued to Neptune Shareholders would have been approximately 2.38 million (0.2123 Consideration Shares for every Neptune Share held). The Consideration Shares would, on this basis, have represented approximately 21.2% of the Enlarged Company. The Consideration Shares would have been issued to all Neptune Shareholders pro rata to their holdings in Neptune (assuming no dissenting Shareholders).

### **5. Changes to the Company's Articles of Association**

In November 2015, Shareholders approved proposals to merge the Company's three classes of ordinary shares namely the Old Ordinary Shares, C Shares and D Shares following realisation of its structured products and consequent alignment of the investment strategy of the three classes. The final structured product was sold in February 2017 and the merger of the classes completed on 1 August 2017.

Subject to Shareholders' approval, it is proposed that the Company's Articles be altered to remove reference to the Old Ordinary Shares and C Shares and the respective rights attached to them. There are no proposed amendments to the rights attached to the Company's remaining ordinary shares.

### **6. Section 593 Valuation**

Pursuant to section 596 of CA 2006, the Company is obliged to obtain an independent valuer's report that the net assets of Neptune to be accepted by the Company in consideration for the issue of the Consideration Shares have been valued on a reasonable basis. Accordingly, prior to the allotment of the Consideration Shares, the Company will be posting to Neptune Shareholders (or their receiving agent) and uploading on to the Company's website a valuation report which will be prepared by the Independent Valuer (the "**Section 593 Report**"). The Section 593 Report will confirm to the Company that the value of Neptune's assets and liabilities which are being transferred to the Company as part of the Merger is not less than the aggregate amount treated as being paid up on the Consideration Shares being issued to Neptune Shareholders pursuant to the Scheme.

The portfolio of assets which will be transferred to the Company by Neptune as part of the Scheme are all considered to be in line with the Company's investment policy. The extent of the liabilities (if any) which will be transferred to the Company by Neptune as part of the Scheme will be those which are incurred in the ordinary course of business. The contribution towards the costs of the merger which is to be borne by the Neptune shareholders will be reflected in the valuation of Neptune's assets.

### **7. Taxation**

The information contained in this document is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The implementation of the Merger should not affect the status of the Company as a VCT or the tax

reliefs obtained by Shareholders on subscription of existing Shares. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Scheme so that the Enlarged Company continues to qualify as a VCT.

## **8. Board composition**

It is proposed that, if the Merger is approved, it is intended that the Board of the Enlarged Company will be:

- Michael O'Higgins;
- Arthur John Glencross;
- Kate Cornish-Bowden
- Steven Meeks; and
- Diane Seymour-Williams.

Subject to Shareholders' support for the proposed Merger, I would like to take this opportunity to welcome Diane Seymour-Williams to the Board and to thank the outgoing member of the Neptune Board, David Kempton, for the constructive way in which the discussions leading to these proposals have been conducted.

If the Merger is not approved, the Board will remain as it is currently constituted.

## **9. Top-up Offer**

The Offer provides the opportunity for Existing Shareholders and new Investors to invest in the Company. The previous top-up offer, which closed early on 2 February 2017, raised approximately £3.5 million, net of offer costs, and the Directors believe that the Enlarged Company can benefit from raising further funds over the coming months to support its investment programme and to bring down costs per share across the Company. The terms of the Offer are intended to be substantially similar to those of the previous top-up offer and key information regarding the expected timetable, statistics and costs are set out on page 3.

Offer Shares to be issued will rank *pari passu* with the Company's Existing Shares and the Consideration Shares, other than that they will not be entitled to any dividend in respect of the year to 28 February 2018. The Company's Shares may be held in certificated or uncertificated form (through CREST) and no fractions of Shares will be issued.

## **10. Share issue for the Merger and the Offer**

Shareholder approval, pursuant to CA 2006, is required to issue Consideration Shares and Offer in connection with the Merger and the Offer respectively. Accordingly, Shareholders are being asked to approve an allotment authority of up to 5 million Consideration Shares and up to 15 million Offer Shares.

A specific resolution to approve the acquisition of the assets and liabilities of each of Neptune pursuant to the Scheme is not required under the Listing Rules or any other regulations which govern the Company but such a resolution is included as part of the Resolutions to be proposed at the General Meeting. Additionally, pursuant to section 596 CA 2006, the Company is obliged to obtain an independent valuer's report that the net assets of Neptune-Calculus VCT to be accepted by the Company in consideration for the issue of the Consideration Shares have been valued on a reasonable basis.

Where Neptune Shareholders hold their shares in certificated form, they will receive a new certificate for the Consideration Shares issued pursuant to the Merger and existing certificates will no longer be valid. Where Neptune Shareholders hold their shares in uncertificated form, their CREST accounts will be credited with the replacement holding in Consideration Shares. Any fractions of shares will be retained for the benefit of the Enlarged Company.

## **11. Resolutions and Action to be taken at the General Meeting**

Before taking any action, you are recommended to read the further information set out in this document.

Shareholders will find enclosed with this document the form of proxy for use at the General Meeting.



Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy attached so as to be received not less than 48 hours before the time appointed for holding of the General Meeting. Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.

## **12. Recommendations**

The Board is of the opinion that the Resolutions to be proposed at the General Meeting are in the best interests of the Shareholders as a whole and, with the exception of John Glencross in respect of the resolution approving the amendments to the investment management agreement (Resolution 6), unanimously recommends you to vote in favour of all the Resolutions as they intend to do in respect of their own holdings representing 1.7% of the voting rights in the Company.

I look forward to welcoming you at the Meeting and to your support for the Resolutions to be proposed at them.

Yours faithfully

**Michael O'Higgins**

Chairman

## PART 3

### RISK FACTORS

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

#### **Risks related to the Merger**

Completion of the Scheme is dependent upon a number of conditions precedent being fulfilled, including the approval of both Shareholders and Neptune Shareholders, and also on notice of dissent not being received from Neptune Shareholders holding more than 10% in nominal value of the issued share capital of Neptune. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. If the Scheme does not become unconditional, the Company will have to bear costs incurred in its preparation which would no longer be offset by cost savings going forward.

Pursuant to the Merger, the Company will indemnify the liquidators of Neptune against any costs or losses arising from its liquidation and so may incur costs if creditors, or other liabilities of Neptune, come to light following the completion of the Merger.

#### **Risks related to the Enlarged Company and general VCT risk factors**

The value of Shares and the income from them can fluctuate and Investors may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect the underlying Net Asset Value or that Shareholders will be able to realise their shareholding or that dividends will be paid. Investment in the Company should be seen as a long-term investment. The past performance of the Company, Neptune or of other funds managed by Calculus Capital, the investment manager to the Company, is not necessarily an indication of the future performance of the Enlarged Company.

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 companies 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 must be invested in smaller companies with gross assets of not more than £15 million prior to the investment (£16 million post investment). In addition, to be qualifying holdings, VCT funds must be invested 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 Seed Enterprise Investment Scheme and/or Enterprise Investment Scheme in any rolling 12-month period (and, in most cases, £12 million over entire their lifetime).

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 will 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 existing Shares issued by the Company have been (and it is anticipated that the Consideration Shares and the Offer Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities, it is 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 availability of income tax relief on the issue of new VCT shares. If the Company lacks sufficient cash reserves to purchase its own Shares and during prohibited periods when the Company may be 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.

The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.

If an investor who subscribes for Shares disposes of those Shares within five years, the investor is likely to be subject to claw back 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.

Shareholders may be adversely affected by the performance of the investments, whether acquired from Neptune or made by the Company. The performance of the investments in Neptune as well as the investments of the Company may restrict the ability of the Company following the Merger to distribute any capital and revenue gains achieved on the investments transferred from Neptune to the Company (as well as investments made by the Company).

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from Neptune, or the investments of the Company, are or become unable to meet VCT requirements.

## PART 4

### THE SCHEME

#### Provision of Information

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

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

#### Transfer Agreement

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

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

#### The Scheme Calculations

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

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

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

where:

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

#### The Company - Merger Value

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

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

where:

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

### **Number of Consideration Shares to be issued**

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

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

Where:

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

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

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

### **Scheme Illustration**

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

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

### **Conditionality**

The Scheme is dependent on:

- the relevant resolutions approving the Scheme being passed at the General Meeting, the First Neptune Meeting and the Second Neptune Meeting;
- notice of dissent not being received from shareholders who hold more than 10% in nominal value of the issued share capital of Neptune;
- each of the Company and Neptune confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against the other which the relevant board of directors regard as material; and
- the Company and Neptune maintaining their VCT status,
- and so will proceed and become effective, subject to the above, immediately after the passing of the special resolution for the winding up of Neptune at the Second Neptune Meeting.

### **Dissenting Shareholders**

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

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

### **Modifications**

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

### **Reliance on Information**

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

### **Liquidators' Liability**

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

### **Valuation Report**

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

### **Governing law**

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

## PART 5

### ADDITIONAL INFORMATION

#### 1. Responsibility

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

#### 2. Substantial Shareholders

As at 3 August 2017 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, or immediately following the issue of Consideration Shares pursuant to the Scheme will have, an interest in the Company's capital and voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure Guidance & Transparency Rules of the FCA, a holding of 3% or more of the voting rights of each class of Share must be notified to the Company). No shares are held in treasury.

#### 3. No Significant Change

On 1 August 2017, the Company merged its three classes of shares (Old Ordinary Shares, C Shares and D Shares) into a single class of Ordinary Shares on a relative net assets basis by the conversion of a number of Old Ordinary Share and C Shares into deferred shares which were then repurchased by the Company for nominal consideration.

Apart from the above, there has been no significant change in the financial or trading position of the Company which has occurred since 28 February 2017, being the end of the last financial period for which either audited financial information or interim financial information has been published.

#### 4. Pro forma financial information

Detailed pro forma financial information as to the position of the Company immediately following the Merger is set out in Part 6 of the Prospectus.

#### 5. Interests of the Directors in the Company and Neptune

The Directors' and Proposed Director's shareholdings in the Company and Neptune are as set out in the table below.

<i>Name of Director/Proposed Director</i>	<i>Shares held in the Company</i>	<i>Shares held in Neptune</i>
Michael O'Higgins	79,383 Ordinary Shares	-
Steven Meeks	7,838 Ordinary Shares	-
Kate Cornish-Bowden	37,301 Ordinary Shares	134,059 ordinary shares
John Glencross	23,796 Ordinary Shares	85,942 ordinary shares
Diane Seymour-Williams	2,884 Ordinary Shares	54,504 ordinary shares

Michael O'Higgins, Steven Meeks and John Glencross were appointed under letters of appointment dated 22 February 2010. Kate Cornish-Bowden was appointed under a letter of appointment dated 10 February 2011. The appointments are subject to an initial period expiring immediately following the first annual general meeting, and (subject to re-election at the first annual general meeting) thereafter the appointments may be terminated on 3 months' notice. The total annual remuneration receivable by Michael O'Higgins as chairman is £20,000 (plus applicable employers' National Insurance Contributions). The total annual remuneration receivable by Steve Meeks and Kate Cornish-Bowden is £15,000 each (plus applicable employers' National Insurance Contributions). John Glencross does not receive any remuneration from the Company in respect of his appointment. Aggregate Directors' emoluments for the year ended 28 February 2017 were £50,000 (plus applicable employers' National Insurance Contributions).

Diane Seymour-Williams will be appointed on the same terms as Steve Meeks and Kate Cornish-Bowden on completion of the Merger.

If the Merger does not proceed, the Board will remain as currently constituted.

## **6. Material Contracts**

A summary of the material contracts reasonably required by Shareholders in order to make a properly informed assessment of how to vote is set out below.

### **Documents conditional on Shareholders' approval**

The following contracts will be entered into, subject, inter alia, to the approval by Shareholders of the Resolution 1 at the General Meeting and the Scheme becoming effective.

- 6.1 A transfer agreement between the Company and Neptune (acting through the Liquidators) pursuant to which all of the assets and liabilities of Neptune will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Consideration Shares in accordance with Part 4 of this document. The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of Neptune will be transferred on receipt to the Company as part of the Scheme. This agreement will be entered into as part of the Scheme.
- 6.2 A limited indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the Merger calculations. This agreement will be entered as part of each Scheme. The Company's liability to the Liquidators under the indemnity is capped at the value of Neptune's assets.
- 6.3 A deed of amendment and restatement to the investment management agreement dated 2 March 2010 (as amended) entered into between the Company (1) and Calculus Capital Limited (2), pursuant to which Calculus Capital will be re-appointed as the investment manager to the Company to provide investment management and administration services to the Company on the revised terms described on page 5. This agreement is conditional upon the Merger becoming effective.

## **7. Consents**

Calculus Capital Limited has consented to the issue of this Circular with the inclusion of references to their name appearing in the form and context in which they appear.

RW Blears LLP has consented to the issue of this Circular with the inclusion of references to their name appearing in the form and context in which they appear.

Beaumont Cornish Limited has consented to the issue of this Circular with the inclusion of references to their name appearing in the form and context in which they appear.

Jeffreys Henry LLP has consented to the issue of this Circular with the inclusion of references to their name appearing in the form and context in which they appear.

## **8. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of RW Blears LLP at 29 Lincoln's Inn Fields, London WC2A 3EG and also at the registered office of the Company:

- 9.1 two versions of the articles of association of the Company - one showing proposed track-changes and one clean version
- 9.2 the audited report and accounts of the Company for the financial years ended 28 February 2015, 29 February 2016 and 28 February 2017;
- 9.3 the audited report and accounts of Neptune for the financial years ended 31 December 2014, 2015 and 2016;
- 9.4 the material contracts referred to in paragraph 4 of Part 9 of the Prospectus being contracts entered into otherwise than in the ordinary course of business to which the Company is a party including the material contracts of which details are provided in paragraph 6 above;



- 9.5 a draft (subject to non-material updating and amendment) of the Transfer Agreement;
- 9.6 the prospectus issued by the Company dated 4 August 2017;
- 9.7 the Neptune Circular dated 4 August 2017; and
- 9.8 this document.

**4 August 2017**

## PART 6

### DEFINITIONS

In this Circular and in the notice attached the following expressions have the following meanings:

<b>"Admission"</b>	the date on which the Consideration Shares are listed on the Official List of the UK Listing Authority and admitted to dealing on the LSE's main market for listed securities
<b>"Annual Report"</b>	the annual report and financial statements of the Company for the year ended 28 February 2017
<b>"Articles"</b>	the articles of association of the Company, as amended from time to time
<b>"Board"</b>	the board of directors of the Company
<b>"Boards"</b>	the Board and the Neptune Board
<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 2006"</b>	Companies Act 2006, as amended
<b>"Calculation Date"</b>	the date on which the number of Consideration Shares to be issued is determined, this being after the close of business on 11 September 2017
<b>"Calculus Capital"</b>	Calculus Capital Limited, the Company's and Neptune's venture capital investment manager
<b>"Circular"</b>	this document
<b>"Companies"</b>	the Company and Neptune
<b>"Company" or "Calculus VCT"</b>	Calculus VCT plc (company number: 07142153)
<b>"Consideration Shares"</b>	the new shares to be issued by the Company to the shareholders of Neptune in accordance with the Merger (and each a <b>"Consideration Share"</b> )
<b>"C Shares"</b>	the C ordinary shares in the capital of the Company which were merged with the D Shares and the Old Ordinary Shares pursuant to the Share Class Merger
<b>"D Shares"</b>	the D ordinary shares in the capital of the Company which were merged with the C Shares and the Old Ordinary Shares pursuant to the Share Class Merger
<b>"Directors"</b>	the Directors and the Proposed Director of the Company whose names are set out on page 25 of this circular
<b>"Due Share of Merger Costs"</b>	a proportion of the Merger Costs to be borne by the Companies and by the Manager in equal thirds (estimated to be approximately £50,000 in respect of the Company)
<b>"Effective Date"</b>	the date on which the Merger will be completed, anticipated as being 12 September 2017
<b>"Enlarged Company"</b>	the Company, following implementation of the Merger
<b>"Existing Shareholders"</b>	holders of Shares in the Company as at the date of this document
<b>"FCA"</b>	the Financial Conduct Authority
<b>"First Neptune Meeting"</b>	the general meeting of Neptune to be held on 31 August 2017
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended
<b>"General Meeting" or "Meeting"</b>	the general meeting of the Company to be held on 31 August 2017 convened in accordance with notice enclosed with this circular;
<b>"HMRC"</b>	HM Revenue & Customs

<b>"IA 1986"</b>	Insolvency Act 1986, as amended
<b>"Independent Valuer"</b>	Jeffreys Henry LLP
<b>"Investor"</b>	an individual who subscribes for Offer Shares pursuant to the Offer
<b>"ITA 2007"</b>	Income Tax Act 2007, as amended
<b>"Liquidators"</b>	Gareth Harris and Keith Marshall of RSM Restructuring Advisory LLP being the proposed liquidators for Neptune
<b>"Listing Rules"</b>	the listing rules of the UKLA
<b>"London Stock Exchange" or "LSE"</b>	London Stock Exchange plc
<b>"Merger"</b>	the arrangements for merging the Company and Neptune being, primarily, the Scheme and the revised management arrangements applying to the Enlarged Company
<b>"Merger Costs"</b>	the costs of the Merger to borne by the Company, Neptune and the Manager, which are estimated to be £150,000
<b>"Merger Ratio"</b>	the Roll-Over Value divided by the Merger Value rounded down to four decimal places
<b>"Merger Regulations"</b>	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
<b>"Merger Value"</b>	the value of an Ordinary Share, calculated in accordance with Part 4 of this document
<b>"NAV"</b>	net asset value
<b>"Neptune"</b>	Neptune-Calculus Income and Growth VCT plc (company number: 05300876)
<b>"Neptune Assets"</b>	assets of Neptune which are transferred to the Company by the Liquidators pursuant to the Scheme
<b>"Neptune Board"</b>	the board of directors of Neptune
<b>"Neptune Circular"</b>	the circular to the Neptune Shareholders published on 4 August 2017
<b>"Neptune Meetings"</b>	the First Neptune Meeting and the Second Neptune Meeting
<b>"Neptune Shareholders"</b>	holders of Neptune Shares (and each a <b>"Neptune Shareholder"</b> )
<b>"Neptune Shares"</b>	the ordinary shares of 10p each in the capital of Neptune (and each a <b>"Neptune Share"</b> )
<b>"New Shares"</b>	the Offer Shares and/or the Consideration Shares (as the context dictates)
<b>"Offer"</b>	the offer to raise up to £5 million (with an over-allotment facility of up to an additional £5 million) by issues of new Ordinary Shares in the capital of the Company, as set out in Part 3 of the Prospectus
<b>"Offer Shares"</b>	the new Ordinary Shares to be issued pursuant to the Offer
<b>"Official List"</b>	the official list of the UKLA
<b>"Old Ordinary Shares"</b>	the separate class of ordinary shares of the Company in issue prior to the Share Class Merger
<b>"Overseas Shareholders"</b>	Shareholders who are not resident in the UK
<b>"Proposed Director"</b>	Diane Seymour-Williams
<b>"Prospectus"</b>	the prospectus published by the Company dated 4 August 2017
<b>"Record Date"</b>	the record date by reference to which entitlements will be allocated pursuant to the Merger, anticipated as being 4 September 2017

<b>"Related Party Transaction"</b>	the related party transaction as described in Part 2 of this circular
<b>"Roll-Over Value"</b>	the value of a Neptune Share, calculated in accordance with Part 4 of this document
<b>"Second Neptune Meeting"</b>	the general meeting of Neptune to be held on 12 September 2017
<b>"Scheme"</b>	the proposed merger of the Company with Neptune by means of placing Neptune into members' voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Neptune's assets and liabilities in consideration for the issue of Consideration Shares
<b>"Share Class Merger"</b>	the merger of the Old Ordinary Shares, C Shares and D Shares of the Company to create a single class of Ordinary Shares, which was approved by Shareholders on 24 November 2015 and completed on 1 August 2017
<b>"Shareholder"</b>	a holder of Shares in the Company
<b>"Shares" or "Ordinary Shares"</b>	ordinary shares of 1p each in the capital of the Company
<b>"TCGA 1992"</b>	Taxation of Chargeable Gains Act 1992, as amended
<b>"Transfer Agreement"</b>	the agreement between the Company and Neptune (acting through the Liquidators) for the transfer of all of the assets and liabilities of Neptune by the Liquidators to the Company pursuant to the Scheme
<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>"VCT" or "venture capital trust"</b>	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
<b>"VCT Rules"</b>	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts

## 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

### **Proposed Director**

Diane Seymour-Williams

### **Company Registration Number**

07142153

### **Venture Capital Investment Manager, Fund Administrator and Company Secretary**

Calculus Capital Limited  
104 Park Street  
London W1K 6NF

### **Registrars**

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

Telephone: 020 7493 4090  
Website: [www.calculuscapital.com](http://www.calculuscapital.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 and Arrangers**

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

### **Sponsor**

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

### **Reporting Accountants and Independent Valuer**

Jeffreys Henry LLP  
5-7 Cranwood St  
London EC1V 9EE

# CALCULUS VCT PLC

*(Registered in England and Wales with registered number 07142153)*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Calculus VCT plc (the “**Company**”) will be held at 11.00 a.m. on 31 August 2017 at 104 Park Street, London W1K 6NF for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2 and 6 will be proposed as ordinary resolutions and resolutions 3, 4 and 5 will be proposed as special resolutions.

All capitalised terms used in this notice of meeting shall bear the meanings given to them in the circular to shareholders dated 4 August 2017 (the “**Circular**”).

### **Resolution 1:**

#### **Approval of the Merger (Ordinary Resolution)**

1. THAT, subject to the Scheme becoming unconditional:
  - 1.1. the acquisition of the assets and liabilities of Neptune-Calculus Income and Growth VCT plc on the terms set out in the Circular be and hereby is approved; and
  - 1.2. the directors of the Company be and hereby are generally authorised in accordance with section 551 of the Companies Act 2006 (the “CA 2006”) to exercise all of the powers of the Company to allot up to 5 million Consideration Shares in the capital of the Company in connection with the Scheme provided that the authority conferred by this paragraph 1.2 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.

### **Resolution 2:**

#### **Authority to allot new Ordinary Shares pursuant to the Offer (Ordinary Resolution)**

2. THAT, conditionally upon the passing of Resolution 3, the Directors be generally and unconditionally authorised pursuant to section 551 of the CA 2006 to allot Ordinary Shares having the rights and being subject to the restrictions set out in the articles of association of the Company and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to an aggregate nominal amount of £150,000 provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or rights to subscribe for or to convert securities into Ordinary Shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert securities into Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

This resolution is additional to and does not revoke or replace existing and unexercised authorities previously granted to the Directors to allot Shares or grant rights to subscribe for or convert securities into Ordinary Shares.

### **Resolution 3:**

#### **Disapplication of pre-emption rights (Special Resolution)**

3. THAT, the Directors be and hereby are given the general power to allot equity securities (as defined by section 560 of CA 2006) pursuant to the authorities conferred by Resolution 1 and Resolution 2 as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities with an aggregate nominal value not exceeding £200,000 in connection with the Scheme and the Offer.

The power granted by this resolution will expire on the fifth anniversary of the passing of this resolution save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

**Resolution 4:****Reduction of Share Premium Account (Special Resolution)**

4. That in accordance with Section 641 of the CA 2006, the Company be generally authorised to reduce its share premium account by up to the amount of £20,000,000 standing to the credit thereof at any time provided that any reduction pursuant to this resolution is confirmed by order of the Court. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.

**Resolution 5:****Amendment to the Company's Articles of Association (Special Resolution)**

5. That the new articles of association produced to the meeting, and marked "A" for the purposes of identification, be adopted as the Company's articles of association in replacement of the current articles of association.

**Resolution 6:****Approval of amendments to the investment management agreement (Ordinary Resolution)**

6. That the investment management agreement dated 2 March 2010 with Calculus Capital (as amended from time to time) be amended to reduce the cost cap as described in the Circular.

By Order of the Board

**Company Secretary**

Calculus Capital Limited

## EXPLANATION OF RESOLUTIONS

### **Resolution 1: Approval of the Scheme**

Resolution 1 is a composite resolution to approve the acquisition of all of the assets and liabilities of Neptune under the Scheme and create and issue Consideration Shares in connection with the Merger. Paragraph 1.1 of the resolution will seek the approval of Shareholders for the purchase by the Company of all of the assets and liabilities of Neptune. Paragraph 1.2 of the resolution will authorise the Directors pursuant to section 551 of the CA 2006 to allot up to 5 million Consideration Shares in the Company. The authority conferred by paragraph 1.2 of the resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.

### **Resolution 2: Authority to allow new Ordinary Shares**

If passed, this resolution will authorise the Directors to issue Ordinary Shares in accordance with section 551 of the CA 2006 up to a maximum nominal amount of £150,000 (being 15 million Ordinary Shares). The authority granted by this resolution will expire on the fifth anniversary of the date of the passing of this resolution. The Directors intend to exercise this authority in order to allot Offer Shares as set out in the Prospectus. This resolution is additional and does not revoke the general authority granted at the Company's last annual general meeting.

### **Resolution 3: Disapplication of pre-emption rights**

Resolution 3 allows the Directors to issue the new Ordinary Shares referred to in Resolutions 1 and 2 without first offering them to existing Shareholders in proportion to their holdings.

### **Resolution 4: Reduction of share premium account**

Resolution 4 gives the Board authority, subject to court approval, to reduce or cancel the share premium account of the Company. If the share premium account is reduced then, unless the court orders otherwise, the reserve created by the cancellation will be treated as a realised profit which can be used, amongst other things, to pay dividends. The Directors intend to utilise this authority shortly after the completion of the Merger.

### **Resolution 5: Amendments to Articles of Association**

Resolution 5 seeks Shareholder authority to make a number of 'tidying up' changes to the Company's articles of association following the recently completed Share Classes Merger. These changes consist chiefly of removing extraneous references to the C Shares and D Shares, which no longer exist following the Share Class Merger and the subsequent re-designation of all Shares as a single class of Ordinary Shares. The amended Articles (and a document showing the marked up changes proposed to the existing articles of association) will be available for inspection at the Company's registered office throughout the notice period for the General Meeting and at the General Meeting itself.

### **Resolution 6: Amendments to the investment management agreement with Calculus Capital**

Resolution 6 seeks approval for the amendment of the investment management agreement with Calculus Capital to reduce the cost cap. John Glencross, as the chief executive of Calculus Capital and a non-independent Director, is a related party and will not therefore be voting on this resolution.



## NOTES TO THE NOTICE OF THE GENERAL MEETING

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company 6.00 p.m. on 29 August 2017 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.
4. A personalised form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, The City Partnership (UK) Limited, at the address printed on the proxy form so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in the envelope provided with the address The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.
5. For the proxy appointment to be valid, your form must be received in such time as it can be transmitted to the Company's registrar so as to be received no later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting.
6. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to the Company in writing. Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies.
7. Ordinary Shares carry equal voting rights and a member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every share of which he/she is the holder.
8. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercise.
9. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the CA2006 (a "Nominated Person") should note that the provisions in Notes 2 and 3 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated

Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

10. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
11. As at the date of this notice, the Company's issued share capital and total voting rights amounted to 8,825,947 Ordinary Shares, each carrying one vote each.
12. Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the meeting which relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.
13. Members satisfying the thresholds in section 527 of the CA2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
14. By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.
15. Members satisfying the thresholds in section 338 of the CA2006 may require the Company to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the meeting. A resolution may properly be moved at the meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting.
16. Members satisfying the thresholds in section 338A of the CA2006 may request the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business at the meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting.



