

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA").**

If you have sold or transferred all of your Ordinary Shares in the capital of the Company then you should send this document immediately to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or the transferee.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board which is set out in Part II of this document and which contains the Board's recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

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# Oxford Technology 2 Venture Capital Trust Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3928569)

## **Notice of General Meeting and Recommended Proposals for the creation of B Shares in the Company and related authority to allot shares, adoption of new articles of association, cancellation of share premium account and capital redemption reserve, adoption of investment policy for B Shares, market purchase authority for B Shares and appointment of Chelverton Asset Management Limited as investment manager**

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Notice of a General Meeting of the Company to be held at Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 11.00 a.m. on 19 November 2018 is set out at the end of this Circular, together with a form of proxy for use at the meeting. Whether or not you propose to attend the General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form.

To be valid, the Form of Proxy must be completed and returned either by post or by hand to be received by Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD at least 48 hours before the time of the General Meeting. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

Your attention is drawn to the sections headed "Action to be taken" on page 9 of this Circular.

If you have a query concerning this process or the General Meeting, please telephone Neville Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0121 585 1131. Calls to 0121 585 1131 are charged at your network provider's standard geographic rates. Calls to this line from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

Capitalised terms used in this Circular have the meanings given to them in Part I of this Circular.

**Shareholders should make their own investigation of the Proposals, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

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## Part I: Definitions

<b>the Act</b>	Companies Act 2006 (as amended)
<b>Admission</b>	admission of the B Shares to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
<b>AIM</b>	Alternative Investment Market of London Stock Exchange plc
<b>current Articles</b>	the current articles of association of the Company adopted on 2 March 2000
<b>B Shareholders</b>	holders of B Shares
<b>B Shares</b>	B ordinary shares of 1 pence each in the capital of the Company
<b>B Share Pool</b>	assets and liabilities of the Company attributable to the B Shares
<b>Chelverton</b>	Chelverton Asset Management Limited
<b>Circular</b>	this document
<b>Company</b>	Oxford Technology 2 Venture Capital Trust Plc (registered number 3928569)
<b>Directors or Board</b>	the directors of the Company and, collectively, the Board
<b>DTR</b>	the Disclosure Guidance and Transparency Rules published by the FCA pursuant to Part VI of FSMA
<b>FCA</b>	Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>Form of Proxy</b>	form of proxy for use in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company to be held on 19 November 2018
<b>Investment Manager</b>	Chelverton, conditionally on Admission
<b>Investor</b>	an individual aged 18 or over who is resident in the United Kingdom and who subscribes for B Shares under the terms of the Offer
<b>ISCA</b>	ISCA Administration Services Limited
<b>ITA</b>	Income Tax Act 2007 (as amended)
<b>Listing Rules</b>	Listing Rules published by the FCA pursuant to Part VI of FSMA
<b>Main Market</b>	the Main Market for listed securities of London Stock Exchange plc
<b>NAV or Net Asset Value</b>	the aggregate of the gross assets of the Company less its gross liabilities
<b>Net Assets</b>	gross assets less all liabilities (excluding contingent liabilities) of the Company
<b>New Articles</b>	the form of articles of association of the Company to be adopted pursuant to a special

	resolution to be passed at the General Meeting
<b>Notice</b>	the notice of the General Meeting set out at the end of this document
<b>Offer</b>	the proposed public offer for subscription of B Shares in respect of the 2018/19 and 2019/20 tax years on the terms to be set out in the Prospectus which it is proposed will offer prospective Investors the opportunity to subscribe for up to 5,000,000 B Shares (with an over-allotment facility of up to an additional 5,000,000 B Shares)
<b>Official List</b>	Official List of the FCA
<b>OTM or Investment Adviser</b>	Oxford Technology Management Limited, the investment adviser to the Company and the investment adviser in relation to the Ordinary Share Pool following Admission
<b>OT2 Managers</b>	OT2 Managers Limited, the Company's wholly-owned subsidiary, which provides investment management services to the Company
<b>Ordinary Shareholders</b>	holders of Ordinary Shares
<b>Ordinary Share Pool</b>	assets and liabilities of the Company attributable to the Ordinary Shares
<b>Ordinary Shares</b>	existing ordinary shares of 10p each in the capital of the Company (ISIN: GB0003105052)
<b>Proposals</b>	all of the proposals described in this document, including the proposed resolutions relating to: (i) the adoption of the New Articles, (ii) the authority to allot B Shares, (iii) the authority to issue such shares on a non-pre-emptive basis, (iv) the cancellation of the Company's share premium account (both existing and that which is to be created upon the issue of B Shares) (v) adoption of the Company's investment policy in respect of B Shares, (vi) the cancellation of the Company's capital redemption reserve, and (vii) authority to make market purchases of B Shares.
<b>Prospectus</b>	the prospectus proposed to be issued by the Company in respect of the Offer in accordance with Section 84 of FSMA in late November to early December 2018
<b>Qualifying Investment</b>	investment in an unquoted trading company, which comprises a qualifying holding for a VCT as defined in Chapter 4, Part 6, of the ITA
<b>Resolutions</b>	the ordinary and special resolutions set out in the Notice
<b>Shareholders</b>	holders of Shares in the Company
<b>Shares</b>	shares in the capital of the Company
<b>VCT</b>	a company which is approved as a venture capital trust by Her Majesty's Revenue and Customs pursuant to section 274 ITA
<b>VCT Regulations</b>	Venture Capital Trust (Winding Up and Merger) (Tax) Regulations 2004 SI 2004/2199 as amended from time to time
<b>VCT Rules</b>	Part 6 ITA and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs, as amended from time to time

## Part II: Letter from the Chairman of the Company

### Oxford Technology 2 Venture Capital Trust Plc

(Registered No. 3928569)

Richard Roth (Chairman)  
Alex Starling  
Robin Goodfellow  
David Livesley

*Registered Office*  
Magdalen Centre  
Oxford Science Park  
Oxford  
OX4 4GA

22 October 2018

Dear Shareholder,

### Recommended Proposals and Notice of General Meeting

#### 1. Introduction

The Board of Oxford Technology 2 Venture Capital Trust Plc today announces its intention, subject to Shareholders' approval, to launch an offer for subscription of a new class of shares (the B Shares) and to appoint a third party, Chelverton Asset Management Limited (**Chelverton**) to manage this new share class. It is proposed that the new funds raised under this Offer will be invested using a more generalist investment policy than the one that currently applies to the Company for its Ordinary Shares.

#### 2. Background and Summary

As the Company's portfolio has developed and been realised, the NAV of the Company has reached a point where covering the fixed costs required to maintain the VCT as a going concern is becoming increasingly uneconomic, despite (in the Directors' understanding) the Company having the lowest level of costs of any VCT. Oxford Technology Management Limited (**OTM**) provides the Company with a cost cap, but this is unsustainable in the long term.

As Directors, we have regularly reviewed this position and considered the options available to the Company and its Shareholders.

One option considered was to place the VCT into voluntary wind up. However, this would eventually crystallise the capital gains which are currently sheltered for certain Shareholders who subscribed for shares when the Company was launched, as well as probably forcing a sale of the remaining 9 investments earlier than would be optimal to maximise Shareholder value, since a distribution in specie is neither practical nor tax efficient. We do not consider this is in the interests of Shareholders, and we have therefore looked at alternative solutions.

Your Directors considered looking to merge your Company with another VCT. This had two disadvantages: the possibility that existing Shareholders would lose some or all of the potential upside associated with their legacy portfolio, and the costs associated with a merger would have represented several years of additional cost to existing Shareholders. The Directors could not find a merger route which was economically beneficial for Shareholders, whilst maintaining the Ordinary Share Pool as a distinct set of assets.

The better solution was to find a way of enlarging the asset base of the Company to spread costs across a wider asset base. The Directors reviewed the option of raising new funds via OTM, but OTM's focus is now on their SEIS/EIS portfolio, given OTM's view that this is a better wrapper for such investments these days; and as the existing portfolio shows, the types of investment that OTM invest in tend to have a much longer than average time horizon for eventual realisation of assets than the majority of investors in a VCT want, as demonstrated by the relatively small amount raised by the Company's top-up offers.

The alternative that Directors determined as the most efficient mechanism was to raise a new B Share class under a new Investment Manager with all the costs of the fund raise being met by the new Investment Manager. This allows time for the existing portfolio to be realised for the benefit of existing Shareholders, whilst making the costs to enable this more manageable. Any new investments will be for the benefit of Investors in the new B Share class.

The remainder of this document provides more information about Chelverton – the proposed Investment Manager for the new pool of assets, additional benefits for existing Shareholders, and the necessary process that the Company needs to go through to enable the creation of a separate pool of assets, to enable the Board to allot the new shares, and various other associated activities.

It contains important information, especially about the risks, and Shareholders are encouraged to read all of this document, and seek independent financial advice should they so wish.

For the Company to be able to proceed on the basis set out in this document, the Directors need Shareholder support and approval, and we therefore ask you to complete and return the proxy card that is enclosed with this mailing. We hope you will vote in favour of all the Resolutions, as those Directors who are Shareholders will do for their own holdings. This solution also has the full support of Lucius Cary and Oxford Technology Management Limited.

If you are interested in hearing more, please feel free to come to the formal General Meeting in Oxford on 19 November 2018.

### 3. Offer of B Shares

For the reasons set out above, we believe that the most attractive solution for our Shareholders is a proposal by Chelverton Asset Management Limited, an experienced team with a strong track record. For some time Chelverton has been looking into the possibility of establishing a VCT as a new offering for their existing client base. Following discussions on various matters (including the costs of establishing a new VCT and the level of annual running costs of such a new VCT), Chelverton has proposed that a new share class (the B Shares) is created in the Company, with Chelverton appointed Investment Manager of the Company. Chelverton would manage the investments of the B Share Pool which will have a more generalist investment policy than the one that applies to the existing Ordinary Share.

As regards the Company's current portfolio for existing Ordinary Shares (the **Ordinary Share Pool**), the investment policy of the Company will remain unchanged and OTM, the existing investment adviser, will continue as Investment Adviser to the Ordinary Share Pool. It remains the Board's intention to make distributions from the Ordinary Share Pool to Ordinary Shareholders when appropriate realisation opportunities arise.

Chelverton is a boutique asset management business founded in 1998 with a specialist focus on smaller quoted UK equities and unquoted SMEs. Further detail on Chelverton and its track record is set out in section 4 below.

Both the Board and Chelverton see considerable advantages in this proposal. One advantage to Investors in the B Shares is that the Company is already an established VCT and raising of further funds will allow the Company's fixed running costs to be spread over a greater asset base, thus reducing the burden for all Shareholders. As the Company has not undertaken a fundraising for a number of years, the Board also believes that some existing Shareholders may be interested in subscribing for the new class of shares in their Company.

The Company and Chelverton propose to launch an offer for subscription in late November to early December 2018 to raise up to gross proceeds of approximately £5 million through the issue of up to 5,000,000 new B Shares (the **Offer**), together with an over-allotment facility of up to approximately a further £5 million. Existing Shareholders will be offered the opportunity to subscribe for B Shares under the Offer at a discount, plus an additional discount for Shareholders who subscribe for B Shares prior to 22 March 2019. It is the intention that Shareholders will have the option to apply for B Shares under the Offer in one or both of tax years 2018/19 and 2019/20.

Following Admission, the name of the Company will be changed to "Chelverton VCT Plc".

The purpose of this document is, therefore, to explain and seek Shareholders' approval under the Act and the Listing Rules for the necessary authorities to enable the Offer to be made, including Resolutions to:

- adopt new articles of association of the Company *inter alia* to create B Shares and enable the Directors to change the Company's name;
- grant authorities to allot B Shares;
- cancel the Company's share premium account;
- adopt a new investment policy of the Company in respect of B Shares;
- cancel the Company's capital redemption reserve; and
- grant authority to make market purchases of B Shares.

The full text of the Resolutions is set out in the Notice of General Meeting at the end of this document.

It is proposed that the B Share class will form a separate pool of capital (distinct from the Ordinary Share Pool) that will be managed by Chelverton on behalf of the Company. The funds in the B Share Pool will be invested in accordance with a more generalist investment policy for the B Shares, proposed to be adopted by the Company as described in section 6 below and set out in Part IV of this document, which will reflect the expertise and experience of Chelverton.

Conditional on Admission of the B Shares, the Company proposes to appoint Chelverton as the Company's Investment Manager and ISCA as administrators and company secretary to the Company. Following Admission, the Company would apply to the FCA to be registered as a small self-managed AIFM.

Subject to Shareholders passing the Resolutions set out in the Notice of General Meeting at the end of this document the Directors propose to launch the Offer through the issue of a prospectus. It is expected that the Prospectus launching the Offer will be published in late November to early December 2018.

### 4. Chelverton

Founded in 1998, Chelverton is a boutique asset management business with a specialist focus on investing in UK listed mid and small cap equities and unquoted SMEs. It is an independent asset management business which is majority employee owned, with offices in Bath, Edinburgh and London and it has 11 employees with an experienced team of 8 fund managers. Chelverton is authorised and regulated by the FCA.

Chelverton launched its first investment trust (Chelverton Growth Trust PLC) focused on companies traded on the Main Market and AIM with a market capitalisation at the time of investment of up to £50 million and which are believed to be at a point of change, while also investing in unquoted investments where it is believed that there is a likelihood of the shares becoming listed on the Official List or traded on AIM or the investee company being sold. Chelverton then launched its flagship investment trust with a UK Mid & Small Cap progressive income strategy in 1999, Chelverton UK Dividend Trust PLC.

Chelverton launched its first open ended vehicle Chelverton UK Equity Income Fund in December 2006 and then Chelverton UK Equity Growth Fund in October 2014, each of which have become award-winning UK small and mid-cap OEICs. Chelverton recently expanded by taking on two well-known investment managers to run a European focused fund, Chelverton European Select Fund. The firm currently manages 2 Investment Trusts and 3 open-ended Investment Companies investing in quoted equities, with over £1bn in total assets (as at 30 September 2018).

On the unquoted side, Chelverton manages Chelverton Investor Club (the "**Club**") which was established in 2009 as a specialist

investor in unquoted UK small companies. As well as managing funds, Chelverton has invested some £50m in a range of privately owned SMEs.

Chelverton's unquoted investment team has developed the Club to offer discerning investors a simple and discrete route to investing directly in private UK companies, using its strong pedigree in managing the acquisition of, and investment in, unquoted SMEs. This is founded on years of extensive experience structuring bespoke investments for a range of exacting clients, including a large family office, an AIM traded holding company (CEPS plc) and a group of individual private investors looking for a diversified portfolio.

Investments in which the Club has participated include *Tufwell*, a glass processing and merchanting Crawley-based company, which was sold in 2018 after a four year hold, delivering just under 3x return for investors, and *Hickton*, the UK's leading independent provider of specialist Clerk of Works services in respect of building construction, civil and structural engineering, and historic building refurbishment work.

Other recent investments, representative of the type that the B Share Pool will be invested in, include *Qualification Check*, the leading provider of degree and other professional award verifications in the UK, *VeloVixen*, the UK's pre-eminent on-line retailer of apparel for female cyclists, and *iDefigo*, an Internet of Things business focused on 'smart' surveillance cameras.

Many of these transactions have been sourced through proprietary/off-market introductions, and deal-flow has been unable to be satisfied by the investment capacity of the Club alone. Investors in the B Share Pool will have access to the VCT-qualifying element of these opportunities, leveraging the incremental funding capability of the Club participants.

Chelverton believes that making a direct equity investment does not have to be a risky, complex endeavour. They only pursue companies that present proven business models, are backed by talented management teams and operate in sectors with significant growth opportunities.

Biographies of the key personnel of the Investment Manager who will be involved in the provision of services to the Company are as follows:

**David Horner** (Managing Director)

David is an acclaimed fund manager, specialising in small- to mid-cap quoted investments and SME unquoted investments. He has 30 years' experience in corporate finance assignments, identifying, structuring and managing investments as well as purchasing and managing private equity, specialist listed and AIM portfolios. He qualified as a chartered accountant in 1985 and has held senior positions in Deloitte, 3i Corporate Finance and Strand Partners Limited, with several public and private company directorships. David set up Chelverton to provide the investment management for the investment trust now known as Chelverton Growth Trust PLC, and was responsible for launching that company in May 1999 and is still its manager. He has also co-managed MI Chelverton UK Equity Income Fund since its launch, the success of which consistently earns him a Citywire AAA fund manager rating.

**Richard Bucknell** (Investment Director)

Richard is a highly experienced private equity investment professional who has led in excess of 30 investments into smaller companies since 1998, and has gone on to represent investor interests on the boards of many of those companies following investment. Richard has helped to shape the strategic development of these companies over time, through to managing the realisation process on behalf of investors.

Prior to joining Chelverton, Richard held a number of senior investment management positions at firms including Barclays Ventures, Livingbridge (formerly ISIS Equity Partners), where he was a senior member of the team investing on behalf of the Baronsmead VCTs, and Catapult Venture Managers.

## **5. Changes to the Board and Audit Committee, Company Secretary and Management and Administration**

Conditional on, and with effect from, Admission, Ian Clifton has agreed to join the Board. Ian has worked in investment banking including at IBJ, ABN AMRO and West LB. He then worked for Mercer and Scottish Widows Investment Partnership and was a founding partner of C-Suite, advising boards of directors and senior management on strategies for pension funding. He also provides management consultancy to a number of companies in the disruptive technology sector.

Conditional on, and with effect from, Admission, David Livesley will retire from the Board and James Gordon will resign as company secretary. Robin Goodfellow will remain on the Board following Admission and retire from the Board and the Audit Committee at the end of the next annual general meeting of the Company. We are grateful for their respective contributions to the Board.

Conditional on Admission, Alex Starling and Ian Clifton will join the Audit Committee. It is anticipated that I will retire from the Audit Committee at the end of the Company's 2019 annual general meeting and Ian Clifton will become chairman of the Audit Committee.

Conditional on Admission, ISCA will be appointed to provide administration and company secretarial services. ISCA provide accounting, fund administration and company secretarial services to a number of investment trust companies including a VCT.

Conditional on Admission, the Company's management agreement with OT2 Managers Limited will be terminated and OT2 Managers Limited will terminate its back-to-back agreement with OTM. If Shareholders approve the Proposals by voting in favour of the Resolutions at the General Meeting, the Company would enter into an investment management agreement with Chelverton (conditional on Admission) immediately before the Prospectus is published. Chelverton would be paid a management fee of 2% of the Net Asset Value of the B Share Pool with no performance fee and would agree to pay the Company's annual running costs above a cost-cap calculated at 3.5% of the Company's Net Asset Value as set out in the latest audited accounts, so long as Chelverton remains the Company's investment manager. Chelverton's appointment would be for an initial fixed term of five years, terminable thereafter on 12 months' notice and terminable at any time on the usual events of default. OTM would continue to act as investment adviser to the Ordinary Share Pool and would receive an investment advisory fee of 0.5% of the Net Asset Value of the Ordinary Share Pool (a reduction of 0.5% in their current fee in recognition of the fact that they will no longer be responsible for the administration of the company or subject to a cost cap). No change to the existing performance fee arrangements in relation to the Ordinary Shares is being proposed, other than a waiver of such entitlements by Alex Starling and myself.

## 6. Investment Policy for the B Shares

As well as the proposal to appoint Chelverton as Investment Manager of the Company, the Directors propose that a separate investment policy be adopted in respect of the B Shares to allow the Company to invest the proceeds of the Offer and any subsequent fundraisings in a wider range of Qualifying Investments than is possible under the investment policy for the Ordinary Shares.

The investment policy for the B Shares will be to invest in a broad range of Qualifying Investments and that the non-qualifying portfolio will comprise units or shares in UCITS or AIF (in each case redeemable on not more than 7 days' notice), or short term cash deposits or shares or securities acquired on a recognised investment exchange (within the meaning of Part XVIII FSMA).

In accordance with the Listing Rules, the Company requires Shareholders' approval to make a material change to its investment policy. Since the Directors believe that the adoption of a separate investment policy for the B Shares constitutes a material change, a resolution to adopt the investment policy, for the B shares, will be proposed at the General Meeting.

The investment policy for the Ordinary Shares will be unchanged. Under the New Articles, the Company's records and accounts will be kept on the basis that the assets and liabilities of the Ordinary Share Pool can be separately identified from those of the B Share Pool.

## 7. Benefits of the Offer

The Board believes that the launch of the Offer will benefit existing Shareholders as follows:

- spreading the fixed annual running costs of the Company over a larger capital base;
- providing the opportunity to invest in a generalist VCT qualifying pool with ongoing oversight from two of the existing Directors, allowing existing Shareholders to benefit from 30% income tax relief and tax-free distributions;
- offering existing Shareholders (and new Investors) a share class with a different investment focus and with a new Investment Manager;
- reducing the effective cost cap (which currently excludes Directors' fees) for existing Shareholders;
- potentially enabling some cash retained for working capital to be released in the form of a small special additional dividend to existing Shareholders\*;
- offering existing Shareholders (and shareholders in the 3 other VCTs that have OTM as Investment Adviser) a loyalty incentive discount on the Offer price;
- allowing the Company to co-invest alongside other funds managed by Chelverton in attractive investment opportunities; and
- all the costs of the proposed Offer will be paid for by Chelverton.

*\* this is not a profit forecast; there can be no guarantee that any additional special dividend would be paid or of its amount but the Board will look at this in detail following the closing of the Offer*

The making of the Offer and raising of funds into the new B Share class will necessarily extend the life of the Company since the Company will need to continue and Investors will need to retain their shareholdings for at least another five years after the last allotment of B Shares under the Offer so that the B Shareholders can preserve any initial income tax relief they may receive on their subscription for B Shares. The extension of the life of the Company will also benefit any Ordinary Shareholders who took advantage of capital gains tax deferral when they subscribed for their Ordinary Shares. Once B Shares have been issued, Ordinary Shareholders will no longer have an annual continuation vote and the next continuation vote will be in 2025.

## 8. Timing of the Offer

It is intended that, subject to the passing of the Resolutions and FCA approval of the Prospectus, the Company will launch the Offer in late November to early December 2018.

Full details of the Offer will be set out in the Prospectus, and Shareholders interested in investing in the Offer should read the Prospectus in full once it is published. An announcement will be made when the Prospectus is published. **Any decision to participate in the Offer should be made solely by reference to the information and the terms and conditions contained in that Prospectus.**

It is proposed that a first allotment of B Shares will take place on or before 4 April 2019. Subject to the terms and conditions of the Offer, it is the intention that Shareholders will have the option to apply for B Shares under the Offer in one or both of tax years 2018/19 and 2019/20.

## 9. General Meeting

The General Meeting has been convened for 11.00 a.m. on 19 November 2018 at Magdalen Centre, Oxford Science Park, Oxford OX4 4GA. At the General Meeting, Resolutions 2 and 5 will be proposed as ordinary resolutions, requiring the approval of more than 50% of the votes cast. Resolutions 1, 3, 4, 6 and 7 will be proposed as special resolutions, requiring the approval of not less than 75% of the votes cast.

The Resolutions are set out in full in the Notice at the end of this document and are summarised below:

### **Resolution 1 - Adopt the New Articles of the Company (special resolution)**

Resolution 1 will, if passed, adopt the New Articles in substitution for the current Articles. The New Articles are in a form which is appropriate for a premium listed Main Market traded VCT and in conformity with the Companies Act 2006. The New Articles also include the rights attaching to the B Shares. A summary of the key differences between the current Articles of the Company and the New Articles which, in the opinion of the Directors, are relevant for Shareholders, is set out in Part III to this Circular.

A copy of the proposed New Articles is available for inspection from the date of this Circular at the registered office of the Company and for at least 15 minutes prior to and during the General Meeting at the place of the General Meeting, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA. A copy is also available on the OTM website (<http://www.oxfordtechnology.com>).

**Resolution 2 - Authority for the Board to allot shares (ordinary resolution)**

Resolution 2 will, if passed and conditional on the passing of Resolution 1 above, give the Board authority with immediate effect to allot shares up to an aggregate nominal amount of £120,000 representing, in aggregate, approximately 22.5% of the issued share capital of the Company as at the date of this Circular. This authority will expire on the later of 15 months after the date this resolution is passed and the end of the Company's next annual general meeting. The Directors intend to allot up to 5,000,000 B Shares of 1p each under the Offer plus up to an additional 5,000,000 under the over-allotment facility, and are also seeking approval to allot up to an additional 20% outside the Offer, being up to a further 2,000,000 B Shares. The Directors have no current intention of allotting further B Shares outside the Offer and do not intend to make any further allotments of Ordinary Shares.

**Resolution 3 - Disapply statutory pre-emption rights (special resolution)**

Resolution 3 will, if passed, disapply the statutory pre-emption rights contained in section 561 of the Act to enable the Directors to allot equity securities for cash pursuant to the authority given under Resolution 2 above. This authority will expire on the later of 15 months after the date this resolution is passed and the end of the Company's next annual general meeting. The authority conferred by this resolution will be limited to:

- (i) the allotment of B Shares in connection with the Offer; and
- (ii) otherwise than as set out in (i) above, an aggregate nominal amount of 20 per cent. of the issued ordinary share capital of the Company immediately following closing of the Offer.

**Resolution 4 - Cancellation of share premium account (special resolution)**

Resolution 4 will, if passed and subject to the sanction of the Court and conditional on the issue of B Shares by the Company pursuant to the Offer, cancel all amounts standing to the credit of the share premium account. The Act places restrictions on distributions by a public limited company which can only make a distribution to the extent that the amount of its net assets is not less than the aggregate of its called up share capital and undistributable reserves. The share premium account is an undistributable reserve. Currently the Company has £376,000 in its share premium account relating to past issues of Ordinary Shares and, as a result of the B Shares being issued under the Offer, additional share premium will be created.

The additional new reserve created by the cancellation of the share premium account will allow the Company to create a special reserve that can be used to pay dividends, assist in writing off losses or finance market purchases of the Company's Shares. The opportunity to cancel the share premium account at this stage is being taken in order to save the costs of convening a further general meeting following the closing of the Offer. In addition, the reserve created by the cancellation may also be used by the Company to purchase shares in the capital of the Company, whether in the market or by a tender offer, although the Company has no current intention of doing so.

**Resolution 5 – Adoption of investment policy for the B Share Pool (ordinary resolution)**

Resolution 5, if passed, will adopt the Company's investment policy in respect of the B Shares. Resolution 5 is conditional on the passing of Resolutions 1, 2 and 3 and on Admission.

**Resolution 6 – Cancellation of capital redemption reserve (special resolution)**

Resolution 6 will, if passed and subject to the sanction of the Court and conditional on the issue of B Shares by the Company pursuant to the Offer, cancel all amounts standing to the credit of the capital redemption of the Company. The capital redemption reserve was created on the repurchase of the Company's Ordinary Shares under the tender offer in 2017.

The cancellation of this reserve, like the cancellation of share premium account, will create further distributable reserves to assist in the payment of dividends or to assist in the return of funds to shareholders.

**Resolution 7 – Authorise the Company to make market purchases of B Shares (special resolution)**

Resolution 7 will, if passed, permit the Company to make market purchases of its own B Shares at the Directors' discretion.

The Directors will only use this authority in circumstances where a holder of B Shares has died. This authority does not authorise or permit the Company to make market purchases of Ordinary Shares.

**10. Action to be taken**

Included with this document, you will find a Form of Proxy for use at the General Meeting. Whether or not you propose to attend, you are requested to complete and return the Form of Proxy, by post or hand, to Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD, so as to be received as soon as possible, in each case to arrive not later than 48 hours before the time of the meeting. Completion and return of a Form of Proxy will not affect a Shareholder's right to attend and vote at the General Meeting should he or she wish to do so.

**11. Recommendation**

The Board considers that the Proposals relating to the Company are in the best interests of the Company and its Shareholders as a whole and the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 58,033 Ordinary Shares (representing approximately 1.09% of the issued share capital as at 19 October 2018, being the latest practicable date prior to publication of this document).

Yours faithfully

**Richard Roth**

Chairman

Oxford Technology 2 Venture Capital Trust Plc

## Part III: Summary of Differences in the New Articles

Set out below is a summary of the principal difference between the New Articles and the existing Articles of the Company adopted on 2 March 2000 (**current Articles**).

Please note that the below is not intended to provide a comprehensive report of all differences between the current Articles and the New Articles, and Shareholders are advised to review the current Articles and the New Articles in full and take legal advice, where appropriate, as to the effect of the proposed adoption of the New Articles.

### Share Rights

The New Articles contain provisions to effect the internal separation of the assets and liabilities of the Ordinary Share Pool and the B Share Pool (and the allocation of assets and liabilities between them).

The New Articles require the Company to procure that the Company's records and bank accounts and those of any nominees of the Company shall be operated so that the assets and liabilities attributable to the Ordinary Shares and the B Shares respectively can, at all times, be separately identified and so as to allocate a fair proportion of every expense and liability of the Company between the assets attributable to the Ordinary Shares and the assets attributable to the B Shares.

Prior to the issue of any B Shares, the Ordinary Share Pool comprises the total net assets of the Company.

The B Share Pool will consist of the net cash proceeds of the issue of the B Shares as invested in or represented by investments or cash or other assets less such expenses and liabilities as are attributable to the B Shares.

With effect from Admission, all costs, fees, charges and expenses relating to the administration of the Company will be apportioned between, and allocated to, the Ordinary Share Pool and the B Share Pool pro rata, on the basis of the proportion of the Company's total assets that the assets attributable to the Ordinary Shares bears to the assets attributable to the B Shares and vice versa. Costs, fees, charges and expenses relating to the investments attributable to that one class of Share only shall be for the account of the Ordinary Share Pool or the B Share Pool, as the case may be.

#### *Rights as to Dividends*

The New Articles provide that dividends payable in relation to Ordinary Shares may only be paid out of the Ordinary Share Pool and that dividends payable in relation to the B Shares may only be paid out of the B Share Pool.

#### *Rights as to Capital*

The New Articles provide that the holders of Ordinary Shares have the right to the assets in the Ordinary Share Pool and that the holders of B Shares have the right to the assets in the B Share Pool whether on a winding up, return of capital or other distribution.

#### *Voting*

The New Articles provide that the voting rights of holders of B Shares will be the same as holders of Ordinary Shares as if the B Shares and the Ordinary Shares were a single class.

Any proposal to vary the rights attached to the Ordinary Shares or the B Shares requires their consent by special resolution at a separate meeting of holders of the Ordinary Shares or B Shares as appropriate.

### Conversion

The New Articles provide that the Directors have absolute discretion to commence the process outlined in the New Articles for conversion of Ordinary Shares then in issue into B Shares on, or within 10 business days of, (i) the date when the last published Net Asset Value per Ordinary Share falling below 5p per Ordinary Share or (ii) the business day next following the sanction of a special resolution proposed by the Board (and passed at a separate class meeting of the holders of Ordinary Shares convened and held in accordance with the provisions of the New Articles) that notwithstanding the condition in (i) above not being met it is in the interests of the Company for a conversion to commence (such date being the **Conversion Date**).

In any event, the Directors intend to review whether it is appropriate to propose conversion in 2024.

A "Conversion Ratio" (as defined in the New Articles) shall be calculated to determine the number of B Shares and new deferred shares of 1p each (**Deferred Shares**) to which the holders of Ordinary Shares shall be entitled to on conversion. Subsequently, on the Conversion Date, each Ordinary Share shall be subdivided and converted into such number of B Shares and Deferred Shares as shall be necessary to ensure that the number of B Shares resulting from the conversion is equal to the number of Ordinary Shares in issue immediately prior to the conversion multiplied by the Conversion Ratio.

The B Shares and Deferred Shares arising upon the conversion shall be divided amongst the former holders of Ordinary Shares pro rata according to their respective former holdings of Ordinary Shares. The Deferred Shares will be repurchased by the Company for an aggregate price of £0.01.

### Votes at general meetings

The chairman of a general meeting does not have a casting vote under the New Articles.

### Election of Directors

Subject to the New Articles, at each annual general meeting of the Company, any Director who:

- (i) has been appointed by the Board since the last annual general meeting;
- (ii) held office at the time of the two preceding annual general meetings and who did not retire at either of them; or

(iii) has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office and may offer himself for election or re-election by the Shareholders.

#### **Directors' Remuneration**

The New Articles provide that the aggregate remuneration of all Directors in any 12 month period shall not exceed £75,000 or such higher amount as may be approved by ordinary resolution. This increases the aggregate amount from £50,000 under the current Articles, in order to remunerate Directors at an appropriate level for a growing fund. It is expected that Directors' remuneration will continue to be well below the industry average and that the Company will continue to have a low overall fee structure compared to its peer group.

#### **Number of Directors**

The current articles of association provide that the number of Directors shall be not less than three nor more than 10. The New Articles provide for a minimum of two Directors and retain a maximum of 10 Directors.

#### **Borrowing Powers**

The New Articles do not contain any restrictions on borrowing, unlike the current Articles. The Directors do not currently intend to use the borrowing powers under the New Articles.

#### **Change of Name**

The New Articles permit the Board to change the name of the Company.

#### **Continuation Vote**

The Company will not have a fixed life and there is no provision in the New Articles for a continuation vote. However at the annual general meeting of the Company in 2025 and every 3 years thereafter, or in the event that no B Shares are issued, at the annual general meeting of the Company every 3 years, the Directors will propose an ordinary resolution that the Company continues in existence. If that resolution is not passed, the Directors will propose a resolution for the Shareholders to vote on a process for winding-up the Company or some other means of distribution shareholders' capital and income, in accordance with applicable VCT legislation.

#### **Other Administrative Changes**

The New Articles contain provision enabling dividends to be paid by electronic transfer and for notices to be given electronically.

## Part IV: Investment Policy for B Shares

Subject to Shareholders' approval of Resolution 5 to adopt the investment policy, the investment policy of the Company in respect of the B Shares shall be as follows:

### Investment Objectives and Policy

The investment objective of the Company for the B Shares is to provide private Investors with attractive returns from a portfolio of investments in unquoted companies including existing AIM and NEX Exchange Growth Market (**NEX**) quoted companies in the United Kingdom. It is the intention to maximise tax-free income available to Investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from sale of assets.

By virtue of the legislative framework governing the Company, the Company's investment policy for the B Shares has been designed to be aligned with the need to comply with VCT legislation which is key to the proposition being offered to Investors.

The Company will target investments in UK unquoted companies through a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities and fixed interest securities. Unquoted investments are likely to be structured as a combination of ordinary shares and loan stock. The Company may also invest in stocks that are traded on the London Stock Exchange (including AIM) and on NEX; such stocks may include ordinary shares, preference shares and/or loan stock. As well as quoted securities, the Company may hold investments in permitted funds, including interest bearing money market open-ended investments companies in addition to cash on deposit.

### Qualifying Investments

Compliance with the VCT rules and regulations is to be considered in respect of all investment decisions made. While it is recognised that venture capital investments carry a significant risk of capital loss, the Company will aim to ameliorate that risk as far as possible by targeting investee companies that are carrying out a qualifying trade and have assets.

### Non-Qualifying Investments

Funds not yet employed in Qualifying Investments will be managed in accordance with VCT Rules for non-qualifying investments with the intention of ensuring the Company has sufficient liquidity to invest in Qualifying Investments as and when opportunities arise. The non-qualifying portfolio will comprise units or shares in UCITS or AIFs (in each case redeemable on not more than 7 days' notice), or short term cash deposits or shares or securities acquired on a recognised investment exchange (within the meaning of Part XVIII FSMA).

### Risk Diversification

The Directors will control the overall risk of the Company. Chelverton, as Investment Manager, will ensure that the B Share Pool has exposure to a diversified range of VCT Qualifying Investments from different sectors and that no more than 15% of the Company's assets are invested in any one company, measured at the time of investment.

### Borrowing Policy

There will be no set limit or restriction on the Company's borrowing. However, it is not the Company's intention to have any borrowings of more than 20% of gross assets at the time any such borrowing is undertaken.

### Changes to the Investment Policy for the B Shares

Any material change to the investment policy of the Company for the B Shares will require the approval of Shareholders pursuant to the Listing Rules.

## Part V: Risk Factors

The risks referred to in this section are the material risks known to the Board at the date of this document which the Board believe Shareholders should consider prior to deciding whether to vote on the Resolutions. Shareholders who are in any doubt about the action they should take are recommended to seek their own financial advice from their stockbroker, bank manager, solicitor, accountant or other appropriately qualified adviser authorised under the Financial Services and Markets Act 2000 without delay.

Full details of the B Shares and the risks associated with an investment in them will be set out in the Prospectus. Shareholders are strongly advised to read the whole of the Prospectus and, in particular, the risk factors before deciding whether or not to invest in B Shares.

### Risks associated with there being two Share Classes

- Although the New Articles contain provisions for the segregation of the assets and liabilities attributable to the Ordinary Shares and the B Shares, certain key tests and rules will be applied on a company wide basis. For example, the VCT rules will be applied on a company wide basis as will the tests in relation to distributable profits and other funds available for distribution by way of dividend and/or the buy-back of the Company's Shares. As such, the Ordinary Shares may be affected, possibly detrimentally, by the performance of the assets and liabilities attributable to the B Shares in a number of different key ways (and, vice versa, the B Shares may be affected, possibly detrimentally, by the performance of the assets and liabilities attributable to the Ordinary Shares).
- The funds raised through the issue of the B Shares will be raised materially later than the funds raised through the issue of the Ordinary Shares. As such, the five year VCT holding period will start running significantly later in relation to the B Shares than with the Ordinary Shares (in respect of Investors who subscribe for B Shares and hold them). This may incentivise financially the holders of different classes of Shares to seek different outcomes at different times.
- Although the New Articles contain provisions allocating the assets and liabilities of the Company to either the Ordinary Share class or the B Share class, such allocations may not in all circumstances (for example insolvency situations) be effective in ring-fencing the assets and liabilities of one share class from the other, particularly in relation to a third party creditor or claimant against the Company.
- The interests of the Ordinary Shareholders and the B Shareholders may not always be aligned, for example in relation to statutory holding periods for certain tax reliefs that commence from the issue date of the relevant Share. Certain relevant tests (for example, in relation to the ability to pay dividends and/or finance the buy-back of Shares and in relation to compliance with the VCT Rules) are, however, calculated on a Company-wide basis. In addition, certain corporate actions (such as a winding-up for example) can only be done on a Company-wide basis. It may, therefore, occur that the interests of the Ordinary Shareholders and the B Shareholders are not aligned in relation to corporate actions, including those which may depend on a vote of both classes of Shareholders taken together and/or separate class votes.

### Risks relating to the Proposals

- To the extent that Shareholders do not participate in the Offer at least pro rata to their holding of Ordinary Shares, the Offer will have a dilutive effect on their voting rights in relation to general meetings of the Company (on an aggregate share basis).
- Chelverton has not managed a venture capital trust before. If the Company's assets are not managed in accordance with the VCT Rules, the Company may cease to qualify as a VCT.
- The composition of the Board of Directors will change.
- Under the New Articles, the Board has discretion to convert the Ordinary Shares into B Shares at any time when the published Net Asset Value of the Ordinary Shares is 5 pence or less.
- Under the new arrangements, the overall running costs of the Company may increase.

### Risks Relating to the Company and the Investment Policy for B Shares

- The value of the Shares and the income from them can fluctuate and Investors may not get back the amount they invested.
- The value of Ordinary Shares and B Shares in the Company depends on the performance of their underlying assets. The market price of the B Shares may not fully reflect their underlying Net Asset Value and will be determined, among other things, by the interaction of supply and demand for such shares in the market, as well as the Net Asset Value per Share. Generally, trading in VCT shares is not active, so shares tend to be valued at a discount to their Net Asset Value and may be difficult to realise.
- There is no guarantee (whether from Chelverton or any other party) that the Company will meet its investment objective. There can be no guarantee that suitable investment opportunities will be identified in order to meet such objectives for the B Shares.
- Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the Main Market. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.
- The Company's investments may be difficult to realise. There may also be constraints imposed on the realisation of investments in order to maintain VCT status which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions.
- Although the B Shares will be listed, it is highly unlikely that a liquid market in the Shares will develop as the initial VCT income tax relief is only available to those subscribing for new Shares and there may never be two competitive market makers. It may, therefore, prove difficult for B Shareholders to sell their B Shares. Accordingly, admission to the Official List and to trading on the Main Market should not be taken as implying that there will be a liquid market for the Shares. Shareholders may not be able to realise their investment at Net Asset Value, or at all.
- Investment in the Company should be regarded as long-term in nature and, as such, is not suitable for all individuals.
- Changes in legislation concerning VCTs may limit the number of qualifying investment opportunities, reduce the level of returns which would otherwise have been achievable or result in the Company not being able to meet its investment objective.
- The past performance of the Company or of other funds managed or advised by Chelverton is not necessarily an indication of the future performance of the Company.

## Risks Relating to Taxation and Regulation

- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective. Furthermore and although it is intended that the Company will be managed so as to continue qualifying as a VCT, there is no guarantee that such status will be maintained.
- The Finance Act 2014 amended the VCT rules, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and market purchases of B Shares.
- The Finance (No. 2) Act 2015 introduced a maximum age limit for companies receiving VCT investments (generally seven years from first commercial sale or ten years for knowledge intensive companies), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for knowledge intensive companies). There are further restrictions on the use of VCT funds received by investee companies. The Finance Act 2018 introduced a new "risk-to-capital" condition for qualifying investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk. The Company may not make investments which breach the "risk-to-capital" condition, and the potential penalty for contravention of the VCT Rules can include loss of VCT status with a resultant clawback of VCT tax reliefs from Investors. This "risk-to capital" condition took effect in relation to shares or securities issued on or after 15 March 2018.
- Where the European Commission believes that State Aid has been provided which is not in accordance with the risk finance guidelines, it may require the UK government to recover that State Aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the VCT or the VCT's Investors.

## Risks associated with Chelverton / conflicts of interest

- The past performance of Chelverton is no indication of future performance.
- Chelverton will provide discretionary investment management services to the Company in respect of its portfolio of investments in the B Share Pool. If Chelverton does not perform its obligations in accordance with the agreement regulating the provision of these services, the performance of the Company and/or its ability to achieve or maintain VCT status, may be adversely affected.
- Chelverton, or any of its officers, employees, agents and affiliates and the Directors (including Ian Clifton after his appointment to the Board) and any person or company with whom they are affiliated or by whom they are employed (each an 'Interested Party') may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. An Interested Party will not be liable to account for any profit made in connection with these activities. For example, and without limitation, an Interested Party may:
  - (a) deal or invest in any investment, whether or not for its own account and notwithstanding that similar investments may be held by the Company;
  - (b) enter into or be interested in any financial or other transaction with any entity any of whose securities are held by or for the account of the Company;
  - (c) allocate investment opportunities among the funds and accounts it manages in accordance with its internal policies; or
  - (d) arrange for the Company to acquire investments from or dispose of investments to any Interested Party or any investment fund or account advised or managed by any such person.
- In the event of a conflict of interest arising in relation to the above circumstances, or in any other circumstances, and so far as it is within their powers to do so, the Directors will endeavour to ensure that it is resolved fairly and approved by the Board in accordance with the Conflicts Policy as set out in Chelverton's compliance manual. Where potential and actual conflicts of interest are identified Chelverton's compliance team will be notified and they will prepare a note, which will then be considered by and discussed with the Board, with the aim of agreeing steps to resolve or otherwise manage such conflicts.
- To the extent that the Company intends to invest in a company in which another fund managed by Chelverton has invested or intends to invest, the investment must be approved by the Board.

## Part VI: Notice of General Meeting

### Oxford Technology 2 Venture Capital Trust Plc

(Registered No. 3928569)

#### Notice of General Meeting

Notice is hereby given that a General Meeting of Oxford Technology 2 Venture Capital Trust Plc will be held at 11.00 a.m. on 19 November 2018 at Magdalen Centre, Oxford Science Park, Oxford OX4 4GA for the purpose of considering and, if thought fit, passing resolutions 2 and 5 below as ordinary resolutions and resolutions 1, 3, 4, 6 and 7 below as special resolutions of the Company. Capitalised terms not otherwise defined in this notice shall bear the same meanings given in the circular to shareholders dated 22 October 2018 (the **Circular**).

#### Special Resolution

- 1 THAT the new articles of association produced to the meeting and signed by the Chairman for the purposes of identification (the **New Articles**) be adopted in substitution for and to the exclusion of the Company's existing articles of association.

#### Ordinary Resolution

- 2 THAT, with immediate effect and conditional on Resolution 1 being passed, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the **Act**) to exercise all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £120,000, during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted to subscribe for or to convert any security into shares in the Company after such expiry and all previous authorities given by the Directors in accordance with section 551 of the Act be and are hereby revoked, provided that such revocation shall not have retrospective effect.

#### Special Resolutions

- 3 THAT the Directors be and are hereby empowered, during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of this resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), pursuant to section 570 of the Act, to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act, pursuant to Resolution 2 above, as if section 561(1) of the Act did not apply to any such allotment save that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired and provided that the power conferred by this resolution shall be limited to:
  - a. the allotment of equity securities in connection with the Offer of up to 10,000,000 B Shares of 1p each in the capital of the Company; and
  - b. otherwise than pursuant to sub-paragraph (a) above, to an aggregate nominal amount of 20 per cent. of the issued ordinary share capital of the Company immediately following closing of the Offer.
- 4 THAT, conditionally upon the issue of B Shares by the Company pursuant to the Offer and subject to the approval of the Court, all of the amounts standing to the credit of the share premium account of the Company immediately following close of the Offer be cancelled.

#### Ordinary Resolution

- 5 THAT, conditional on the passing of Resolutions 1, 2 and 3 above and on Admission, the Company's investment policy in respect of the B Shares be and is adopted on the terms set out in the Circular, subject to such amendments of a non-material nature as the Directors may consider necessary or desirable.

#### Special Resolution

- 6 THAT, conditionally upon the issue of B Shares by the Company pursuant to the Offer and subject to the approval of the Court, all of the amounts standing to the credit of the capital redemption reserve of the Company immediately following close of the Offer be cancelled.

#### Special Resolution

- 7 THAT the Company be authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of B Shares. The maximum price which may be paid for a B Share must not be more than the higher of:
  - a. 5 per cent above the average of the mid-market values of the B Shares for the five business days before the purchase is made; or
  - b. if higher, that stipulated by Article 5(6) of the Market Abuse Regulation.

The minimum price (exclusive of expenses) which may be paid for a B Share is 1 pence. Such authority will expire at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting) save that the Company may contract to purchase B Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase its B Shares in pursuance of such contract.

By order of the Board

**James Gordon**  
Company Secretary

22 October 2018

Registered Office: Magdalen Centre, Oxford Science Park, Oxford, Oxfordshire OX4 4GA

## Notes

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the appointer. Details of how to appoint the chairman of the meeting or another person as a proxy using the Form of Proxy are set out in the notes on the Form of Proxy. If the member wishes his or her proxy to speak on their behalf at the meeting then the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to the proxy.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD, in each case not less than 48 hours before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the demand is made.
- (c) A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, a member may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Neville Registrars Limited, on 0121 585 1131 to request additional copies of the proxy form. For legal reasons Neville Registrars Limited will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. The member will need to indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as proxy, and will also need to indicate on the form (by ticking the box provided) if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (f) The statement of the rights of members in relation to the appointment of proxies in paragraphs (c) and (d) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
- (g) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (h) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 5.00 p.m. on 16 November 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (i) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (j) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at 11:00 a.m on 17 November 2018 or the day which is two days before the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (k) If the recipient of this document has been nominated to receive general shareholder communications directly from the Company, it is important to remember that the member's main contact in terms of their investment remains as it was (being the registered shareholder, or perhaps custodian or broker, who administers the investment on their behalf). Therefore, any changes or queries relating to a member's personal details and holding (including any administration thereof) must continue to be directed to that member's existing contact at their investment manager or custodian. The Company cannot guarantee that it will deal with any matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to a member directly for a response.
- (l) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (f) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.