

Calculus VCT plc

D SHARE OFFER 2015/2016

(Registered in England and Wales
under company number 07142153)



Securities Note

Relating to an offer for subscription to raise up to £8 million through the issue of D ordinary shares in the Company

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 securities note dated 26 October 2015 (the “**Securities Note**”) issued by Calculus VCT plc (the “**Company**”), prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and has been approved by the Financial Conduct Authority (“**FCA**”) in accordance with FSMA.

Additional information relating to the Company is contained in a registration document issued by the Company dated 26 October 2015 (the “**Registration Document**”). A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the D ordinary shares of 1p each in the capital of the Company (the “**D Shares**”) which are being offered for subscription (the “**Offer**”) is contained in a summary issued by the Company dated 26 October 2015 (the “**Summary**”). The Summary, this Securities Note and the Registration Document together comprise a prospectus (the “**Prospectus**”) which has been filed with the FCA in accordance with the Prospectus Rules, and you are advised to read the Prospectus in full. The Company and the Directors (whose names are set out on page 12) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The existing Shares issued by the Company are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange’s main market for listed securities. Application will be made to the UK Listing Authority for all of the D Shares to be issued pursuant to the Offer to be listed on the Official List, and application will be made to the London Stock Exchange for the D 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 D Shares will commence three Business Days following allotment. Once admitted to trading, the D Shares will be freely transferable.

Copies of this Securities Note, the Summary and the Registration Document are available (and any supplementary prospectus published by the Company will be 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 Bleas LLP at 125 Old Broad Street, London, EC2N 1AR.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT ON PAGE 4 OF THIS DOCUMENT.

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Sponsor

In connection with the Offer, SPARK Advisory Partners Limited (“**SPARK**” or the “**Sponsor**”) 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.

Solicitor and Arranger

RW Blears LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as arranger and legal adviser to the Company and Calculus Capital and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

Investment Manager

Calculus Capital Limited (“**Calculus Capital**”) is currently acting for the Company as 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.

Consents for Intermediaries

The Company and the Directors consent to the use of the Prospectus by financial intermediaries, 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 29 April 2016, subject to the Offer not being fully subscribed at an earlier date or unless previously extended by the Directors. There are no conditions attaching to this consent. **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. 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.**

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:

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- 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, this investment 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 or advised by the Managers 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 operation of the Company and/or its ability to maintain VCT status.
 - The Net Asset Value of the Shares (including the D Shares if issued) 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 companies with gross assets of not more than £15 million and £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 which 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.
 - 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 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 (if D Shares are issued) will be 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 to be adopted at the General Meeting subject to Shareholders' approval, 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 repaid at the end of four years from the date of the last issue of shares of the former class. The Directors may, at their discretion, utilise this power to pay dividends to D Shareholders from the profits attributable to Ordinary

Shareholders and C Shareholders for the four years following the close of the Offer. In addition, subject to existing Shareholders' approval, the D Shares Fund may be merged with the Ordinary Shares Fund and/or 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 where the incumbent investor will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure, the proposed structure of the investment and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in Qualifying Companies and Calculus Capital 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 the 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 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. Such a discount may be exacerbated by the availability of

income tax relief only 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 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.

- The changes in legislation concerning VCT Rules proposed in the Summer Finance Bill 2015 May place further restrictions on the range of investments into which the Company can deploy funds in the future and include a lifetime investment limit such that no more than £12 million (£20 million in the case of knowledge intensive companies) of tax advantaged risk finance can be invested in a single company. These legislative changes may result in the Company having to invest in younger businesses than has previously typically been the case, potentially exposing the Company to a higher risk profile. The changes may also significantly limit the Company's ability to make new AIM-quoted 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.
- 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.

Letter from the Chairman



Calculus VCT plc

Beaufort House
51 New North Road
Exeter EX4 4EP

26 October 2015

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) 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 a special dividend of 22p per Ordinary Share in November 2014 and the Board has declared a further special dividend of 21.8p per Ordinary Share to be paid on 11 December 2015 to Ordinary Shareholders on the shareholder register on 20 November 2015 which will exceed the target return of at least 70p per Ordinary Share by 14 December 2015. As at 31 August 2015, the NAV total return* since launch of the Ordinary Shares is 105.5p per share and of the C Shares is 99.2p per share.

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 is currently 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.

Since the launch of the Company, global economic and market conditions have shifted. In light of this change, the Board has changed the strategy in respect of the non-qualifying investments of the Company and, rather than making further investments in structured products, dependent on the future performance of the FTSE 100 Index, 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.

**Dividends paid plus latest NAV, excluding all tax reliefs*

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 of 4.5% of NAV 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.
- **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 Capital has £120.5 million funds under management as at 30 September 2015 and a strong track record of profitable exits.
- **Record of delivering dividends to shareholders** – the Company has to date paid cumulative dividends of 48.25p per Ordinary Share and 18p per C Share. In addition, the Board has declared a further special dividend of 21.8p per Ordinary Share which will be paid on 11 December 2015 to shareholders on the register on 20 November 2015 which will result in the Company exceeding the target return of at least 70p per Ordinary Share by 14 December 2015. 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 in VCT qualifying investments, the Company will invest in assets selected to preserve capital value whilst generating income.
- **Early application and loyalty benefits** – Applications received by 18 December 2015 will benefit from a 1.0% early application discount (0.5% where applications are received after 18 December 2015 but by 29 January 2016). Additionally, existing shareholders who apply will receive an 0.5% loyalty discount.

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. 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 page 4 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.

Each of the Directors intends to invest personally in the Offer.

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

TIMETABLE AND STATISTICS

Indicative Offer Timetable

Offer opens	26 October 2015
Closing date (for 2015/16 tax year)	11.00 a.m. on 1 April 2016
Closing date (for 2016/17 tax year)*	11.00 a.m. on 29 April 2016
First allotment	no later than 4 April 2016
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 dates stated above if fully subscribed or otherwise at the Directors' discretion.

Offer Statistics

Minimum amount to be raised by the Company*	£1,000,000
Maximum amount to be raised by the Company**	£8,000,000
Initial NAV per D Share	£1.00
Maximum number of D Shares to be issued	8,000,000
Estimated net proceeds of the Offer***	£7,600,000
Discount for applications received by 18 December 2015****	1.0%
Discount for applications received between 19 December and 29 January 2016****	0.5%
Discount for applications received from existing investors in the Company****	0.5%

* The Directors reserve the right to waive the condition as to the minimum amount to be raised in their absolute discretion.

** 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 through an increase in the number of 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 commission (maximum of 3.0%)

Direct Investors (those without an intermediary) will incur a Promoter's Fee of 5.0% of the amount invested.

THE OFFER

The Company is seeking to raise up to £8 million (before expenses) by offering approximately 8,000,000 D Shares for subscription (unless increased at the discretion of the Directors). The Board believes that this VCT, in conjunction with generous tax reliefs, offers a great opportunity to invest in a diverse portfolio of smaller unquoted companies with the potential to achieve attractive returns for investors.

The Board intends to invest in a portfolio of Venture Capital Investments. Within three years, the Company will seek to maintain a minimum of 70 per cent. of its funds invested in VCT qualifying investments, with the balance held in non-qualifying investments. It is intended that approximately 75 per cent. of the monies raised by the Company will be invested within 60 days in a portfolio of investments selected to preserve capital value, whilst generating income, which may include:

- bonds issued by the UK Government;
- fixed income securities issued by major companies and institutions, liquidity funds and fixed deposits with counterparty credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated); and
- investments directly or indirectly in ground rent assets.

Terms of the Offer

The Offer opens on 26 October 2015 and will close at 11.00 a.m. on 1 April 2016 for the 2015/16 tax year and (unless extended at the discretion of the Directors) at 11.00 a.m. on 29 April 2016 for the 2016/2017 tax year.

The Offer Price per D Share is based on the most recently announced NAV of a D Share (the starting NAV is £1.00) and is subject to a Pricing Formula to take account of Offer Costs and early application and loyalty discounts which can vary as between retail investors to the extent they have agreed different adviser charges with their financial intermediaries.

Investors in the Offer will receive a number of D Shares calculated by subtracting their applicable Offer Costs (being the Promoter's Fee and intermediary commission/adviser charge (as applicable)) from the NAV of a D Share, adding in any early application or loyalty discounts to which they are entitled and dividing the result by the NAV of a D Share. For non-advised investors, this means that their Offer Costs will be 5.0% and were such an Investor to invest £20,000 they would (based on the initial NAV and ignoring reinvested intermediary commission and discounts) receive 19,000 D Shares at a cost of £1.053 per D Share. Investors should then be able to claim VCT income tax relief on the full amount subscribed, in this case £20,000, giving up front relief of £6,000. The

maximum Offer costs (assuming full subscription of £8 million with 5.0% costs and ignoring reinvested commission) will, therefore, be £400,000.

The minimum investment under the Offer is £5,000 and multiples of £1,000 thereafter (save that the Directors may in their absolute discretion accept lower amounts). Applications will be accepted (in whole or part) solely at the discretion of the Board, but the Board intends to meet applications on a 'first come, first served' basis. The Offer is not underwritten and fractions of D Shares will not be issued. The Offer is conditional on receiving applications for, in aggregate, a minimum of £1 million, unless this condition is waived by the Board. If less than £1 million is applied for by the closing date of the Offer (as may be extended) and the condition is not waived by the Board, the Offer will lapse and application monies which have been received will be returned without interest by post at the risk of the applicant.

Tax Reliefs

On investment in the Company, an Investor (subject to their personal circumstances) will be entitled to claim up to 30 per cent. income tax relief (on amounts subscribed in VCTs up to a maximum of £200,000 in any tax year and save that a Qualifying Investor's income tax liability may only be reduced to nil). The following shows the effect of the tax reliefs for an Investor who makes an investment of £20,000.

Cost of Investment	(£)
Gross amount subscribed by Investor	20,000
Income tax relief (30%)	(6,000)
Net Cost of Investment	14,000
Initial value of investment	
Gross subscription	20,000
Issue costs of 5.0%	(1,000)
Initial NAV of D Shares subscribed for	19,000
Initial "uplift" due to VCT relief (£)	5,000
Initial "uplift" due to VCT relief (%)	35.7%

The above table shows that, based on an illustrative investment of £20,000 and income tax relief at 30%, an Investor's net of tax cost of investment is £14,000 and the net assets initially attributable to the investment are £19,000, an "uplift" of £5,000 or +35.7%. The table assumes offer costs of 5.0% and ignores reinvested adviser commission and early application or loyalty discounts received. Investors should note that they are required to hold the Shares for at least five years in order to retain the full amount of income tax relief and, as such, this initial uplift cannot be immediately realised.

Part 2 – Investment Objective and Policy

At the General Meeting of the Company to be held on 24 November 2015, Shareholders will vote on the adoption of the policy set out below in substitution for the Company's existing policy. It is intended that the D Shares Fund will be invested exclusively in accordance with the objective and policy set out below.

Investment Objective

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments and other investments selected to preserve capital value whilst generating income 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;
- generate sufficient returns from a portfolio of Venture Capital Instruments to 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 will be invested within 60 days in a portfolio of investments selected to preserve capital value, whilst generating income, which may include bonds issued by the UK Government; fixed income securities issued by major companies and institutions, liquidity funds and fixed deposits with counterparty credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated); and investments directly or indirectly in ground rent assets. The balance will be used to meet initial costs and invested in cash or near cash assets (as directed by the Board) and will be available to invest in Venture Capital Investments 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 made 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. 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 aggregate amount paid on all shares issued by the Company (together with any share premium thereon). The Board will consider borrowing if it believes it is in 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.

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 any 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 NAV of the D Shares per annum. This will be subject to investment performance 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.

Buy Back 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. 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 10 per cent. to the most recently published net asset value per share. Shares bought back will be cancelled.

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

Part 3 – The Directors and Managers

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.

THE DIRECTORS

Michael O'Higgins (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. In October 2015 he became chairman of the Lancashire and London Pensions Partnership and an Independent Person for Tunbridge Wells Borough Council. He is also until 31 October 2015 chairman of the NHS Confederation, a non-executive director of Network Rail and chair of its Remuneration Committee and vice-chairman of Hedgehog, a pensions company. He was a non-executive director of HM Treasury and chair of the Treasury Group Audit Committee until March 2014. 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

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 Holdings Ltd. She is a Chartered Financial Analyst (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Diploma.

John Glencross

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, Technical and 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

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.

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.

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 15 EIS funds and four VCT offers for subscription (including offers for subscription for shares in the Company). As at 30 September 2015, it had £120.5 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 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 2015 Awards ceremony. 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

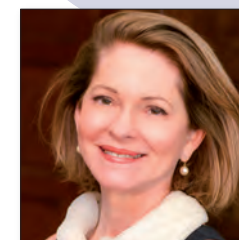
John Glencross, *Chief Executive*

Details for John Glencross can be found on page 12.



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 28 years of experience and has personally directed investment to over 80 companies in the last 17 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 18 years' experience in investment banking and held senior posts at three international investment banks, where her responsibilities included advising several companies in the FTSE 100. 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.



Lesley was a Non-Executive Council Member of the Competition Commission from 2009 to 2014, and in 2011 she was appointed as a non executive director of Panmure Gordon. She is a fellow of the Institute of Chartered Accountants.

Alexander Crawford, Investment Director

Alexander joined Calculus Capital in 2015, and has over 25 years' advisory 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.



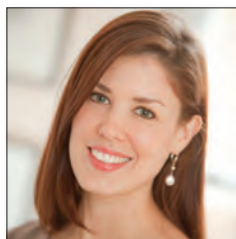
Robert Davis, Investment Director

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.



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.



Richard Moore, Investment Director

Richard joined Calculus Capital in 2013. Prior to this he was a Director at Citigroup, which he joined in 2005, and previously worked at JP Morgan 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 JP Morgan in 2000), working with companies across a broad 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.



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 has passed CFA Level III.



James Martin, *Investment Analyst*

James joined Calculus at the end of 2014 as an analyst in the investment team. Prior to this James worked in Madrid in mergers and acquisitions, first as an intern before taking on a full-time analyst role, gaining experience across a variety of sectors and the deal-cycle, with a particular focus on origination. Preceding his time in Spain, James attended Nottingham University, attaining both a BA (Hons) in Industrial Economics and an MSc with distinction in Risk Management. James is a CFA Level I candidate.

**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 has a CIMA Advanced Diploma in Management Accounting and a first class Bachelor of Law degree. Prior to this Natalie graduated with a Masters of Modern Languages from the University of Manchester.

**Investec Structured Products**

The team at Investec Structured Products (a trading name of Investec Bank plc, which is part of the Investec group of companies) is the Structured Products portfolio manager. Investec Structured Products' appointment will come to an end on the earlier of 24 June 2016 and the sale of the final Structured Product Investment in the Company's Ordinary Share Fund (in respect of the Ordinary Shares) and 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 4 – The D Shares Fund Expected Portfolio

Most of the funds raised by the Company pursuant to the Offer will be invested in Venture Capital Investments within two to three years, selected and managed by Calculus Capital. This, coupled with the generous tax reliefs available to Investors in the D Shares, provides investors with an attractive investment opportunity. The funds not employed in VCT qualifying investments will be invested in a variety of investments selected to preserve capital value, whilst generating income, which may include bonds issued by the UK Government; fixed income securities issued by major companies and institutions, liquidity funds and fixed deposits with counterparty credit ratings of not less than A minus (Standard & Poor's rated)/A3 (Moody's rated); and investments in ground rent assets.

The Expected Portfolio of Venture Capital Investments

Calculus Capital follows a disciplined investment approach which focuses on investing in more established unquoted companies (subject to the VCT Rules) where the risk of capital loss is reduced and prospects for exit enhanced, typically by the cash generative characteristics and/or strong asset bases of the investee companies. In managing the Venture Capital portfolio, Calculus Capital intends to pursue a strategy which mitigates the risk of capital loss and focuses on investments capable of providing an exit after three to five years.

Calculus Capital, therefore, 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 is access to finance;
 - profitable or a clear path to profitability;
 - proven successful products or services;
 - clear route to exit;
 - companies which can achieve a target IRR of 20%;
- structure investments to include loans and preference shares; and
- 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 intends that the Venture Capital Investments portfolio will be spread across a number of investments and the amount invested in any one sector and any one company will be no more than 20 per cent. and 10 per cent. respectively at the point of investment.

The majority of investments are expected to be held for three to five years, although there may be opportunities for early repayment of loan stock or redemption of preference shares and to exit investments before this time. After the expiry of the five year holding period for D Shares issued pursuant to the Offer, Calculus Capital intends to pursue a strategy of realising the Venture Capital Investments portfolio over the following 24 months in order to return funds to D Shareholders. Calculus Capital believes that such prospects are enhanced by focusing on investee companies which are cash generative and/or with a strong asset base. Should any Venture Capital Investments not have been disposed and funds not returned to D Shareholders at the end of that period, the Board will consider putting proposals to D Shareholders to wind-up or restructure the D Shares Fund.

The Board believes that the established unquoted sector offers better value, scope to exert greater influence, the opportunity to carry out stronger due diligence and to maintain better scrutiny than a portfolio invested primarily in AIM or ISDX quoted stocks and carries less risk than investment in seed and early stage investments. 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. It is likely that the expertise it has developed and the contacts it has made will be put to use in determining future investments.

Calculus Capital sources its investment opportunities through a range of networks which its management team has developed, including corporate financiers, accountants and lawyers, as well as, senior City individuals who have invested in its funds. Calculus Capital carries out extensive due diligence and may be involved in structuring or restructuring the investment as well as negotiating the price and terms of investment. Once an investment

has been agreed, Calculus Capital may take a seat on the board itself in order to monitor and provide support to the firm on an ongoing basis, or may appoint one of its investors with appropriate experience to serve on the board.

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

Current Ordinary Share Fund and C Share Fund

It is anticipated that the Ordinary Shares and C Shares in the Company each be merged into a single class with the D Shares with effect from the date on which the Company's annual accounts are published for the year in which the last of the Structured Products investments attributable to that class is realised or liquidated.

A selection of four of the Company's current investments are set out below.

AnTech Limited (“Antech”) Ordinary Share portfolio				Hampshire Cosmetics Limited (“Hampshire”) Ordinary and C Share portfolio			
Antech is a specialist engineering design and manufacturing company providing a range of electro-mechanical products to the upstream oil and gas industry.				Hampshire develops and manufactures a comprehensive range of products covering fragrances, body treatments, skincare and shampoos.			
Latest Audited Results (31 August 2014)	£m	Investment information as at 31 August 2015	£'000	Latest Audited Results (31 December 2014)	£m	Investment information as at 31 August 2015	£'000
Turnover	2.9	Total Cost (including loan note)	270	Turnover	26.0	Total Cost (including loan note)	250
Pre-tax profit	0.5	Valuation (including loan note)	323	Pre-tax profit	0.2	Valuation (including loan note)	315
Net assets	5.9	Voting rights	1.17%*	Net assets	2.7	Voting rights	6.26%*

*Other funds managed by Calculus Capital have combined voting rights of 18.4%.

*Other funds managed by Calculus Capital have combined voting rights of 1.2%.

Metropolitan Safe Custody Services Limited (“Metropolitan”) Ordinary and C Share portfolio				Scancell Holdings plc (“Scancell”) C Share portfolio			
Metropolitan runs two safe custody sites in London. These profitable, stable businesses serve several thousand customers, providing access to vaults seven days a week.				Scancell is the developer of an ImmunoBody(R) vaccine for the treatment of a number of cancers.			
Latest Audited Results (30 June 2014)	£m	Investment information as at 31 August 2015	£'000	Latest Audited Results (30 April 2015)	£m	Investment information as at 31 August 2015	£'000
Turnover	1.7	Total Cost	130	Turnover	–	Total Cost	100
Pre-tax profit	0.2	Valuation	224	Pre-tax loss	2.8	Valuation	119
Net assets	3.6	Voting rights	3.22%*	Net assets	6.7	Voting rights	0.2%*

*Other funds managed by Calculus Capital have combined voting rights of 38.9%.

*Other funds managed by Calculus Capital have combined voting rights of 15.5%.

Part 5 – Tax Considerations for Shareholders

TAX RELIEFS

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 2015/16 and/or 2016/17 tax years for eligible 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 eligible shares in a VCT (up to a maximum of £200,000 in each of the 2015/16 and 2016/17 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 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 company; 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 the London Stock Exchange;
- (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) 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.

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.

Summer Finance Bill 2015

The Summer Finance Bill 2015 introduces new restrictions which take effect from Royal Assent which prohibits investments in companies whose first commercial sale occurred more than 7 years ago, or in the case of knowledge intensive companies, more than 10 years ago (the **Age Restriction**) and also prohibits moneys invested being employed in acquiring an interest in another company, a trade, intangible assets employed for the purposes of a trade and also goodwill (**the No Business Acquisition Condition**). Under the Age Restriction an investment is permitted in a company within 7 years of its first commercial sale or within 10 years in the case of knowledge-intensive companies subject to a number of qualifications which prohibit investments even if made within the initial 7 year period. Investments are permitted in a company after this initial investing period if within that period EIS/VCT money was raised and at least some of it employed for the purpose of the same qualifying business activity for which VCT money is now being raised but follow on investments are not permitted in a new holding company of that company. Investments are also permitted after an initial seven year period if the amount invested is at least 50% of the average turnover for the last five years. Furthermore, the Bill introduces a lifetime limit prohibiting more than £12 million (£20 million in the case of knowledge intensive companies) of tax advantaged risk finance being invested in a single company.

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 51% 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, VCTs are given grace periods to invest those funds before such funds need to meet such tests.

However, to aid the launch of a VCT, 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 £12 million lifetime investment limit 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 6 – Additional Information

1. USE OF PROCEEDS

It is intended that the proceeds of the Offer will be used in accordance with the proposed investment policy set out in Part 2 of this document.

2. THE OFFER

It is proposed to allot pursuant to the Offer up to 8 million D Shares to the public, unless the amount of the Offer is increased at the discretion of the Directors, subject to the issue of a supplementary prospectus. The D Shares will be offered to individual investors at a price determined in accordance with the Pricing Formula, such price per share to be payable in full, by cheque or bankers draft, on application. Application will be made to the UK Listing Authority for all of the D Shares issued pursuant to the Offer to be admitted to the Official List. Application will also be made to the London Stock Exchange for Admission to trading on the London Stock Exchange's main market for listed securities. The Offer will be open from 26 October 2015 until 29 April 2016, but may close earlier if fully subscribed or otherwise be extended, in either case at the discretion of the Directors. The Offer will not be extended beyond 12 months from the date of the Prospectus.

The Offer is conditional on the relevant Resolutions being passed at the General Meeting and Class Meetings and a total minimum raise of £1 million (before expenses) being achieved. If this minimum subscription level is not reached by 1 April 2016 and this condition is not waived by the Directors, the Offer will lapse, no D Shares will be allotted and application monies which have been received will be returned by post without interest at the risk of the applicant. If the minimum subscription level is reached then the Offer will become unconditional and D Shares may be issued notwithstanding that the Offer is not fully subscribed. In the event that the Offer is oversubscribed and not increased by the Directors, allotment will be made to investors on a first come-first served basis. Any excess amounts paid by applicants will be refunded by cheque to the person named in Box 1 of the Application Form.

The Company is seeking to raise a gross amount £8 million under the Offer (unless increased by the Directors). The D Shares will be issued on a fully paid basis in registered form. D Shares will be allotted and issued in respect of valid applications under the Offer at any time as the Directors decide. Details of allotments will be announced through a Regulatory Information Service provider by no later than the end of the Business Day following the allotment and dealings in such Shares are expected to commence within three Business Days following allotment. If the Company is required to publish a supplementary prospectus, subscribers who have yet to be entered on to the Company's registers of members will be given two days to withdraw from the subscription. In the

event that the notification of withdrawal is given by post, such notification will be effected at the time the subscriber posts such notification rather than at the time of receipt by the Company.

The terms and conditions of application are set out at the back of this document along with an application form and details of the application procedure.

3. MINIMUM AND MAXIMUM INVESTMENT

The minimum subscription under the Offer will be £5,000, save that the Directors in their absolute discretion may choose to waive this minimum. Applications in excess of £5,000 may be made for any higher amount in multiples of £1,000. The maximum investment on which income tax relief can be claimed by any individual is £200,000 in the 2015/16 tax year and is expected to be £200,000 in the 2016/17 tax year.

4. CLAIMING INCOME TAX RELIEF

The Company will send you share certificates and a tax certificate as quickly as possible after your D Shares are allotted to you. You then have two options on how to reclaim the tax relief: You can write to your HMRC office to ask them to change your tax coding under the PAYE system (this is the system that calculates how much tax you pay each month), so you will receive your income tax relief on a monthly basis through your pay cheques. Alternatively, you can claim income tax relief as part of your annual tax return.

5. 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 its promoter's fee.

6. 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):

$$\begin{aligned} \text{Number of D Shares} &= \frac{\text{Amount Subscribed, less:} \\ &\quad \text{(i) Promoter's Fee; and} \\ &\quad \text{(ii) Commission*/Adviser Charge} \\ &\quad \text{(as relevant), plus} \\ &\quad \text{(iii) applicable early application and/or} \\ &\quad \text{loyalty discount}}{\text{Latest published NAV per D Share**}} \end{aligned}$$

* adjusted where commission is waived by Intermediaries

** adjusted for any dividends declared and ex-dividend but not yet paid, as appropriate. This will initially be £1 in relation to shares subscribed for under the Offer

7. CATEGORY OF POTENTIAL INVESTORS

A typical investor for whom the Offer is designed is a UK higher-rate income tax payer over 18 years of age with an investment range of between £5,000 and £200,000 who, having regard to the risk factors set out at the front of this document, considers the investment policy as detailed in Part 2 of this document to be attractive. Investment in a VCT may not be suitable for all investors and should be considered as a long-term investment.

Before deciding whether to apply for D Shares under the terms of the Offer you are recommended to consult an independent financial adviser.

8. 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.

9. REPORTING DATES

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

10. WORKING CAPITAL

In the opinion of the Company the working capital available to the Company is sufficient for the Company's present requirements, that is for at least 12 months following the date of this document.

11. IMPACT ON 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.

12. CAPITALISATION AND INDEBTEDNESS

As at 31 August 2015, 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 page 10, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 31 August 2015 was as follows:

Shareholders' Equity	Ordinary Share Fund £'000	C Share Fund £'000	Total £'000
Called-up share capital	47	19	66
Special reserve	2,192	1,458	3,650
Capital reserve – realised	649	64	713
Capital reserve – unrealised	186	170	356
Revenue reserve	(363)	(142)	(505)
Total	2,711	1,569	4,280

There has been no material change to the Company's capitalisation or indebtedness since 31 August 2015.

Save as set out below, as at 25 October 2015 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has 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 & 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).

	Ordinary Shares held	% of issued Ordinary share capital
Michael O'Higgins	205,500	4.34

The Company and the Directors consent to the use of this Prospectus by financial intermediaries and accept responsibility for the information contained in this document in respect of any final placement of D Shares by any financial intermediary which was given consent to use this document. The offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use this Prospectus is given commences on 26 October 2015 and closes on 29 April 2016. Information on the terms and conditions of the Offer by any financial intermediary is to be provided at the time of the Offer by the financial intermediary. Financial intermediaries may use this Prospectus in the UK.

Any financial intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Financial intermediaries are required to provide the terms and conditions of the Offer to any prospective investor who has expressed an interest in participating in the Offer to such financial intermediary. No financial intermediary will act as principal in relation to the Offer.

13. 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 created 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.

The D Shares will constitute a new class of share and are separate from the Company's existing classes of Ordinary Shares and C Shares. All investments and cash attributable to the existing Ordinary Share Fund and C Share Fund will be kept separate from the D Share Fund. Accordingly investors in the D Shares will not have any immediate exposure to the investment gains and losses of the Ordinary Share Fund and C Share Fund, although the Company intends, at the Meetings to take Shareholder authority to merge the Company's three share classes.

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. Holders of D Shares will be entitled to vote at meetings of the Company in the same way as existing shareholders. No change may be made to the rights attaching to D Shares without the separate approval of the holders of D Shares.

14. 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 24 November 2015 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;
- amend the Articles in order to set out the rights and restrictions applying to D Shares;
- amend the Company's investment policy;
- authorise the Company to enter into a supplemental investment management agreement and a new performance incentive agreement with Calculus Capital in relation to the D Share Fund;
- authorise the Company to enter into a promotion agreement with Calculus Capital in relation to the Offer;
- authorise the buyback of D Shares in the market;
- authorise the Company to reduce its share premium account subject to confirmation by an order of the High Court;
- the merger of the Ordinary Shares, C Shares and D Shares to be carried out once the last of the Company's Structured Products Investments in the relevant existing class has been realised, expected during 2016 in respect of the Ordinary Shares and 2017 in respect of the C Shares;
- appoint Calculus Capital as Company Secretary.

15. CONSENTS

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.

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.

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.

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

Part 7 – Terms and Conditions of Application

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 D 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 Minimum Gross Proceeds being raised and on the relevant Resolutions being passed at the General Meeting and Class Meetings. If any application is not accepted or if any application is accepted for fewer D 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) 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, agree that your application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon 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 29 April 2016 or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out at the end of this Part 7. 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 Professional Client Investors, 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 Company by Calculus Capital which will maintain a register of intermediaries entitled to trail commission. The Company 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 5.00 p.m. on 18 December 2015 will be entitled to a 1.0% early application discount (0.5% where such applications are received after that date but before 5.00 p.m. on 29 January 2016). 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 Investor, 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 22.
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 9.00 a.m. and 5.30 p.m. to the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. The Offer opens on 26 October 2015 and will close on 29 April 2016, or earlier at the discretion of the Directors. The Directors in their absolute discretion may also decide to extend the Offer to 25 October 2016 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.

APPLICATION PROCEDURES

Before making any application to acquire D Shares you are strongly recommended to consult an independent financial adviser authorised under the FSMA. To fill out the Application Form:

BOX 1

Insert your full name and address in BLOCK CAPITALS. If you wish to hold your D Shares through a nominee rather than in your own name, please contact Calculus Capital. Please also give your own address, full postcode, email address, daytime telephone number date of birth and National Insurance Number. Telephone numbers will only be used in case of a query with regard to your application.

BOX 2

Insert (in figures) the total amount you wish to invest. Your application must be for a minimum of £5,000 (save that the Directors may elect to waive this requirement in their absolute discretion) and thereafter in multiples of £1,000. You can also specify in Box 2 how you would like your subscription monies split between tax years 2015/16 and 2016/17, allowing for more efficient tax planning. The figure to be inserted in Box 2 is the total amount you are subscribing under the Offer. Share subscriptions will be adjusted through the mechanism of the Pricing Formula to take into account the relevant commission (including where this is waived for additional shares), Adviser Charges and early application and loyalty discounts applicable to each investor.

BOX 3

If you have an authorised financial intermediary, such as an IFA, who has made a personal recommendation in relation to your application having classified you as a retail client, and you have agreed a fee with your intermediary for this advice and you would like the payment of your agreed adviser's fee with your intermediary to be facilitated through your subscription for D Shares, please specify in Box 3 the amount of the initial adviser fee agreed between you in relation to this product. Charges may be described in pounds or as a percentage of funds invested, as agreed between the investor and their adviser.

BOX 4

Sign and date the form. If the form is signed on your behalf by an attorney or other agent, that person should state on the form the capacity in which they are signing and the original power(s) of attorney or a copy thereof duly certified by a solicitor must be enclosed for inspection and will be returned in due course.

BOX 5

If you are paying by cheque please make it payable to "Capita Registrars Limited re Calculus VCT plc Offer For Subscription A/C". Cheques must be honoured on first presentation. A separate cheque must accompany each application. No receipt for your payment will be issued. The cheque or banker's draft must be drawn in sterling on an account at a bank branch or building society in the United Kingdom or the

Channel Islands and bear a bank sort code number in the top right hand corner. You may, if you wish, use a personal cheque drawn by someone else, in which case your full name and address should be written on the back of the other person's cheque. Additionally, if you use a building society cheque or banker's draft, you should write the name, address and date of birth of the person named in Box 1 of the Application Form on the back of the cheque or banker's draft. Any monies not accepted will be returned by the applicant's cheque or banker's draft or by sending a cheque crossed "Account Payee Only" in favour of the applicant.

BOX 6

If you wish to have dividends paid into your nominated bank or building society account, please complete the mandate instruction form in Box 6.

Money Laundering Notice – Important

If the application is for the Sterling equivalent of €15,000 or more (or is one of a series of a linked applications the value of which exceeds that amount) the verification requirements of the Money Laundering Regulations will apply and verification of the identity of the applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or in delay of confirmation.

If Capita Asset Services has previously received the appropriate documents, you will not need to provide them again.

If the application is for the Sterling equivalent of €15,000 or more (or is one of a series of a linked applications the value of which exceeds that amount), the identity of the applicant must be verified and (if a cheque is drawn by a third party) of that third party, as set out under A or B below.

A Verification of the applicant's identity may be provided by means of a "Letter of Introduction" from an IFA or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EC financial institution (such as a bank). Capita will supply specimen wording on request;

or

B If an application is made direct (not through an IFA), you must ensure that the following documents are enclosed with the Application Form:

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

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

Definitions

“Admission”	the date on which the D Shares are listed on the Official List of the UKLA and admitted to trading on the LSE’s main market for listed securities;
“Advised Investor”	an Investor who has received advice from an authorised financial intermediary in respect of their subscription for D Shares;
“Adviser Charge”	a fee agreed between a Retail Client Investor and their authorised intermediary in respect of advice provided in relation to the Retail Client Investor’s subscription under the Offer;
“AIM”	the Alternative Investment Market;
“Application Form”	the application form for use in respect of the Offer set out in this document;
“Articles”	the articles of association of the Company, as amended from time to time;
“Board” or “Directors”	the board of directors of the Company;
“Business Day”	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in the City of London;
“CA 2006”	Companies Act 2006, as amended;
“C Shareholders”	holders of C Shares;
“C Shares”	C ordinary shares of 1p each in the capital of the Company;
“C Shares Fund”	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);
“Calculus Capital”	Calculus Capital Limited, which is authorised and regulated by the FCA;
“Capita”	Capita Asset Services, a trading name of Capita Registrars Limited;
“Closing Date”	29 April 2016 (unless extended at the discretion of the Directors);
“Company”	Calculus VCT plc (formerly Investec Structured Products Calculus VCT plc);
“D Shareholders”	holders of D Shares;

“D Shares”	D ordinary shares of 1p each in the capital of the Company being offered for subscription pursuant to the Offer;
“D Shares Fund”	the net assets of the Company attributable to the D Shares, and if they are issued (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets);
“FCA”	the Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“FTSE 100 Index”	a capitalisation weighted index of the 100 most highly capitalised companies traded on the London Stock Exchange;
“HMRC”	HM Revenue & Customs;
“Investec Structured Products”	the Investec Structured Products team within Investec Bank plc (a wholly owned indirect subsidiary of Investec plc, which is part of an international banking group with operations in three principal markets: the United Kingdom and Europe, Asia and Australia, and South Africa);
“Investor”	a person who subscribes for D Shares pursuant to the Offer;
“ISDX-listed”	a company listed on the ICAP Securities and Derivatives Exchange, ISDX Growth Market (“ISDX”), a prescribed market for the purposes of section 118 of FSMA operated by ICAP;
“ITA 2007”	Income Tax Act 2007, as amended;
“Listing Rules”	listing rules issued by the FCA, acting as the UK Listing Authority, pursuant to Part VI of the FSMA;
“London Stock Exchange” or “LSE”	London Stock Exchange plc;
“Managers”	Calculus Capital and Investec Structured Products (and each a “ Manager ”);
“Minimum Gross Proceeds”	the minimum proceeds required for the Offer to become unconditional;
“NAV” or “net asset value”	the net asset value of a company calculated in accordance with that company’s normal accounting policies;
“Non Advised Investor”	an Investor who has invested through an authorised financial intermediary who has not provided advice in respect of their subscription for D Shares (also known as “ Execution Only ”);
“Offer”	the offer for subscription of D Shares as described in the Prospectus;
“Offer Costs”	the costs of the Offer being the Promoter’s Fee and any commission or Adviser Charge applicable to a relevant Investor;
“Offer Price”	the price of the D Shares the subject of the Offer, as calculated per the Pricing Formula;

“Official List”	the official list of the UKLA;
“Ordinary Shareholders”	holders of Ordinary Shares;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“Ordinary Shares Fund”	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);
“Pricing Formula”	the formula set out on page 22 which determines how many D Shares an Investor will receive under the Offer;
“Professional Client Investors”	Investors who subscribe through a financial intermediary who has classified them as a ‘professional client’ under the rules contained in the FCA’s Conduct of Business Sourcebook;
“Promoter’s Fee”	the fee of 3.0% or 5.0% of funds subscribed (dependent on the Investor) levied by Calculus Capital as the promoter of the Offer;
“Prospectus”	the Registration Document, the Summary and this document;
“Prospectus Rules”	the prospectus rules of the UK Listing Authority;
“Qualifying Company”	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;
“Qualifying Investment”	an investment of the Company which meets the requirements for a qualifying investment under Chapter 4 of Part 6 of the ITA 2007;
“Qualifying Investors”	an individual aged 18 or over who subscribes for D Shares within the investor’s qualifying subscription limit of £200,000 per tax year;
“Receiving Agent”	Capita, in its capacity as receiving agent to the Offer;
“Registrar”	Capita, in its capacity as registrars to the Company;
“Registration Document”	the registration document published by the Company dated 26 October 2015 which forms part of the Prospectus;
“Regulatory Information Service”	a service for the publication of regulatory information regarding listed companies, such as an RNS operated by the LSE;
“Retail Client Investor”	an investor who applies for D Shares through their IFA where the IFA has classified the Investor as a retail client for the purposes of the FCA rules;
“Securities Note”	this document, being a securities note published by the Company dated 26 October 2015 which forms part of the Prospectus;
“Shareholder”	a holder of Shares;

“Shareholder Proceeds”	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;
“Shares”	shares in the capital of the Company;
“SPARK” or the “Sponsor”	SPARK Advisory Partners Limited, the Company’s sponsor;
“Structured Product(s)”	notes and/or deposits and/or securities whose cash flow characteristics reflect the performance of an index or indices (which may or may not be linked to a market);
“Summary”	the summary published by the Company dated 26 October 2015 which forms part of the Prospectus;
“UK”	the United Kingdom;
“UKLA” or “UK Listing Authority”	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;
“Venture Capital Investments”	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 6, Chapters 3 and 4 to the Tax Act;
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts;
“VCT Rules”	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts; and
“VCT Value”	the value of an investment calculated in accordance with section 278 of the ITA 2007.

Calculus VCT plc

D SHARE OFFER 2015/2016

Application Form

(Registered in England and Wales
under company number 07142153)



Application Form – D Shares

CALCULUS VCT plc

Definitions used in the prospectus published by the Company dated 26 October 2015 (“Prospectus”) (copies of which can be downloaded from www.calculuscapital.com) apply herein.

Before completing this Application Form you should read the Offer Application Procedures and Terms and Conditions contained in the Prospectus. Please send the completed Application Form with your electronic payment transfer details, cheque or banker’s draft and, if necessary, proof of identity to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Cheques should be made payable to “Capita Registrars Limited re Calculus VCT plc Offer For Subscription A/C”.

The Offer opens on 26 October 2015 and will close at 11.00 a.m. on 29 April 2016. The Offer may close earlier if fully subscribed or otherwise at the Board’s discretion. The Offer may be extended by the Board in its absolute discretion (but not later than 12 months after the publication of the Prospectus). If tax relief is to be applied for in respect of the subscription monies in the tax year 2015/2016, the closing date will be 11.00 a.m. on 1 April 2016.

The Company and the Receiving Agent cannot accept responsibility if any details provided by you are incorrect.

Please complete in BLOCK CAPITALS. TO BE COMPLETED BY THE INVESTOR.

Box 1 – Personal details

Title: Mr/Mrs/Miss/Ms/Dr/Other	Forenames:	Surname:
Home address:		
	Postcode:	
Daytime telephone number:	Email address:	
National Insurance number	Date of birth:	
Existing shareholder (please tick if relevant): <input type="checkbox"/> Registered shareholder <input type="checkbox"/> Beneficial shareholder		



Box 2 – Amount you wish to invest

I wish to invest under the Offer the amount set out below in the box marked Total (to be divided between the tax years 2015/2016 and 2016/2017 as indicated), or such lesser amount(s) for which this subscription will be accepted on the terms and conditions set out in the Prospectus, in subscription for D Shares.

Tax year 2015/2016:	Tax year 2016/2017:	Total (min £5,000):
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Box 3 – Adviser Charge

If you have agreed an Adviser Charge with your intermediary and wish the Company to facilitate that fee, please insert the fee in this box. Please note that the number of Shares issued to you will be reduced by an amount equivalent to the facilitated Adviser Charge. You may enter a figure in pounds (£) or a percentage (%) of funds invested.

Adviser Charge:	£ or %
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Box 4 – Declaration and Signature

By signing this form I HERBY DECLARE THAT:

- (i) I have received and read the Prospectus dated 26 October 2015, comprising the Securities Note, the Registration Document and the Summary and have read the Terms and Conditions of Application contained therein and agree to be bound by them (definitions used in the Prospectus apply to this application form);
- (ii) I will be the beneficial owner of the D Shares issued to me pursuant to the Offer; and
- (iii) to the best of my knowledge and belief, the particulars I have given the Company are correct.

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

Box 5 – Payment details

Please select one only of the following options:

I enclose a cheque or banker's draft drawn on a UK clearing bank made payable to "Capita Registrars Limited re Calculus VCT plc Offer For Subscription A/C"

I confirm that I will make an electronic transfer to Capita Registrars Limited to the following account:

Bank Name: Royal Bank of Scotland

Sort Code: 15-10-00

Account Number: 32317424

Account Name: Capita Registrars Ltd re Calculus VCT plc – Offer for Subscription A/C

Swift No: RBOSGB2L

IBAN: GB98RBOS15100032317424

I confirm will provide all necessary identity verification evidence if my investment is greater than €15,000 (transfers should be made after first sending in your completed application form with a payment reference of your surname and initials. Please see the application instructions on page 28 of the Securities Note for further instructions.

Complete the section below only if you are tendering payment by electronic transfer

Name of Bank:

Branch:

Sort Code:

Account Name: Account Number:.....

Reference – your initials and telephone number:

E-mail: Telephone:

(where an electronic transfer is being made for £50,000 or more the investor must provide a certified copy of their passport and a recent bank statement)



Box 6 – Dividend Mandate

Dividends on D Shares held in Calculus VCT plc can be paid into your bank or building society account. To arrange for all future dividend payments to be paid directly into your account, please complete and sign the mandate instruction form below. Dividends paid directly to your account will be paid in cleared funds on the dividend payment date. You will receive the corresponding tax voucher by post advising you of the payment amount and date. Your bank or building society statement will identify details of the dividend as well as the date and amount paid.

Please forward all dividends that may from time to time become due on any D Shares now standing, or which may hereafter stand, in my name in the register of members of the Company to:	
Bank	Branch Title
Address	Post Code
Sort Code	Account Number
Account Name	Signature..... Date
The Company and Capita Asset Services do not accept responsibility if any details provided by you are inaccurate.	

THE REMAINDER OF THIS FORM SHOULD ONLY BE COMPLETED BY YOUR INTERMEDIARY (IF ANY).

Box 7 – Intermediary Details

Firm name:	FCA number:.....
Adviser contact:	IFA administrator contact:
E-mail(s):
Address:	
.....	Post code:
Telephone:.....	Fax:.....
Payment Details (to be used if your commission(s)/charge is to be paid to a network or other third party)	
Name:	
Contact:	
Address:.....	
.....	Post Code:.....
E-mail:	Telephone:
Please tick this box if you are permitted to receive commission in respect of this application in compliance with COBS 6.1A of the FCA Handbook. <input type="checkbox"/>	
Please tick this box to confirm CDD, AML and Source of funds verification has been completed for the investor on this application form. <input type="checkbox"/>	

Box 8 – Execution Only Intermediaries

Please tick this box to confirm that no financial advice has been provided by you to your client in respect of this application. <input type="checkbox"/>	
Commission Options (subject to a maximum amount equal to 2% of the Application Amount)	
A. Amount of initial commission to be paid to intermediary	<input style="width: 90%;" type="text"/> %
B. Amount of initial commission to be waived and re-invested for client	<input style="width: 90%;" type="text"/> %
Total A+B (A+B must total no more than 2%)	<input style="width: 90%;" type="text"/> %



Box 9 – Intermediary signature

By signing this form I HEREBY DECLARE THAT I have read the terms and conditions of the Offer set out in the Prospectus (and as further contained herein) and agree to be bound by them. I confirm that the information shown in section 7 of this form is complete and accurate. I further confirm that the amount inserted in Box 3 above (if applicable) has been agreed with my client, the applicant investor.

Signature of intermediary.....

Date

The amount requested to be facilitated for adviser will be divided proportionately between the amounts for each tax year (if applicable) or, if the application is only accepted in part, reduced accordingly to ensure it is not greater than the maximum stated above.

The charging of VAT on an initial adviser charge is the sole responsibility of the adviser. Should any charge facilitated by Capita Asset Services not include the payment of any such VAT, the investor will, at all times, remain solely responsible to make up such VAT deficit (if any) to the adviser.