

# Prospectus and Application Form

Offer for subscription  
to raise up to £15 million  
with an over-allotment facility to raise up to  
a further £10 million

UNICORN  
AIM VCT PLC





**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial intermediary authorised pursuant to the Financial Services and Markets Act 2000 (FSMA).

This document, comprising a prospectus dated 29 January 2019 issued by Unicorn AIM VCT plc (Company), has been prepared in accordance with the Prospectus Rules made under Part VI of FSMA and has been approved for publication by the Financial Conduct Authority (FCA) under section 87 of FSMA and the Prospectus Rules. This document has been prepared for the purposes of complying with the prospectus directive, English law and the rules of the UK Listing Authority and the information disclosed may not be the same as that which would be disclosed if this document had been prepared in accordance with the laws of a jurisdiction outside England.

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

Persons receiving this document should note that, in connection with the Offer, Panmure Gordon (UK) Limited (Panmure Gordon) is acting as sponsor for the Company and Unicorn Asset Management Limited (Unicorn AM) is acting as promoter to the Offer and, (in each case, for no-one else) are both authorised and regulated in the United Kingdom by the FCA and will not (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) be responsible to any other person for providing the protections afforded to customers of Panmure Gordon and Unicorn AM (respectively) for providing advice in connection with the Offer.

Shakespeare Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

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

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# UNICORN AIM VCT PLC

(Registered in England and Wales with registered number 04266437)

## Offer for Subscription to raise up to £15 million with an over-allotment facility to raise up to a further £10 million through the issue of New Shares

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The attention of prospective investors in the Company who are resident in, or citizens of, territories outside the United Kingdom is drawn to the information under the heading "Overseas Shareholders" in paragraph 5 of Part VIII of this document. The New Shares will not be registered under the United States Securities Act 1933 or the United States Investment Company Act 1990, and no action has been, or will be, taken in any jurisdiction by, or on behalf of the Company, Unicorn AM or LGBR Capital London Limited (LGBR Capital), the distributor for the Offer, which would permit a public offer of the New Shares in any jurisdiction 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.

Copies of this Prospectus (and any supplementary prospectus published by the Company) are available free of charge from the national storage mechanism ([www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM)) and from Unicorn AM and LGBR Capital:

Unicorn Asset Management Limited  
First Floor Office, Preachers Court  
The Charterhouse, Charterhouse Square  
London EC1M 6AU  
telephone: 020 7253 0889  
download: [www.unicornam.com](http://www.unicornam.com)  
email: [info@unicornam.com](mailto:info@unicornam.com)

LGBR Capital London Limited  
Candlewick House  
120 Cannon Street  
London EC4N 6AS  
telephone: 020 3195 7100  
download: [www.lgbrcapital.com](http://www.lgbrcapital.com)  
email: [sales@lgbrcapital.com](mailto:sales@lgbrcapital.com)

The procedure for, and the terms and conditions of, application under this Offer are set out at the end of this document together with the Application Form. Completed Application Forms must be posted or delivered by hand (during normal business hours only) to the receiving agent, The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH (Receiving Agent). The Offer opens on 29 January 2019 and will close at 5.30 p.m. on 4 April 2019 (or, if earlier, as soon as the Offer is fully subscribed or otherwise at the Board's discretion).

**YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 12 TO 14.**

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# Summary

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

This summary contains all of the Elements required to be included in a summary for the type of shares being issued pursuant to the prospectus issued by the Company (as defined below) (Prospectus) containing an offer for subscription (Offer) of ordinary shares in the Company (New Shares) and the Company being a closed-ended investment fund. Some of the Elements are not required to be addressed and, as a result, there may be gaps in the numbering sequence of the Elements.

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

A		<b>Introduction and Warnings</b>
A1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities of the Company should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a Court, the plaintiff investor might, under the national legislation of member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Use of Prospectus by financial intermediaries for subsequent resale or final placement	The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offer. The Offer will close on or before 5.30 p.m. on 4 April 2019, unless previously fully subscribed or closed earlier by the Directors. There are no conditions attaching to this consent.  <b>Financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.</b>

B		<b>Issuer</b>
B1	Legal and commercial name	Unicorn AIM VCT plc (Company).
B2	Domicile / Legal form / Legislation / Country of incorporation	The Company is a public limited liability company which is registered in England and Wales with registered number 04266437.  The principal legislation under which the Company operates is the Companies Act 2006 (and regulations made thereunder).
B5	Group description	Not applicable. The Company is not part of a group.
B6	Material Shareholders / Differing voting rights / Control	The Company has no material shareholders with different voting rights. All shareholders in the Company (Shareholders) have the same voting rights in respect of the share capital of the Company. As at 28 January 2019 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to Companies Act 2006 and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more in a Company will be notified to the Company).

B7	Selected financial information and statement of any significant changes	<p>Certain selected historical information of the Company is set out below:</p> <table border="1" data-bbox="510 380 1412 772"> <thead> <tr> <th></th> <th>Year Ended 30 September 2016 (audited) (£'000)</th> <th>Year Ended 30 September 2017 (audited) (£'000)</th> <th>Year Ended 30 September 2018 (audited) (£'000)</th> </tr> </thead> <tbody> <tr> <td>Investment income</td> <td>£2,360</td> <td>£3,115</td> <td>£3,004</td> </tr> <tr> <td>Net revenue on ordinary activities before taxation</td> <td>£1,078</td> <td>£1,710</td> <td>£1,405</td> </tr> <tr> <td>Revenue earnings per Share</td> <td>1.22p</td> <td>1.75p</td> <td>1.20p</td> </tr> <tr> <td>Dividends paid per Share</td> <td>6.25p</td> <td>9.25p*</td> <td>6.50p</td> </tr> <tr> <td>Total assets</td> <td>£147,743</td> <td>£175,506</td> <td>£201,428</td> </tr> <tr> <td>NAV per Share</td> <td>160.5p</td> <td>163.1p</td> <td>171.8p</td> </tr> </tbody> </table> <p>* The higher dividend paid during the year ended 30 September 2017 is a result of the decision by the Board in August 2017 to pay dividends twice-yearly.</p> <p>The Company's net asset value per Share increased from 155.6p as at 30 September 2015 to 171.8p as at 30 September 2018 and dividends of 22p in aggregate have been paid per Share between 1 October 2015 and 30 September 2018. The higher dividend paid during the year ended 30 September 2017 is a result of the decision by the Board to pay dividends twice-yearly. Save as set out in this paragraph, there have been no significant change in the financial condition and operating results of the Company during the period 1 October 2015 to 30 September 2018.</p> <p>Save for the reduction in the Company's audited net assets from £201.4 million (171.8p per Share) as at 30 September 2018 to unaudited net assets of £165.6 million (141.7p per Share) as at 31 December 2018 (this being a reduction over the period of 17.5% to the net asset value per Share, which reflects a fall in the FTSE AIM All-Share Index of 21.5% over the same period, there has been no significant change in the financial condition and operating results of the Company since 30 September 2018, the date to which the last audited financial information on the Company has been made up to, to the date of this document.</p> <p>The Company's unaudited net asset value per Share as at 31 December 2018 was 141.7p (this being the latest net asset value per Share published by the Company as at the date of this document).</p>		Year Ended 30 September 2016 (audited) (£'000)	Year Ended 30 September 2017 (audited) (£'000)	Year Ended 30 September 2018 (audited) (£'000)	Investment income	£2,360	£3,115	£3,004	Net revenue on ordinary activities before taxation	£1,078	£1,710	£1,405	Revenue earnings per Share	1.22p	1.75p	1.20p	Dividends paid per Share	6.25p	9.25p*	6.50p	Total assets	£147,743	£175,506	£201,428	NAV per Share	160.5p	163.1p	171.8p
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B8	Key pro forma financial information	Not applicable. There is no pro forma financial information in the Prospectus.																												
B9	Profit forecast	Not applicable. There are no profit forecasts in the Prospectus.																												
B10	Qualifications in the audit report	Not applicable. There were no qualifications in the audit reports for the Company in the years ended 30 September 2016, 2017 and 2018.																												
B11	Insufficient working capital	Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period from the date of this document.																												

B34	Investment objective and policy, including investment restrictions	<p><b>Investment objective</b></p> <p>The Company's objective is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maintaining a steady flow of dividend distributions to Shareholders from the income as well as capital gains generated by the portfolio.</p> <p>It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 70% (80% for accounting periods commencing after 5 April 2019) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules) to dividends or return of capital and no rights to redemption.</p> <p><b>Investment policy</b></p> <p>In order to achieve the Company's investment objective, the Board has agreed an investment policy which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM that display a majority of the following characteristics:</p> <ul style="list-style-type: none"> <li>• experienced and well-motivated management;</li> <li>• products and services supplying growing markets;</li> <li>• sound operational and financial controls; and</li> <li>• potential for good cash generation to finance ongoing development and support for a progressive dividend policy.</li> </ul> <p>Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. No single holding may represent more than 15% (by VCT value) of the Company's total investments and cash, at the date of investment.</p> <p>There are a number of VCT conditions which need to be met by the Company which may change from time to time. The Investment Manager will seek to make qualifying investments in accordance with such requirements.</p> <p><i>Asset mix</i></p> <p>Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or is in excess of the 70% VCT qualification threshold (80% for accounting periods commencing after 5 April 2019), it may be held in cash or invested in money market funds, collective investment vehicles or non-qualifying shares and securities of fully listed companies registered in the UK.</p> <p><i>Borrowing</i></p> <p>To date the Company has operated without recourse to borrowing. The Board may, however, consider the possibility of introducing modest levels of gearing up to a maximum of 10% of the adjusted capital and reserves, should circumstances suggest that such action is in the interests of Shareholders.</p>
B35	Borrowing limits	<p>The articles of association of the Company restrict borrowings to 10% of the adjusted capital and reserves (as defined therein). The Company, however, has never borrowed and the Board currently has no plans to undertake any borrowing.</p>
B36	Regulatory status	<p>The Company is subject to the provisions of the Companies Act 2006 and UK law generally, its Shares are listed on the premium segment of the Official List and, as a qualifying VCT, the Company is subject to regulation by HMRC in order to retain such status.</p> <p>The Company is not authorised by the FCA or an equivalent European Economic Area regulator. However the Company is an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).</p>
B37	Typical investor	<p>A typical investor in the Company will be a UK taxpayer who is aged 18 or over and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risks associated with an investment in a VCT and be willing to retain the investment for at least five years (in order to retain their upfront income tax relief).</p>

B38	Investments of 20% or more in a single company	Not applicable. The Company does not have any investments which represent more than 20% of its gross assets in a single company or group.
B39	Investments of 40% or more in a single company	Not applicable. The Company does not have any investments which represent more than 40% of its gross assets in a single company or group.
B40	Service providers	<p>Unicorn Asset Management Limited (Unicorn AM) has been appointed the investment manager to the Company.</p> <p>Up to 30 September 2018, Unicorn AM received an annual management fee of an amount equal to 2.0% of the net assets of the Company excluding the value of any investments made by the Company in other Unicorn AM managed funds (together with any applicable VAT). The fee was calculated and paid quarterly in advance. If the Company raised further funds during a quarter, the net assets for the relevant quarter were increased by an amount equal to the amount raised (net of costs) multiplied by the percentage of days in that quarter after the funds were raised.</p> <p>From 1 October 2018, Unicorn AM receives an annual management fee of an amount equal to 2.0% of the net assets of the Company up to net assets of £200 million and 1.5% of the amount of the net assets of the Company in excess of £200 million (together with any applicable VAT). The value of any investments made by the Company in other Unicorn AM managed funds are excluded from the value of the net assets of the Company. The fee is calculated and paid quarterly in arrears. If the Company raises further funds during a quarter, the net assets for the relevant quarter are reduced by an amount equal to the amount raised (net of costs) multiplied by the percentage of days in that quarter prior to the funds being raised.</p> <p>The Company's normal annual expenses are approximately 2.2% of the average net assets of the Company (based on the financial year ended 30 September 2018) but were, in any event, capped at an amount equal to 3.6% of net assets as at the end of each financial year to 30 September 2018, with the cap reduced to 2.75% of the net assets of the Company as at the end of each financial year thereafter. Any excess over this amount will be borne by the Investment Manager. Annual expenses include those incurred by the Company in the ordinary course of its business (including management and administration fees, Directors' remuneration, fees payable to the registrar, stockbroker, auditor, solicitors and the VCT status adviser). Annual expenses do not include trail commission.</p> <p>In recognition of the increasing net assets of the Company over the last few years and, following discussions with the Board, Unicorn AM agreed to waive its entitlement to possible future performance incentive fees and the performance incentive arrangements were terminated in July 2017.</p> <p>ISCA Administration Services Limited was appointed to provide administration services on 1 September 2014 and is the appointed company secretary to the Company and is currently entitled to an annual fee of £165,000.</p> <p>Following a review of service providers, the Board has decided to appoint The City Partnership (UK) Limited to replace Link Asset Services as the Company's registrar. The change of registrar will take effect on 1 March 2019.</p>
B41	Regulatory status of Unicorn AM	Unicorn AM is registered in England and Wales as a private limited liability company under number 03919499. Unicorn AM is authorised and regulated by the Financial Conduct Authority, with registered number 192164.
B42	Calculation of net asset value	The Company's net asset value is calculated on a monthly basis, which is published on the Company's website ( <a href="http://www.unicornaimvct.co.uk">www.unicornaimvct.co.uk</a> ). The Company also publishes, on a monthly basis, its net asset value on an appropriate regulatory information service. If for any reason valuations are suspended, shareholders will be notified in a similar manner.
B43	Umbrella collective investment scheme	Not applicable. The Company is not part of an umbrella collective investment scheme.
B44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.



B45	Investment portfolio	<p>The Company invests predominantly in a diverse portfolio of AIM quoted companies. A summary of the Company's portfolio is set out below:</p> <table border="1"> <thead> <tr> <th>Unaudited net Assets* (£m)</th> <th>Unaudited NAV per Share* (p)</th> <th>Cumulative Dividends Paid** (p)</th> <th>Unaudited Total Return*** (p)</th> <th>Number of Investments*</th> <th>Investments at Fair Value* (£m)</th> </tr> </thead> <tbody> <tr> <td>165.6</td> <td>141.7</td> <td>48.0</td> <td>189.7</td> <td>105</td> <td>162.5</td> </tr> </tbody> </table> <p>* as at 31 December 2018 (unaudited).  ** since 9 March 2010, the date on which its share classes were merged and the Company merged with Unicorn AIM VCT II plc.  *** unaudited net asset value per Share as at 31 December 2018, plus dividends paid per Share since 9 March 2010.</p>	Unaudited net Assets* (£m)	Unaudited NAV per Share* (p)	Cumulative Dividends Paid** (p)	Unaudited Total Return*** (p)	Number of Investments*	Investments at Fair Value* (£m)	165.6	141.7	48.0	189.7	105	162.5
Unaudited net Assets* (£m)	Unaudited NAV per Share* (p)	Cumulative Dividends Paid** (p)	Unaudited Total Return*** (p)	Number of Investments*	Investments at Fair Value* (£m)									
165.6	141.7	48.0	189.7	105	162.5									
B46	Most recent NAV per Share	As at 31 December 2018, the unaudited NAV per Share was 141.7p.												

<b>C</b>		<b>Securities</b>
C1	Description and class of securities.	The securities being offered pursuant to the Offer are ordinary shares of 1p each in the capital of the Company (ISIN: GBO0B1RTFN43) (Share).
C2	Currency	The Company's share capital comprises ordinary shares of £0.01 (GBP) each.
C3	Shares in issue	116,664,993 Shares are in issue at the date of this document (all fully paid up). The maximum number of New Shares to be issued pursuant to the Offer is 25 million.
C4	Description of the rights attaching to the securities	The New Shares in the Company will rank equally in all respects with each other and with the existing share capital of the Company from the date of issue of such New Shares.
C5	Restrictions on transfer	The New Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.
C6	Admission	Application has been made to the UK Listing Authority for the New Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the New Shares will commence within three business days following allotment.
C7	Dividend policy	<p>The Board has a policy of maintaining a steady flow of dividend distributions to Shareholders and intends to continue with this policy. However, the ability of the Company to pay dividends in the future cannot be guaranteed and no forecast or projection is to be implied or inferred.</p> <p>After careful consideration, and after taking into account the views of the Company's Shareholders, the Board has, since August 2017, moved to making dividend payments twice-yearly.</p>

D		Risks
D2	Key information on the risks specific to the Company	<p><b>Company</b></p> <ul style="list-style-type: none"> <li>• While it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that the Company's status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained.</li> <li>• The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and can be retrospective and may increase as a result of Brexit.</li> <li>• Additional requirements relating to investment by VCTs have been introduced over the last few years. These include restrictions on the type of non-qualifying investments a VCT can make, a maximum age limit for investee companies (first state-aided investment to be within seven years of the first commercial sale, or ten years from the end of the accounting period in which the company revenues were greater than £200,000 for 'knowledge intensive' companies) and a maximum amount of state-aided investment of £12 million (or £20 million for 'knowledge intensive' companies) for investments by a VCT into qualifying companies. In addition, there is a restriction on investee companies using VCT funds to purchase existing shares in another company, an existing business or an existing trade. These changes could restrict the pipeline of potential investee companies available to the Company, the structure of those investments and the ability to make follow on investments in certain existing portfolio companies. They may also affect the profile of the Company's new investments. The Company is likely to face greater competition for a smaller number of available investment opportunities going forward as a result of these legislative changes.</li> <li>• Any change in governmental, economic, fiscal, monetary or political policy, in particular government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the portfolio of companies in which it invests and the value of and returns from Shares and/or its ability to maintain VCT status.</li> <li>• Economic and global geopolitical uncertainty has increased in recent months as a result of the ongoing Brexit negotiations and certain policies of the current US administration. This heightened level of uncertainty, together with the slow-down of growth in China, is adversely affecting, and is likely to continue to adversely affect, the performance of companies in which the Company has invested or may invest. This may also negatively impact on the number or quality of investment opportunities available to the Company.</li> <li>• Investment in AIM-traded, NEX Exchange market-traded companies and unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. The fact that a share is traded on AIM or NEX Exchange markets does not guarantee its liquidity and there may be difficulties in valuing and realising such securities.</li> <li>• There can be no guarantee that the Company's investment objectives will be achieved or that new investment opportunities will be available. In particular, investors should be aware of the additional restrictions introduced over the last three years (as referred to above) which restrict the availability of opportunities for investment and, as a result, may adversely affect performance and returns.</li> <li>• Currently a VCT is required to have at least 70% of its total assets invested in qualifying VCT investments. For accounting periods commencing after 5 April 2019, this 70% threshold will be increased to 80%. This will result in an increased level of the Company's assets being in earlier stage venture capital investments which may adversely affect the level of returns which might otherwise have been achievable. In addition, this will result in a reduction to the amount of assets the Company retains in more liquid investments for the purposes of follow-on investments and/or for working capital purposes.</li> <li>• Over recent years, the Government has continued to direct VCT investment away from lower risk areas and into early-stage businesses that genuinely require scale-up capital. New investment is, therefore, now required to be targeted towards younger, less well-established businesses, which means they tend to be loss-making. New investments by the Company will inevitably be higher risk and, as a consequence, likely to experience more extreme investment outcomes. As a result, the Board and the Investment Manager anticipate a higher percentage of failure rate from these newer investments which may adversely affect the level of returns.</li> </ul>

D3	Key information on the risks specific to the securities	<p><b>Securities</b></p> <ul style="list-style-type: none"> <li>The value of Shares, and the income from them, can fluctuate and investors may not get back the amount they invested. It is unlikely that the market price of the Shares will fully reflect the underlying NAV. In addition, there is no guarantee that dividends will be paid or that any stated dividend objective will be met.</li> <li>Although the existing Shares issued by the Company have been (and it is anticipated that the New Shares in the Company to be issued pursuant to the Offer will be) admitted to the Official List of the UKLA and to trading on the London Stock Exchange's main market for listed securities, there may not be a liquid market and investors may find it difficult to realise their investments. Investment in the Company should be seen as a long term investment.</li> <li>If qualifying investors dispose of their New Shares within five years of issue, they will be subject to clawback by HMRC of any income tax reliefs originally claimed.</li> <li>Should the Company fail to maintain approval as a VCT before Qualifying Investors have held their New Shares for five years, any income tax relief obtained on the amount subscribed in the Company will have to be repaid by such investors. Dividends paid in an accounting period where VCT status is lost will become taxable and a Qualifying Investor will generally be liable to income tax on the amount of the dividends paid in subsequent periods unless VCT status is regained.</li> </ul>
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E		<b>Offer</b>
E1	Offer net proceeds	<p>The total expenses payable by the Company in connection with the Offer (including VAT where applicable) will be an amount equal to 2.5% of the Application Amounts in respect of Applications accepted under the Offer (less any fees waived by the Investment Manager in respect of particular Applications), plus 'execution-only' initial commission and annual trail commission. The total expenses will, therefore, be a maximum of £1.375 million (assuming that the fundraising amount is fully subscribed under the Offer utilising the over-allotment facility and assuming that the maximum amount of initial commission of 3% is payable to 'execution-only' financial intermediaries in respect of all investors, but excluding annual trail commission). The maximum net proceeds will, on the same basis, amount to £23.625 million (this being the maximum £25 million being raised by the Company less the total maximum expenses of £1.375 million).</p>
E2a	Reasons for the Offer and use of proceeds	<p>The Board believes that:</p> <ul style="list-style-type: none"> <li>The Company offers access to a diversified and maturing portfolio of companies, which the Investment Manager believes have the potential to develop and grow.</li> <li>Despite the challenging economic conditions, AIM continues to be an attractive source of financing for innovative, high-quality and growing companies. Many business owners seek a listing on AIM because it is a well regulated market with a diversified investor base that can help to achieve growth and assist in realising the potential of their business. In addition, more realistic pricing in the AIM market is likely to bring investment opportunities.</li> <li>Notwithstanding the reduction in the Company's net assets and the share prices of portfolio companies, which reflects market conditions, companies within the portfolio have in general have shown resilience and, in many cases, have grown revenues and earnings. The Board and the Investment Manager remain confident that the portfolio has good growth prospects.</li> <li>The Investment Manager's experienced investment team continues to see a steady flow of VCT qualifying opportunities from companies in the AIM market and also in the unquoted sector which may need capital in the medium term, not least because banks continue to limit their lending exposure to smaller companies.</li> <li>New offers by VCTs continue to offer attractive tax incentives for private investors when compared to many other types of tax efficient investment.</li> </ul> <p>In order to take advantage of these opportunities, the Board is seeking to raise further funds through the Offer.</p> <p>The additional funds raised under the Offer will be utilised as follows:</p> <ul style="list-style-type: none"> <li>principally to make new and follow-on investments in accordance with its investment policy; and</li> <li>to help meet annual running costs (including the payment of dividends and market purchases of Shares).</li> </ul>

E3	Terms and conditions of the Offer	<p>The number of New Shares to be allotted to an Applicant under the Offer by the Company will be determined by applying the following allotment formula:</p> $\text{Number of New Shares} = \frac{A - B - C}{\text{NAV}}$ <p>Where:</p> <p>A is the Application Amount (this being the amount remitted to the Company with the investor's Application, including any amount requested to be facilitated, as accepted under the Offer)</p> <p>B is 2.5% of the Application Amount, less any amount of the fee payable to the Investment Manager that may be waived by the Investment Manager at its discretion</p> <p>C is either:</p> <p>(i) in respect of advised investors, the amount of any initial adviser charge agreed to be facilitated (up to the maximum amount of 4.5% of the Application Amount); or</p> <p>(ii) in respect of 'execution-only' investors, the amount of any initial commission agreed to be paid to the 'execution-only' financial intermediary (up to a maximum of 3% of the Application Amount (i.e. 3% of A)) less any amount of initial commission agreed to be waived</p> <p>NAV is the most recently published NAV per Share at the time of allotment, adjusted for dividends subsequently declared and for which the record date for payment has passed at the time of allotment</p> <p>The offer price per New Share will be determined by dividing the amount of the investor's Application accepted to be used to subscribe for New Shares (ie the Application Amount, less any amount of initial adviser charge agreed to be facilitated in respect of an advised investor) by the number of New Shares to be issued resulting from the allotment formula.</p> <p>Advised investors who receive advice from their financial intermediaries can ask for all or part of any initial adviser charge to be facilitated by the Company's receiving agent (subject to a maximum amount equal to 4.5% of the Application Amount). If facilitated, this agreed amount will be deducted from the monies received from the relevant investor and will not qualify for VCT tax relief.</p> <p>The Investment Manager may agree to waive any part of its fee represented by 2.5% of the Application Amounts in respect of Applications accepted under the Offer as referred to above (this being (B) in the Allotment Formula) in respect of any specific investor or group of investors for the benefit of such investors. This reduction will be applied through the allotment formula.</p> <p>The Investment Manager and LGBR Capital may agree to pay an initial commission to 'execution-only' financial intermediaries (subject to an amount equal to maximum of 3% of the Application Amount). 'Execution-only' financial intermediaries will also normally be paid annual trail commission of an amount equal to 0.375% of the net asset base value of the New Share (subject to a maximum cumulative payment of 2.25% of the offer price of the New Share in question). For this purpose, 'net asset base value' means the net assets attributable to such New Share as determined from the audited annual accounts of the Company as at the end of the preceding financial year. Initial and annual trail commission will only be paid to the extent, permitted under legislation and regulation. The Investment Manager may, with the consent of the Board, agree to pay trail commission on a different basis, providing it does not exceed the maximum cumulative payment of 2.25% of the offer price of the New Share in question.</p>
E4	Description of any interest that is material to the issue	Not applicable. There are no interests that are material to the issue of New Shares.
E5	Name of persons selling securities	Not applicable. No entity is selling securities in the Company.
E6	Amount and percentage of dilution	The issued share capital of the Company as at the date of this document is 116,664,993. The maximum number of New Shares to be issued by the Company is 25 million. On this basis, the existing Shares would represent 82.4% of the enlarged issued share capital of the Company. The actual number of New Shares will depend on the Offer prices at which such shares are issued subject to the maximum of £25 million (including the over-allotment facility) being raised by the Company.

E7	Expenses charged to the investor.	The maximum costs of the Offer to an investor (save for annual trail commission, which the Company will be responsible for) will be 2.5% of the Application Amount plus (i) in respect of 'execution-only' investors, any initial commission payable to 'execution-only' financial intermediaries (this being a maximum of 3% of the Application Amount) or (ii) in respect of advised investors, any amount of initial adviser charges, which is payable by the investor.
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# Risk Factors

Prospective investors should consider carefully the following risk factors in addition to the other information presented in this document and the Prospectus as a whole. If any of the risks described below materialise, 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 Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believes are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of the Shares could decline due to any of these risk factors described below, and investors could lose part or all of their investment. Investors should consult an independent financial intermediary authorised under FSMA. The attention of prospective investors is drawn to the following risks.

## General Risks

The past performance of the Company or other funds managed or advised by the Investment Manager is not a guide to the future performance of the Company.

There can be no guarantee that the Company's investment objectives will be achieved or that investment opportunities will be available. In particular, investors should be aware of the additional requirements introduced over the last three years (as referred to below) which may restrict the availability of opportunities for investment and, as a result, may adversely affect performance and returns. Investors should be aware that as a result of the additional restrictions, new capital raised by the Company under the current Offer and under future offers being directed towards earlier stage investment which may or may not be profitable at the point of investment.

## Risks relating to the Shares

The value of an investment in the Company, and the income derived from it, may go down as well as up and an investor may not get back the amount they invested. In addition, it is unlikely that the market price of the Shares will fully reflect their underlying NAV. Without the Company undertaking share buy-backs, trading in the Shares is unlikely to be active, so the bid price of the Shares (the price which sellers are likely to be offered in the market) is likely to reflect the price at which the Company may offer to buy Shares back for cancellation. Shareholders should not rely upon any share buy-back policy to provide any certainty of being able to sell their Shares at prices that reflect the underlying NAV since, historically, the Shares have traded at a discount.

Although the existing Shares have been (and it is anticipated that the New Shares to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and are (or will be) traded on the London Stock Exchange's main market for listed securities, it is likely that there will not be a liquid market in the New Shares (which may be due to upfront tax relief not being available for VCT shares bought in the market and VCT shares generally trading at a discount to net asset value) and Shareholders may have difficulty in selling their Shares as a result. Shareholders may only be able to realise their investment at a discount to the net asset value per Share or may not be able to sell at all. An investment in the Company should be considered as long-term.

The value of Shares in the Company largely depends on the performance of the Company's underlying assets. The value of the investment and the dividend stream can rise and fall. Shareholders may get back less than the amount originally invested, even after taking into account the available tax reliefs. In addition, there is no guarantee that dividends will be paid or that any stated dividend objective will be met.

## Investment and Market Risks

Investment in AIM-traded, NEX Exchange market-traded and unquoted companies by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, the viability and financial performance of small companies often depends on a narrow product range, small markets, limited financial resources, a small number of staff and counterparties, and may be more susceptible to political, exchange rate, taxation and regulatory changes. In addition, the market for securities in smaller companies may be less regulated and less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and are likely to involve a higher degree of risk than investment in a company listed on the Official List.

The Company's investments may be difficult to realise. The fact that a share is traded on AIM or NEX Exchange markets does not guarantee its liquidity. The value of the Company's portfolio and opportunities for realisation will also depend on stock market conditions. There may also be constraints imposed on the realisation of investments by the need to maintain the VCT status of the Company, which may restrict the Company's ability to obtain maximum value from its investments. In addition, although the Company may receive conventional venture capital rights in connection with some investments, as a minority investor it will not be in a position fully to protect its interests.

The availability of new shares on AIM or NEX Exchange markets is subject to market forces and there can be no certainty that there will be sufficient new share issues to enable the Company to achieve the intended level of investment in Qualifying Investments.

Changes in legislation concerning VCTs, in particular in relation to qualifying holdings and qualifying trades, may limit the number of qualifying investment opportunities and/or reduce the level of returns which might otherwise have been achievable.

Additional requirements relating to investment by VCTs have been introduced over the last few years. These include restrictions on the type of non-qualifying investments a VCT can make, a maximum age limit (first state-aided investment to be within seven years of the first commercial sale, or ten years from the end of the accounting period in which the company revenues were greater than £200,000 for

'knowledge intensive' companies) and a maximum amount of state-aided investment of £12 million (or £20 million for 'knowledge intensive' companies) for state-aided investments into qualifying companies. In addition, there is a restriction on investee companies using VCT funds to purchase existing shares in another company, an existing business or an existing trade. These changes could restrict the pipeline of potential investee companies available to the Company, the structure of those investments and the ability to make follow-on investments in certain existing portfolio companies. They may also affect the profile of the Company's new investments. The Company is likely to face greater competition for a smaller number of available investment opportunities going forward as a result of these legislative changes.

Currently a VCT is required to have at least 70% of its total assets invested in qualifying VCT investments. For accounting periods commencing after 5 April 2019, this 70% threshold will be increased to 80%. This will result in an increased level of the Company's assets being in earlier stage venture capital investments which may adversely affect the level of returns which might otherwise have been achievable. In addition, this will result in a reduction to the amount of assets the Company retains in more liquid investments for the purposes of follow-on investments and/or for working capital purposes.

Over recent years, the Government has continued to direct VCT investment away from lower risk areas and into early-stage businesses that genuinely require scale-up capital. In order to achieve this objective, the rules governing eligibility for state aid have been tightened. New investment is, therefore, now required to be targeted towards younger, less well-established businesses, which means they tend to be loss-making. New investments by the Company will inevitably be higher risk and, as a consequence, likely to experience more extreme investment outcomes. As a result, the Board and the Investment Manager anticipate a higher percentage failure rate from these newer investments which may adversely affect the level of returns.

Any change in governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the portfolio of companies in which it invests and the value of and returns from Shares and/or its ability to maintain VCT status. Furthermore, where the European Commission believes that state aid (such as VCT tax relief) has been provided which is not within the Risk Finance Guidelines, it might require that the UK Government recovers that state aid.

Economic and global geopolitical uncertainty has increased in recent months as a result of the ongoing Brexit negotiations and certain policies of the current US administration. This heightened level of uncertainty, together with the slow-down of growth in China, is adversely affecting, and is likely to continue to adversely affect, the performance of companies in which the Company has invested or may invest. This may also negatively impact on the number or quality of investment opportunities available to the Company.

### **Tax and Legislative Related Risks**

The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. The tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company and can be retrospective. The value of tax reliefs depends on the personal circumstances of holders of Shares in the Company, who should consult their own tax advisers before making any investment.

The risk that tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company and can be retrospective and may increase as a result of Brexit.

The Company intends to manage its affairs in respect of each accounting period so as to obtain and thereafter maintain approval as a VCT. However, there can be no guarantee that the Company will be able to maintain VCT status. Should the Company fail to maintain approval as a VCT before Qualifying Investors have held their New Shares for five years, the income tax relief obtained on the amount subscribed in the Company will have to be repaid by such investors. Dividends paid in an accounting period where VCT status is lost and in subsequent periods will become taxable and a Qualifying Investor will generally be liable to income tax on the amount of the dividend.

Where approval as a VCT is not maintained, the Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the Shares of the Company will normally be suspended until such time as the Company has published proposals either to regain VCT status or to be wound up.

The sale of New Shares by a subscriber within five years of subscription will result in the upfront income tax relief claimed upon investment becoming repayable. On this basis, investing in New Shares should be considered a long-term investment. Further the disposal of existing Shares within six months before or after the acquisition of New Shares will result in the amount of the investment in New Shares to which VCT tax reliefs are available being reduced by an amount equal to the proceeds received on the disposal.

The Finance Act 2014 amended the VCT rules in respect of VCT shares issued on or after 6 April 2014, 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 shareholders) 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. This restriction may reduce the amount of distributable reserves available to the Company to fund dividends and share buy-backs.

Where the European Commission believes that state aid (such as VCT tax relief) has been provided which is not in accordance with the Risk Finance Guidelines, they may require that the UK Government recovers that state aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the Company or the Shareholders.

### **Gearing and interest rate related risks**

Prospective investors should be aware that, to date the Company has operated without recourse to borrowing and the Board currently has no plans to borrow and currently has no borrowing facilities in place. However, the Company may from time to time have some gearing (as permitted by the borrowing powers in the Articles). Whilst the use of borrowings would enhance the net asset value of the Shares where the value of the Company's underlying assets is rising, it would have the opposite effect where the underlying asset value is falling.

The use of borrowings also involves the risk that the Company would be unable to service the interest payments or comply with the other requirements of the loan rendering it repayable and the risk that borrowings could not be refinanced upon expiry or that the terms of such refinancing may not be as favourable as the existing terms of borrowing. Increases in interest rates and levels of amortisation imposed by a lender may also have an adverse effect on the Company's ability to pay dividends to its Shareholders.

The Company has registered itself as a small alternative investment manager with the FCA and, although is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773), this is on the basis of a reduced level of requirements under those Regulations. If the Company becomes considered leveraged for the purposes of the Regulations or has assets in excess of £500 million, it would become subject to the full requirements under the Regulations, which would have material cost implications for the Company.

### **Investment Manager**

The performance of the Company depends on the investment performance of the Investment Manager, which in turn is dependent upon the performance and continued availability of certain key personnel. In the event that any one or more of these persons were unavailable either temporarily or permanently, the investment performance of the Company may be adversely affected.



# Offer Timetable, Statistics & Costs

## Indicative Offer Timetable

Offer opens	29 January 2019
Closing date	5.30 p.m. on 4 April 2019
Allotments	8 March 2019 and 5 April 2019 (or, if earlier, on full subscription)
Effective date for the listing of New Shares and commencement of dealings	three Business Days following allotment
Share certificates and tax certificates to be dispatched	within ten Business Days of allotment

*The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Board's discretion.*

*The Board currently envisages two allotments of New Shares. Allotment of New Shares may, however, be made more frequently at the discretion of the Board. The Offer will not be extended beyond 4 April 2019.*

## Offer Statistics

Investor's minimum investment	£2,000
Maximum amount (before costs) to be raised	£15 million (with an over-allotment facility to raise up to a further £10 million)
Maximum number of New Shares to be issued	25 million

## Offer Price, Costs and Commissions

Details on how the number of New Shares and the Offer Price will be calculated, together with details relating to financial intermediary commission and facilitation of initial adviser charges, are set out in Part II of this document.

If you have any questions relating to the completion and return of the Application Form, please contact The City Partnership (UK) Limited on 0131 243 7210. Calls are charged at the Standard Geographic Rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that The City Partnership (UK) Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

# Letter from the Chairman

Unicorn AIM VCT plc  
Suite 8, Bridge House  
Courtenay Street  
Newton Abbot  
TQ12 2QS

(Registered number 04266437)

29 January 2019

Dear Investor

The Board and Unicorn AM, our investment manager, believe that there is further appetite for investment in the Company and potentially attractive investment opportunities available. We are, therefore, pleased to offer Shareholders and new investors the opportunity to subscribe for New Shares in the Company pursuant to this Offer.

## Introduction

The Company was launched in November 2001 and is a well-established VCT. With unaudited net assets of over £165 million (as at 31 December 2018), the Company is the largest AIM-focused VCT in the market, giving the Company economies of scale. Unlike a new VCT, the Company offers investors access to a diverse portfolio of investments in over 100 companies and, therefore, has the potential to deliver capital growth and tax-free dividends in the first year of investment.

The Company has performed well over a period of years despite additional investment restrictions imposed on VCTs and challenging economic conditions. The economic position worsened during the last quarter of 2018 as a result of the continuing uncertainty surrounding the outcome of Brexit negotiations, the escalating trade war between the US and China, concerns over the strength of the Chinese economy and deteriorating financial results from some of the world's most highly valued quoted companies, all leading to a rapid reversal of investor sentiment and a significant sell off in global equity markets. In the UK, a combination of weak consumer spending, over-supply in the retail sector and a number of high profile corporate insolvencies exacerbated the sharp sell-off of equities. The short-term health of the UK economy appears dependent on securing a successful deal with the European Union.

Following the change in investor sentiment, the Company's audited net assets as at 30 September 2018 of £201.4 million (171.8p per Share) reduced to unaudited net assets as at 31 December 2018 of £165.6 million (141.7p per Share), this being a reduction over the period of 17.5% to the net asset value per Share. This compares to the FTSE AIM All-Share Index falling by 21.5% during the same period.

Despite the reduction in the Company's net assets following the fall in share prices of portfolio companies, those companies in general have shown resilience and, in many cases, have grown revenues and earnings. We remain confident that the portfolio has good growth prospects. In addition, more realistic pricing in the AIM market is likely to bring investment opportunities and the Investment Manager continues to see promising deal flow.

The Investment Manager has adopted a longer term approach to the management of the portfolio, seeking to preserve and then grow capital. This prudent approach has proved successful, with net asset growth being maintained over the longer term and the Company continuing to pay dividends (which the Board has, since August 2017, moved to making twice-yearly).

Over recent years, the Government has continued to direct VCT investment away from lower risk areas and into early-stage businesses, that genuinely require scale-up capital. In order to achieve this objective, the rules governing eligibility for state aid have been tightened. We are supportive of this Government initiative. New investment is, therefore, now required to be targeted towards younger, less well-established businesses, which means they tend to be loss-making and higher risk. Despite the additional investment restrictions imposed on VCTs, the Investment Manager remains confident that its strategy can continue to deliver further attractive returns over the longer term.

## VCT Rule Changes

The Investment Manager has been successful in adapting its investment approach to meet the new VCT investment restrictions and made a number of new investments in promising companies with the objective of further diversifying the portfolio while generating both growth and income. The Company invested approximately £24 million in 17 new and follow-on investments in the year ended 30 September 2018. The Investment Manager is seeing attractive investment opportunities in companies across a broad spectrum of sectors with good growth and income prospects.

By definition however, the new investments are inevitably higher risk and, as a consequence, the Company is likely to experience more extreme investment outcomes, both on the upside and downside. We believe that the businesses in which we have invested over the past year, have the potential to deliver substantial investment returns over time, however, we do anticipate a higher percentage failure rate from these newer investments.

Despite this change in focus, the Board and the Investment manager believe that a significant proportion of the Company's assets remain invested in operationally strong and financially robust businesses, which have matured sufficiently to allow them to be consistently profitable and sufficiently cash generative to allow for the payment of dividends.

## The Opportunity

The Board believes that the Offer is an attractive investment opportunity for both existing Shareholders and new investors for the following reasons:

- **Good deal-flow** – the Investment Manager believes there will continue to be a healthy flow of attractive, VCT qualifying, investment opportunities from which to choose. Small and medium-sized enterprises (SMEs) play a key role in boosting productivity – but, crucially, they continue to need financial support in order to expand successfully.
- **Timing** – With economic uncertainty likely to continue during the ongoing Brexit negotiations, Government-backed schemes such as Venture Capital Trusts are well placed to assume a greater role in providing VCT qualifying SMEs with a reliable and much-needed source of expansion capital.
- **Established portfolio** – the Offer provides the opportunity for investors to access an established investment portfolio, which has performed well historically and has the potential to generate capital growth and deliver dividends in the first year of investment. In contrast, returns through an investment in a newly established VCT are likely to take longer.
- **Tax-free returns** – the Company has an established track record of making regular dividend payments to Shareholders, having paid dividends of 6.25p, 9.25p (3.0p interim dividend and 6.25p final dividend) and 6.50p per Share in respect of the last three financial years. The higher dividend paid during the year ended 30 September 2017 is a result of the decision by the Board in August 2017 to pay dividends twice-yearly. These dividends are tax-free to Qualifying Investors.

## The Investment Manager

The Investment Manager was established in 2000 and is an independently owned and managed company. The Investment Manager specialises in investing in small and medium sized UK companies, quoted on AIM and fledgling markets and has a successful track record in this area of the market.

The Investment Manager operates a team-based approach to investment management and its committed and well-resourced investment team has over 100 years' of combined experience. The Investment Manager is focused on being the 'best not the biggest' and its funds aim to deliver long term outperformance. Unlike many investment firms, the Investment Manager is majority owned by its directors and managers, providing further incentive to help ensure that the funds it manages deliver consistently strong performance.

As at 31 December 2018, the Investment Manager had over £1 billion under management in a range of funds designed to satisfy a variety of investor requirements. Its funds include an OEIC with six sub-funds and the Company. The Investment Manager also acts as investment adviser to an investment trust.

## The Offer

The Company proposes to raise up to £15 million (with an over-allotment facility to raise up to a further £10 million) through the issue of up to 25 million New Shares pursuant to the Offer. If the Board decides (in consultation with Unicorn AM) to increase the Offer by using the over-allotment facility, this will be communicated by way of a Regulatory Information Service announcement. Details on how the number of New Shares and the Offer Price will be calculated, together with details relating to financial intermediary commission and facilitation of initial adviser charges, are set out in Part II of this document.

We are again using an Allotment Formula through which the number of New Shares to be issued to an Applicant will be calculated. This takes into account the costs incurred by investors, whether 'execution-only' or the case where initial adviser charges may apply, or finally, where an investor is applying direct. The Allotment Formula continues to be based on the most recently published NAV per Share at the time of allotment. The Company publishes monthly unaudited NAVs and may publish additional NAVs for the purposes of the Offer.

The Offer opens on 29 January 2019 and will close (unless fully subscribed before this date or otherwise at the Board's discretion) at 5.30 p.m. on 4 April 2019.

## Tax Benefits

The Company provides Qualifying Investors with access to the attractive tax benefits associated with an investment in a VCT. Qualifying Investors will receive up to 30% income tax relief on amounts subscribed (subject to (i) a maximum investment in VCTs of £200,000 in a tax year, (ii) an investor's tax liability being reduced to nil and (iii) provided the New Shares are held for at least five years). Dividends and capital gains for Qualifying Investors will also be tax-free (subject to the annual investment limits).

**Potential investors should note that the disposal of existing Shares within six months before or after the subscription of New Shares will result in the amount of the investment in New Shares to which VCT tax reliefs are available being reduced by an amount equal to the proceeds received on the disposal.**

## **Next Steps**

If you are considering an investment, please read the full Prospectus and then complete the Application Form, which can be found at the end of this document or can be downloaded at [www.unicornaimvct.co.uk/investor-area/fundraising](http://www.unicornaimvct.co.uk/investor-area/fundraising).

If you have any questions regarding the Offer you should contact your financial intermediary or call Unicorn AM on 020 7253 0889 or LGBR Capital (the distributor for the Offer) on 020 7071 3920. Please note that neither Unicorn AM nor LGBR Capital are able to provide you with investment, financial or tax advice. Your attention is also drawn to the Risk Factors on pages 12 to 14 of this document.

We look forward to welcoming new and returning Shareholders.

**Peter Dicks**  
*Chairman*

# Part I – Investment Opportunity

## Attractive Investment Opportunity

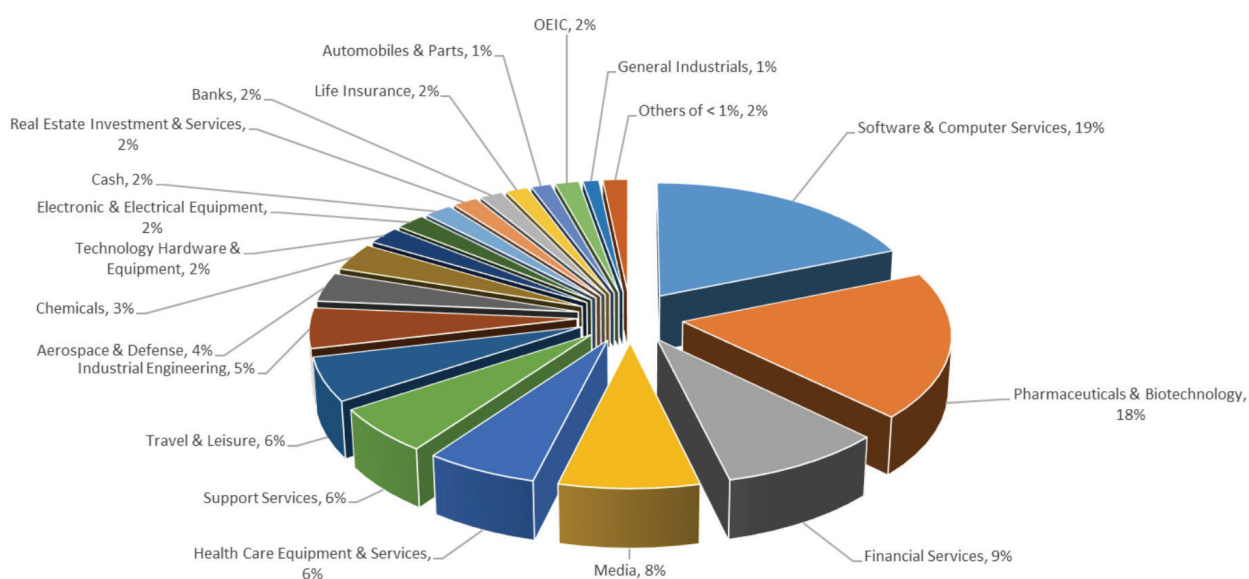
The Company is an established VCT which meets the qualification requirements set out by HMRC. Unlike a new VCT, the Company has an established track record of delivering both capital growth and regular tax-free (to Qualifying Investors) dividend income from an established portfolio of existing investments. The strategy is to invest in businesses that in the Investment Manager's opinion display a majority of the following characteristics:

- Experienced and well-motivated management;
- Products and services supplying growing markets;
- Sound operational and financial controls; and
- Potential for good cash generation to finance ongoing development and to support a progressive dividend policy.

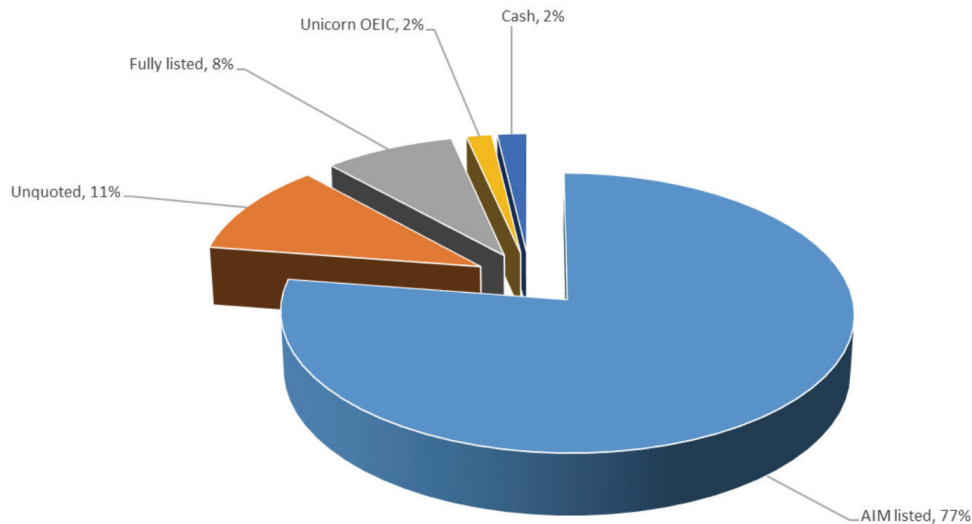
Shareholders should be aware that, as a result of the new qualifying conditions introduced over the last few years, new capital raised by the Company under the current Offer and under future offers is likely to be directed towards earlier stage investment which may or may not be profitable at the point of investment.

The Company's assets are currently invested in a diversified portfolio of investments both by sector and by number of investments held. The portfolio allocation, based on valuations as at 31 December 2018 (taken from the unaudited accounts of the Company as at that date), are shown below. The Investment Manager's team will continue to maintain a selective approach to new investment opportunities.

### Allocation of Investments by Sector



### Allocation of Investments by Type



The existing portfolio is, by VCT Value (as defined on page 59 and which is calculated on a different basis to the accounting value), comfortably above the 70% threshold required to retain VCT qualifying status (being 80.5% as at 31 December 2018 across holdings in 77 companies). The proportion of the portfolio invested in VCT qualifying investments has been gradually increased so as to meet the higher 80% threshold which will apply for accounting periods commencing after 5 April 2019. The Investment Manager is aiming to increase this qualifying percentage closer to 85% going forward.

The Board believes that:

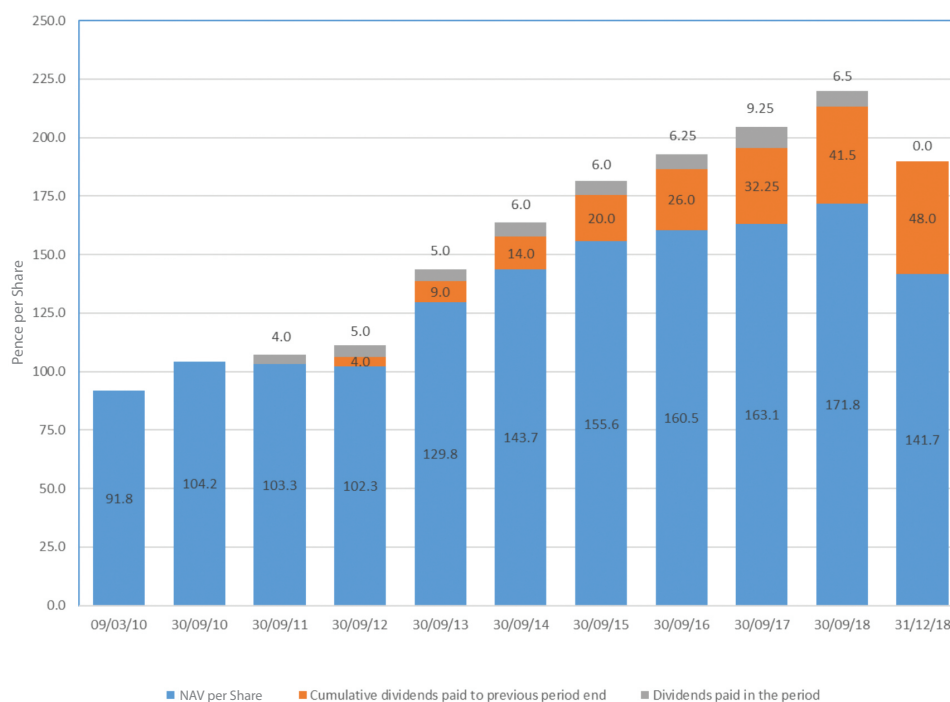
- The Company offers access to a diversified and maturing portfolio of companies, which the Investment Manager believes have the potential to develop and grow. As at 31 December 2018, the Company had 105 investments valued at £162.5m (unaudited).
- The Company (including Unicorn AIM VCT II plc, which merged with the Company in 2010) has a healthy dividend record, having paid out £59.5 million in aggregate to Shareholders in dividends since launch, which have been tax-free to Qualifying Investors.
- The companies in the Company's portfolio have, on a simple average basis by reference to most recent published accounts, an average market capitalisation of £92.6million, a turnover of £30.7 million per annum and a pre-tax profit of £0.7 million per annum, with approximately 40% of the companies forecasting to pay a dividend in the next 12 months. These figures exclude the fully listed securities in which the Company has a holding, which form part of the Company's portfolio for liquidity purposes.
- Despite the challenging economic conditions, AIM continues to be an attractive source of financing for innovative, high-quality and growing companies. Many business owners seek a listing on AIM because it is a well regulated market with a diversified investor base that can help to achieve growth and assist in realising the potential of their business. In addition, more realistic pricing in the AIM market is likely to bring investment opportunities.
- Notwithstanding the reduction in the Company's net assets and the share prices of portfolio companies, which reflects market conditions, companies within the portfolio in general have shown resilience and, in many cases, have grown revenues and earnings. The Board and the Investment Manager remain confident that the portfolio has good growth prospects.
- The Investment Manager's experienced investment team continues to see a steady flow of VCT qualifying opportunities from companies in the AIM market and also in the unquoted sector which may need capital in the medium term, not least because banks continue to limit their lending exposure to smaller companies.
- New offers by VCTs continue to offer attractive tax incentives for private investors when compared to other types of tax efficient investment.

## Performance

In March 2010, the Company merged with Unicorn AIM VCT II plc to create what is now the largest AIM-focused VCT in the market. In addition, the Company completed the acquisition of the assets and liabilities of Rensburg AIM VCT plc on 12 January 2016 adding £11.51 million of net assets and 32 investments to the portfolio.

The NAV per Share has increased from 91.8p as at 9 March 2010 (the date on which the Company merged with Unicorn AIM VCT II plc) to 141.7p as at 31 December 2018 (unaudited). In addition, the Company has, in aggregate, paid dividends of 48.0p per Share (circa £40 million in aggregate) during this same period as shown in the graph below.

### NAV per Share, Cumulative Dividends Paid & Cumulative Total Shareholder Return\*

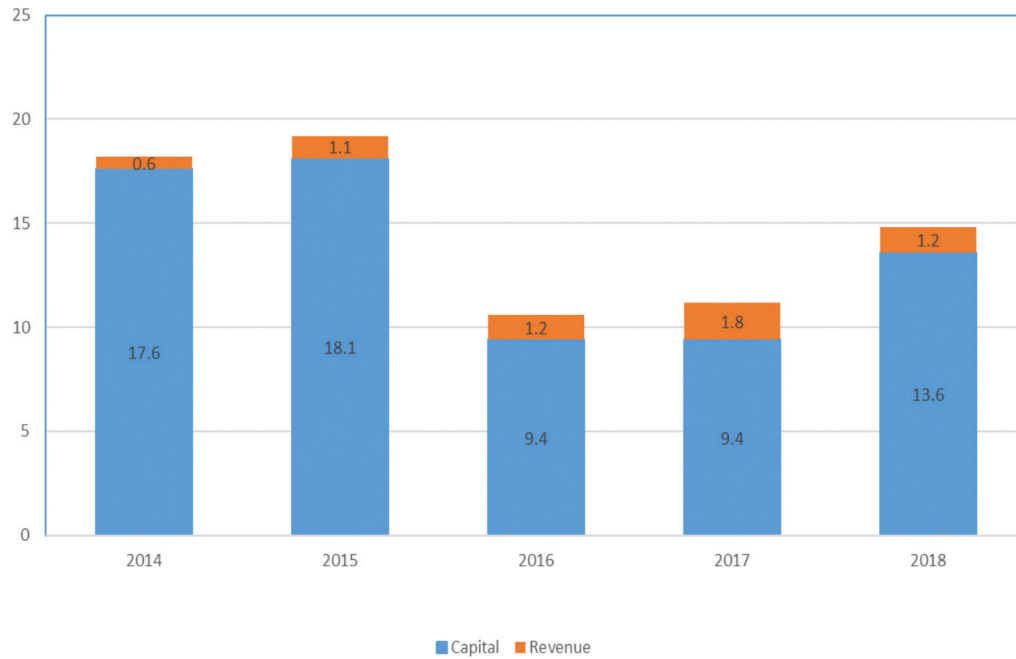


- The higher dividend paid during the year ended 30 September 2017 is a result of the decision by the Board in August 2017 to pay dividends twice-yearly.
- The cumulative total Shareholder return since the merger of the Company with Unicorn AIM II plc on 9 March 2010, when the NAV per Share was 91.8p, has been 97.9p representing the cumulative dividends paid of 48.0p plus the increase in NAV per Share of 49.9p since that date to 31 December 2018. This excludes the proposed final dividend of 3.5p per Share to be paid on 1 February 2019.

\* The past performance of the Company is not a guide to the future performance of the Company. The above represents the return on Shares from 9 March 2010. Shares issued before or after this date will have different performance statistics.

### Earnings per Share\*

The Company's earnings per Share for the year ended 30 September 2018, together with those of the previous four financial years, are outlined in the graph below:



The capital and revenue earnings for the quarter ended 31 December 2018 were (30.25)p per Share and 0.10p per Share, respectively.

\* Total earnings including unrealised gains/(losses) on investments after taxation divided by the weighted average number of Shares in issue. The past performance of the Company is not a guide to the future performance of the Company.



# Part II – The Offer

## Terms of the Offer

The Company is seeking to raise up to £15 million (with an over-allotment facility to raise up to a further £10 million) through the issue of up to 25 million New Shares pursuant to the Offer. If the Board decides (in consultation with Unicorn AM) to increase the Offer by using the over-allotment facility, this will be communicated by way of a Regulatory Information Service announcement. There is no minimum subscription level for the Offer to proceed and the Offer is not underwritten.

The minimum investment by an investor under the Offer is £2,000 (net of any amount of initial adviser charge to be facilitated) and multiples of £500 thereafter. Investors are reminded that VCT upfront income tax relief is only available in respect of investments of up to £200,000 in VCTs in any one tax year.

New Shares will rank *pari passu* with the existing Shares in issue in respect of dividends with record dates after the date of issue of the relevant New Shares.

Applications under the Offer will normally be accepted on a first come, first served basis (provided cheques are not post-dated), subject always to the discretion of the Board. Subscribers are encouraged to submit their Application Form early in order to be confident that their Application will be successful.

The full terms and conditions of the Offer can be found at the end of this document.

## *Closing Date, Receipt of Applications and Allotment*

The Offer opens on 29 January 2019 and will close at 5.30 p.m. on 4 April 2019 (or, if earlier, as soon as the Offer is fully subscribed or otherwise at the Board's discretion). The Offer will not be extended beyond 4 April 2019.

The Board currently envisages two allotments of New Shares on 8 March 2019 and on 5 April 2019 (or, if earlier, on full subscription). Allotment of New Shares may, however, be made more frequently at the discretion of the Board.

## *The Allotment Formula*

The number of New Shares to be allotted to a successful Applicant will be determined by the following Allotment Formula:

$$\text{Number of New Shares} = \frac{A - B - C}{\text{NAV}}$$

Where:

- A is the Application Amount (this being the amount remitted to the Company with the investor's Application, including any amount requested to be facilitated, as accepted under the Offer)
- B is 2.5% of the Application Amount (ie 2.5% of A), less any amount of the fee payable to the Investment Manager that may be waived by the Investment Manager at its discretion
- C is either:
  - (i) in respect of advised investors, the amount of any initial adviser charge agreed to be facilitated (up to the maximum of 4.5% of the Application Amount (i.e. 4.5% of A)); or
  - (ii) in respect of 'execution-only' investors, the amount of any initial commission agreed to be paid to the 'execution-only' financial intermediary (up to a maximum of 3% of the Application Amount (i.e. 3% of A)) less any amount of initial commission agreed to be waived
- NAV is the most recently published NAV per Share at the time of allotment, adjusted for dividends subsequently declared and for which the record date for payment has passed at the time of allotment.

The number of New Shares to be allotted by the Company will be rounded down to the nearest whole number and fractions of New Shares will not be allotted.

The Allotment Formula, which is based on the latest published NAV and takes account of the costs of the Offer, avoids a diminution in the net asset value of the existing Shares (ignoring the dilution caused by any trail commission paid by the Company, which is considered to be small when compared to the overall NAV per Share). Potential investors should note that the NAV per Share may rise or fall during the Offer period.

### ***Offer Price***

The Offer Price is determined by dividing the Investment Amount (this being the amount of the investor's Application accepted to be used to subscribe for New Shares (ie the Application Amount, less any amount of any initial adviser charge agreed to be facilitated in respect of an advised investor)) by the number of New Shares to be issued.

The Company will announce the number of New Shares issued and the range of Offer Prices by way of a Regulatory Information Service announcement following allotment.

### ***VCT Tax Reliefs***

Qualifying Investors will be able to benefit from the tax reliefs applicable in respect of subscriptions for VCT Shares in respect of the Investment Amount (ie the Application Amount, less any amount of any initial adviser charge agreed to be facilitated in respect of an advised investor). This includes up to 30% upfront income tax relief on the Investment Amount, which would not be available if Shares were purchased in the secondary market.

### ***Offer Costs***

The Investment Manager, as promoter of the Offer, will be paid a fee equal to 2.5% of the Application Amounts in respect of Applications accepted under the Offer, plus an amount equal to any 'execution-only' financial intermediary initial commissions. In consideration, the Investment Manager has agreed to meet all Offer costs payable by the Company (other than annual trail commission), including any initial 'execution-only' financial intermediary commissions and fees payable to LGBR Capital. Annual trail commission will be payable by the Company. Any amount of initial adviser charge agreed to be facilitated is paid by the investor from the monies received with the investor's Application and is not paid by the Company.

The Investment Manager may agree to waive any part of its fee represented by 2.5% of the Application Amounts in respect of Applications accepted under the Offer as referred to above (this being (B) in the Allotment Formula) in respect of any specific investor or group of investors for the benefit of such investors. The benefit of any waiver will be applied by reducing (B) in the Allotment Formula by an equivalent amount, which will reduce the costs applied for those investors, thereby increasing the number of New Shares to be allotted to such investors. The Investment Manager has further agreed that, to the extent that the actual costs of the Offer are less than the amount of the promotion fee payable to it, it will rebate the excess amount to the Company.

Assuming full subscription under the Offer (utilising the over-allotment facility) the Offer costs payable by the Company will be a maximum of £1.375 million (excluding annual trail commission and assuming that the maximum amount of initial commission of 3% is payable to 'execution-only' financial intermediaries in respect of all investors) and the net proceeds, on the same basis, will amount to £23.625 million.

The maximum costs of the Offer to an investor (save for annual trail commission, which the Company will be responsible for) will be 2.5% of the Application Amount plus (i) in respect of 'execution-only' investors, any initial commission payable to 'execution-only' financial intermediaries (this being a maximum of 3% of the Application Amount) or (ii) in respect of advised investors, any amount of initial adviser charges, which is payable by the investor.

### ***Financial Intermediary Adviser Charges***

Investors who receive advice from their financial intermediary can ask for an initial adviser charge (in whole or part) to be facilitated by the Company's Receiving Agent (subject to a maximum facilitation amount of an amount equal to 4.5% of the Application Amount).

If facilitated, this agreed amount will be deducted from the monies received from the relevant investor and the net amount will be invested and will not qualify for VCT tax relief. The Allotment Formula continues to take the facilitated amount into account in determining the number of New Shares to be allotted. Any additional initial adviser charges in excess of the amount agreed to be facilitated, as well as any annual adviser charges, will need to be met by advised investors separately.

It should be noted that the maximum amount of initial charges which may be facilitated as outlined above should not be considered as a recommendation as to the appropriate levels of an initial adviser charge. This is for the investor and the financial intermediary to agree depending on the level of advice and service being provided.

### ***'Execution-Only' Financial Intermediary Commissions***

The Investment Manager may (on behalf of the Company) agree with financial intermediaries providing 'execution-only' services that, in respect of any Application accepted from a client for whom the 'execution-only' financial intermediary acts, to pay an initial commission (subject to a maximum of 3% of the amount subscribed for New Shares by their clients). Financial intermediaries may waive all or part of the initial commission due for the benefit of their client (such amount will be taken into account in determining the number of New Shares to be allotted under the Allotment Formula).

In addition, provided that the 'execution-only' financial intermediaries' clients continue to hold their New Shares, such financial intermediaries will normally be paid an annual trail commission of 0.375% of the net asset base value for each such New Share by the Company. For this purpose, 'net asset base value' means the net assets attributable to such New Share as determined from the audited annual accounts of the

Company as at the end of the preceding financial year. No payment of trail commission will (save as referred to below) be made to the extent that the cumulative trail commission would exceed 2.25% of the Offer Price of the New Share in question. The Investment Manager may, with the consent of the Board, agree to pay trail commission on a different basis, providing it does not exceed the maximum cumulative payment of 2.25% of the Offer Price of the New Share in question.

Commissions will only be paid if, and to the extent, they are permitted under legislation and regulations. Annual trail commission will be paid shortly after the later of the annual general meeting of the Company and, where applicable, the date of payment of the final dividend in each year.

Should an 'execution-only' investor subsequently decide to seek financial advice from their 'execution-only' financial intermediary in respect of their holding in the Company, any annual trail commission in respect of an investment under the Offer must cease and one of the Company, the Investment Manager or ISCA Administration Services must be notified accordingly.

### Commission Arrangements on Existing Shareholdings

Should an Existing Shareholder decide to seek financial advice from their existing 'execution-only' financial intermediary in respect of participating in the Offer, any trail commission which is currently being paid to that Shareholder's financial intermediary pursuant to an existing holding in the Company will need to cease and one of the Company, the Investment Manager or ISCA Administration Services must be notified accordingly.

### Example of the Allotment Formula

There follows an example of how the Allotment Formula works for a direct investor, an advised investor where the amount to be facilitated is 4.5% of the Application Amount and for an 'execution-only' investor where an initial commission of 3% of the Application Amount has been agreed (in one case payable to the intermediary, but in the other waived by the financial intermediary), in each case where the amount remitted to the Company with the investor's Application is £10,000 and based on an unaudited NAV per Share of 141.7p (as at 31 December 2018, this being the most recently published unaudited NAV per Share prior to the publication of this document).

	Application Amount (A) (£)	Offer Costs (B) (2.5%) (£)	Intermediary Charges (C)		NAV per Share (£)	Number of New Shares
			Facilitation Amount (£)	Commission Amount (£)		
Advised investor	10,000	(250)	(450)	-	1.417	6,563
Execution-only investor (initial commission payable)	10,000	(250)	-	(300)	1.417	6,669
Execution-only investor (initial commission waived)	10,000	(250)	-	-	1.417	6,880
Direct investor	10,000	(250)	-	-	1.417	6,880

### Use of Funds

The net proceeds of the Offer will be pooled with the existing cash resources of the Company and utilised as follows:

- principally to make new and follow-on investments in accordance with its investment policy; and
- to help meet annual outgoings (including running costs, directors' fees, trail commission, the payment of dividends and market purchases of Shares).

# Part III – The Board and the Investment Manager

## The Board

The Board comprises four non-executive directors, all of whom are independent of the Investment Manager: Peter Dicks (Chairman), Charlotta Ginman, Jeremy Hamer and Jocelin Harris. The Board sets the Company's policies and objectives and ensures that its obligations to the Shareholders are met.

The Company has appointed Unicorn AM as its investment manager and ISCA Administration Services as Company Secretary and administrator, subject to the overall control and direction of the Board. As a result, the Board has overall responsibility for the Company's affairs, including approving valuations (prepared by the Investment Manager) and NAVs (calculated by ISCA Administration Services).

The Board has significant relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investing in small companies.

The Board has noted the process undertaken by the Financial Reporting Council to review and update the UK Corporate Governance Code, which will be incorporated into the amended Association of Investment Companies code which the Company follows. These changes will be applicable to the Company from 1 October 2019 and the Board will be considering its response to the changes that will be required, including its succession plans.

### *The Directors are:*

#### **Peter Dicks (Independent, non-executive Chairman) (76)**

Peter Dicks was a founder director, in 1973, of Abingworth plc, a venture capital company. He is currently a director of a number of quoted and unquoted companies, including Miton UK MicroCap Trust plc, SVM UK Emerging Fund plc and Foresight Solar Fund Limited.

#### **Charlotta Ginman FCA (Independent, non-executive Director) (53)**

Charlotta Ginman is a chartered accountant with experience in investment banking and the technology and telecoms industry. She is currently a non-executive director and audit committee chair for Polar Capital Technology Trust plc, Pacific Assets Trust plc, Motif Bio plc and Keywords Studios plc, and also sits on the board of Consort Medical plc.

Given half of her commitments are with investment companies that typically only have four or five meetings a year, and therefore take up less time than a trading company NED role, she has enough time to ensure she remains as effective as needed in each of her roles as well as having sufficient spare time to devote to any unforeseen corporate issues that may arise.

#### **Jeremy Hamer (Independent, non-executive Director) (66)**

Jeremy Hamer is a chartered accountant who spent 16 years in industry followed by five years as a VCT investment manager. Currently, he is the non-executive chairman of Uvenco UK plc (in liquidation) and a non-executive director of Access Intelligence plc. He is also a qualified executive coach.

#### **Jocelin Harris (Independent, non-executive Director) (73)**

Jocelin Harris is a qualified solicitor and runs Durrington Corporation Limited, where he has worked since 1986. Durrington provides management and financial support services to small and developing businesses. He is currently a director of Foresight VCT plc and also a non-executive chairman or director of a number of private companies in the United Kingdom and the USA.

## The Investment Manager

The Investment Manager is an independently owned and managed investment management company. The Investment Manager was incorporated and registered in England and Wales on 4 February 2000 as a private limited liability company with registered number 03919499. The Investment Manager's registered office and principal place of business is at First Floor Office, Preacher's Court, The Charterhouse, Charterhouse Square, London EC1M 6AU (telephone 020 7253 0889). The Investment Manager is authorised and regulated by the FCA to provide investment management services with registered number 192164. The principal legislation under which the Investment Manager operates is the CA 2006 (and regulations made thereunder).

The Investment Manager operates a team-based approach to investment management and its experienced, committed and well-resourced investment team has over 100 years' of combined experience. The Investment Manager is focused on being the 'best not the biggest' and its funds aim to deliver long term outperformance. Unlike many investment firms, the Investment Manager is majority owned by its directors and managers, providing further incentive for the funds it manages to deliver consistently strong performance.

Members of the team follow a traditional and conservative approach to fund management, focusing on bottom-up stock selection based on fundamental research. They aim to deliver superior long-term performance by adhering to a disciplined investment process and to reduce risk by focusing investment resource on those businesses which are led by experienced management teams, which have good profitability and cash generation prospects and which the Investment Manager believes are capable of delivering sustained growth. In particular, the Investment Manager is a specialist in the AIM sector with over £313.0 million invested in AIM quoted companies across its fund range which includes the Company and its recently launched AIM ISA/IHT portfolio service.

As at 31 December 2018, the Investment Manager's funds under management were allocated across four fund classes:

- Open Ended Investment Companies (£799.8 million – valued at mid-price\*);
- Offshore Income Fund (£67.8 million – valued at mid-price);
- AIM VCT (£165.6 million – valued at bid-price); and
- AIM IHT (£17.0 million – valued at mid-price).

\* excluding investments made by the Company in Unicorn AM managed OEICs.

The Company continues to present a significant part of the Investment Manager's business.

## Senior Management Team

### *Chris Hutchinson, Director and Senior Fund Manager*

Chris is senior investment manager at Unicorn AM and is the individual primarily responsible for selecting stocks for inclusion within the Unicorn AM AIM Inheritance Tax Portfolio Service. Chris has been the lead manager of the Company, the largest AIM-focused VCT in the industry, since joining the firm in 2005. Chris is also the lead manager of the Unicorn Outstanding British Companies Fund and a senior member of Unicorn AM's Investment Committee. Chris has approximately 18 years' experience managing portfolios of UK smaller companies.

### *Paul Harwood, Non-Executive Director, Chairman of the Investment Committee*

Paul is chairman of Unicorn AM's Investment Committee and has over 40 years' investment experience. Before joining Unicorn AM, Paul held positions at Phillips & Drew, Richards Longstaff and Mercury Asset Management/Merrill Lynch, where he was a director, the joint head of the European Equity Investment Team and latterly the head of the UK Smaller Companies Team.

### *Fraser Mackersie, Fund Manager*

Fraser is co-manager of the Unicorn UK Income Fund and Acorn Income Fund, and the lead manager of the Unicorn UK Growth Fund. Fraser joined Unicorn AM in 2008, having previously held positions with F&C Asset Management and Geoghegan & Co Chartered Accountants. He graduated from the University of St Andrews in 2003 with a degree in Economics and Management, and is a fellow of the Association of Chartered Certified Accountants.

### *Simon Moon, Fund Manager*

Simon has been co-manager of the Unicorn UK Income Fund and Acorn Income Fund, and the lead manager of the Unicorn UK Smaller Companies Fund since 2013. He joined Unicorn AM in 2008, since when he has been an active member of the Investment Committee. Prior to joining Unicorn AM, Simon worked as a research analyst at JM Finn & Co Stockbrokers and spent three years in the NHS Graduate Finance Scheme.

### *Alex Game, Assistant Fund Manager*

Alex is assistant fund manager to the Unicorn UK Growth Fund and works alongside its lead manager, Fraser Mackersie. Alex has been a member of the Unicorn AM investment team since joining the firm in 2014. Prior to joining Unicorn AM, Alex worked for two years as a client advisor at Stanhope Capital. Alex is a CFA Charterholder and graduated with a BSc (Hons) in Physics from Durham University.

### *Max Ormiston, Assistant Fund Manager*

Max is assistant fund manager to the Unicorn Outstanding British Companies Fund and supports director and senior fund manager, Chris Hutchinson. Max has been a member of the Unicorn AM investment team since joining the firm in 2014. Prior to joining Unicorn AM, Max spent four years with Brewin Dolphin, where he worked as an investment manager. Max is a CFA Charterholder and graduated with a BSc in Agribusiness Management from Newcastle University.

# Part IV - Investment Objective and Policy

## Investment Objective

The Company's objective is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maintaining a steady flow of dividend distributions to Shareholders from the income as well as capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 70% (80% for accounting periods commencing after 5 April 2019) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules) to dividends or return of capital and no rights to redemption.

## Investment Policy

In order to achieve the Company's investment objective, the Board has agreed an investment policy which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM that display a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- potential for good cash generation to finance ongoing development and support for a progressive dividend policy.

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. No single holding may represent more than 15% (by VCT value) of the Company's total investments and cash, at the date of investment.

There are a number of VCT conditions which need to be met by the Company which may change from time to time. The Investment Manager will seek to make qualifying investments in accordance with such requirements.

### *Asset mix*

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or is in excess of the 70% VCT qualification threshold (80% for accounting periods commencing after 5 April 2019), it may be held in cash or invested in money market funds, collective investment vehicles or non-qualifying shares and securities of fully listed companies registered in the UK.

### *Borrowing*

To date the Company has operated without recourse to borrowing. The Board may, however, consider the possibility of introducing modest levels of gearing up to a maximum of 10% of the adjusted capital and reserves, should circumstances suggest that such action is in the interests of Shareholders.

# Part V - Management and Administration

## Fees and Expenses

Up to 30 September 2018, the Investment Manager received an annual management fee of an amount equal to 2.0% of the net assets of the Company excluding the value of any investments made by the Company in other Unicorn AM managed funds (together with any applicable VAT). The fee was calculated and paid quarterly in advance. If the Company raised further funds during a quarter, the net assets for the relevant quarter were increased by an amount equal to the amount raised (net of costs) multiplied by the percentage of days in that quarter after the funds were raised.

From 1 October, the Investment Manager receives an annual management fee of an amount equal to 2.0% of the net assets of the Company up to net assets of £200 million and 1.5% of the amount of the net assets of the Company in excess of £200 million (together with any applicable VAT). The value of any investments made by the Company in other Unicorn AM managed funds are excluded from the value of the net assets of the Company. The fee is calculated and paid quarterly in arrears. If the Company raises further funds during a quarter, the net assets for the relevant quarter are reduced by an amount equal to the amount raised (net of costs) multiplied by the percentage of days in that quarter prior to the funds being raised.

A maximum of 75% of the Company's management expenses is currently charged against capital, with the balance to be met from income.

In recognition of the increasing net assets of the Company over the last few years and, following discussions with the Board, Unicorn AM agreed to waive its entitlement to possible future performance incentive fees and the performance incentive arrangements were terminated in July 2017.

ISCA Administration Services provides administration services and is the appointed Company Secretary, and is currently entitled to an annual fee of £165,000. ISCA Administration Services offers specialist accounting, fund administration and company secretarial services to closed end structures such as investment trusts, Venture Capital Trusts and other types of specialist funds. Its senior staff have over fifty years' experience in the industry.

Following a review of service providers, the Board has decided to appoint City Partnership to replace Link Asset Services as the Company's registrar. The change of registrar will take effect on 1 March 2019.

## Annual Expenses Cap

The Company's normal annual expenses are approximately 2.2% of the average net assets of the Company (based on the financial year ended 30 September 2018) but were, in any event, capped at an amount equal to 3.6% of net assets as at the end of each financial year to 30 September 2018, with the cap reduced to 2.75% of the net assets of the Company as at the end of each financial year thereafter. Any excess over this amount will be borne by the Investment Manager. Annual expenses include those incurred by the Company in the ordinary course of its business (including management and administration fees, Directors' remuneration, fees payable to the registrar, stockbroker, auditor, solicitors and the VCT status adviser). Normal annual expenses do not include trail commission.

## VCT Status Monitoring

PricewaterhouseCoopers LLP is the Company's VCT status adviser. It carries out reviews of the Company's investment portfolio to ensure compliance and, when requested to do so by the Board or the Investment Manager, reviews prospective investments to ensure that they are qualifying investments.

## Custody Arrangements

Bank of New York Mellon (being incorporated and registered in the United States, but whose UK establishment has its registered office at One Canada Square, London E14 5AL with registered number FC005522, its telephone number being 020 3322 4806 and being authorised and regulated by the FCA) acts as custodian of the Company's quoted assets and, in that capacity, is responsible for ensuring safe custody and dealing and settlement arrangements. The Company is responsible for the safekeeping of certificates in relation to unquoted investments and these are retained by the Company secretary.

## Dividend Policy

The Board has a policy of maintaining a steady flow of dividend distributions to Shareholders and intends to continue with this policy. After careful consideration, and after taking into account the views of the Company's Shareholders, the Board has, since August 2017, moved to making dividend payments twice-yearly.

The Company has paid dividends (tax-free to Qualifying Shareholders) of 6.25p, 9.25p (3.0p interim dividend and 6.25p final dividend) and 6.50p per Share in respect of each of the past three financial years. The higher dividend paid during the year ended 30 September 2017 is a result of the decision by the Board to pay dividends twice-yearly.

The ability to pay dividends and the amount of such dividends depends on the performance of the Company's investments, available reserves and cash, as well as the need to retain funds for further investment and ongoing expenses.

## Share Buy-Backs

The Board believes that it is in the best interests of the Company and its Shareholders to make market purchases of its Shares, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to help reduce to a degree any prevailing discount to NAV in the current market price that might otherwise prevail. The Board agrees the discount to NAV at which Shares will be bought back and keeps this under regular review.

The Board intends to continue with the above buy-back policy. Any such future repurchases will be made in accordance with guidelines established by the Board from time to time and will be subject to the Company having the appropriate authorities from Shareholders and sufficient funds available for this purpose. Share buy-backs will also be subject to the Listing Rules and any applicable law at the relevant time. Shares bought back in the market will ordinarily be cancelled.

## Duration of the Company

In order for the future of the Company to be considered by the Shareholders, the Board shall at the annual general meeting of the Company falling after the fifth anniversary of the last allotment of shares in the Company and thereafter at five yearly intervals, invite the members to consider and debate the future of the Company (including, without limitation, whether the Company should be wound up, sold or unitised) and as soon as practicable following that meeting shall convene a general meeting to propose such resolution as the members attending the annual general meeting may by ordinary resolution require.

## Valuation Policy

All unquoted investment valuations are subject to approval by the Directors on the recommendation of the Investment Manager in accordance with IPEVC Valuation Guidelines under which investments are valued at fair value, as defined in those guidelines. Any AIM or other quoted investment will be valued at the closing bid price of its shares, in accordance with generally accepted accounting practice. The net asset value of the Shares is calculated monthly and published on an appropriate regulatory information service, as well as being published on the Company's website ([www.unicornaimvct.co.uk](http://www.unicornaimvct.co.uk)). If for any reason valuations are suspended, Shareholders will be notified in a similar manner.

## Investor Communications

The Board believes that open communication with Shareholders is very important and is always ready to consider suggestions or matters of concern raised by Shareholders outside formal shareholder meetings. In addition to the announcement and publication of the annual report and accounts and the half-yearly results for the Company as detailed below, the Company also voluntarily publishes interim management statements.

## Reporting Dates

Year end	30 September
Announcement and publication of annual report and accounts to Shareholders	November
Announcement and publication of half-yearly results	May



## Part VI – Largest Investments

Set out below are the largest investments held by the Company with a cumulative value of greater than 50% of the Company's gross assets, as at the date of this document. The current cost is the original investment cost made by the Company and/or, where relevant, Unicorn AIM VCT II plc and Rensburg AIM VCT plc, less capital repayments to 31 December 2018.

<p><b>Abcam plc</b></p> <p>Cost (£'000) 436</p> <p>Valuation (£'000) 14,224</p> <p>Valuation basis Bid</p> <p>% of net assets 8.6%</p> <p><i>Market sector: Pharmaceuticals &amp; Biotechnology</i></p> <p><i>Location: Cambridge, England</i></p>	<p><b>City Pub Group plc (The)</b></p> <p>Cost (£'000) 4,250</p> <p>Valuation (£'000) 5,716</p> <p>Valuation basis Bid</p> <p>% of net assets 3.5%</p> <p><i>Market sector: Travel &amp; Leisure</i></p> <p><i>Location: London, England</i></p>
<p><b>Tracsis plc</b></p> <p>Cost (£'000) 1,462</p> <p>Valuation (£'000) 9,735</p> <p>Valuation basis Bid</p> <p>% of net assets 5.9%</p> <p><i>Market sector: Software &amp; Computer Services</i></p> <p><i>Location: Derby, England</i></p>	<p><b>MaxCyte Inc.</b></p> <p>Cost (£'000) 3,150</p> <p>Valuation (£'000) 5,074</p> <p>Valuation basis Bid</p> <p>% of net assets 3.1%</p> <p><i>Market sector: Pharmaceuticals &amp; Biotechnology</i></p> <p><i>Location: Gaithersburg, United States</i></p>
<p><b>Hasgrove Limited</b></p> <p>Cost (£'000) 1,855</p> <p>Valuation (£'000) 6,401</p> <p>Valuation basis Price of recent investment</p> <p>% of net assets 3.9%</p> <p><i>Market sector: Media</i></p> <p><i>Location: Altrincham, England</i></p>	<p><b>Cohort plc</b></p> <p>Cost (£'000) 1,554</p> <p>Valuation (£'000) 4,440</p> <p>Valuation basis Bid</p> <p>% of net assets 2.7%</p> <p><i>Market sector: Aerospace &amp; Defence</i></p> <p><i>Location: Reading, England</i></p>
<p><b>Mattioli Woods plc</b></p> <p>Cost (£'000) 1,275</p> <p>Valuation (£'000) 6,373</p> <p>Valuation basis Bid</p> <p>% of net assets 3.9%</p> <p><i>Market sector: Financial Services</i></p> <p><i>Location: Leicester, England</i></p>	<p><b>Access Intelligence plc</b></p> <p>Cost (£'000) 3,529</p> <p>Valuation (£'000) 4,059</p> <p>Valuation basis Bid</p> <p>% of net assets 2.5%</p> <p><i>Market sector: Software &amp; Computer Services</i></p> <p><i>Location: London, England</i></p>
<p><b>Interactive Investor Limited</b></p> <p>Cost (£'000) 3,447</p> <p>Valuation (£'000) 6,202</p> <p>Valuation basis Price of recent investment</p> <p>% of net assets 3.8%</p> <p><i>Market sector: Financial Services</i></p> <p><i>Location: London, England</i></p>	<p><b>Tristel plc</b></p> <p>Cost (£'000) 866</p> <p>Valuation (£'000) 3,926</p> <p>Valuation basis Bid</p> <p>% of net assets 2.4%</p> <p><i>Market sector: Health Care Equipment &amp; Services</i></p> <p><i>Location: Reading, England</i></p>
<p><b>Anpario plc</b></p> <p>Cost (£'000) 1,380</p> <p>Valuation (£'000) 6,200</p> <p>Valuation basis Bid</p> <p>% of net assets 3.7%</p> <p><i>Market sector: Pharmaceuticals &amp; Biotechnology</i></p> <p><i>Location: Nottinghamshire, England</i></p>	<p><b>AB Dynamics plc</b></p> <p>Cost (£'000) 831</p> <p>Valuation (£'000) 3,616</p> <p>Valuation basis Bid</p> <p>% of net assets 2.2%</p> <p><i>Market sector: Industrial Engineering</i></p> <p><i>Location: Bradford-upon-Avon, England</i></p>

<b>Avingtrans plc</b>	
Cost (£'000)	1,864
Valuation (£'000)	3,406
Valuation basis	Bid
% of net assets	2.1%
<i>Market sector: Industrial Engineering</i>	
<i>Location: Chatteris, England</i>	

<b>ULS Technology plc</b>	
Cost (£'000)	1,500
Valuation (£'000)	2,753
Valuation basis	Bid
% of net assets	1.7%
<i>Market sector: Health Care Equipment &amp; Services</i>	
<i>Location: London, England</i>	

<b>Bonhill Group plc</b>	
Cost (£'000)	3,400
Valuation (£'000)	2,994
Valuation basis	Bid
% of net assets	1.8%
<i>Market sector: Media</i>	
<i>Location: London, England</i>	

#### Cash and Liquidity Funds

<b>Cash</b>	
Cost (£'000)	4,087
Valuation (£'000)	4,087
Valuation basis	-
% of net assets	2.5%

<b>Unicorn UK Smaller Companies Fund</b>	
Cost (£'000)	311
Valuation (£'000)	762
Valuation basis	Unit price
% of net assets	0.5%

<b>Unicorn UK Ethical Income</b>	
Cost (£'000)	1,063
Valuation (£'000)	1,031
Valuation basis	Unit price
% of net assets	0.6%

<b>Unicorn UK Growth Fund</b>	
Cost (£'000)	416
Valuation (£'000)	848
Valuation basis	Unit price
% of net assets	0.5%

#### Note:

Investment and portfolio information in this Part VI has been extracted from the Company's unaudited financial information on the Company as at 31 December 2018.

As at the date of this document, there has been no material change in the valuations of investments set out in this Part VI since 31 December 2018 other than:

- There has generally been an increase in the valuations of listed holdings within the portfolio due to a broad recovery in equity markets since 31 December 2018. This does not materially affect which investments represent the largest investments of the Company.
- As at 28 January 2019, the valuations of the investments set out in this Part VI have increased by approximately £5.3 million. However, their value as a percentage of the Company's gross assets remains largely unchanged.

# Part VII – Taxation

## TAX POSITION OF INVESTORS

### 1. Tax Reliefs

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

The tax reliefs set out below are those currently available to individuals who are UK tax payers and aged 18 or over who subscribe for New Shares under the Offer and will be dependent on personal circumstance.

Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000 (including shares purchased in the secondary market). Qualifying Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

#### 1.1 Income Tax

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

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

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

##### (ii) Dividend relief

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

##### (iii) Purchases in the market

A Qualifying Investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph 1.1(ii) above) but not relief from income tax on the investment (as described in paragraph 1.1(i) above).

##### (iv) Withdrawal of relief

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

Dividend relief ceases to be available if the VCT loses its approval within this period, as detailed below, or if shares are no longer owned by a Qualifying Investor.

#### 1.2 Capital Gains Tax

##### (i) Relief from capital gains tax on the disposal of VCT shares

A disposal by a Qualifying Investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year and does not apply where VCT shares were issued after 5 April 2014 and are repurchased by the VCT directly from the shareholder within three years of issue.

##### (ii) Purchases in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 1.2(i) above).

#### 1.3 Acquisition and Disposals of Shares in the Same VCT

The disposal of existing shares in a VCT within six months before or after subscription for new shares in the same VCT (or otherwise where the disposal and subscription is linked) will result in the amount of the investment in the new shares in the VCT to which VCT tax reliefs are available being reduced by an amount equal to the proceeds received on the disposal.

#### 1.4 Loss of VCT Approval

For a company to be fully approved as a VCT, it must meet the various requirements as summarised on pages 35 to 36.

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

#### 2. Illustration of the Effect of Tax Relief for Qualifying Investors

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

	Tax Relief	Effective Cost
Investor unable to claim any tax reliefs	Nil	£10,000
Qualifying Investor able to claim full 30% income tax relief	£3,000	£7,000

The combined effect of the initial income tax relief, tax-free dividends and tax-free capital growth can substantially improve the net returns of an investor in a VCT.

#### 3. Obtaining Tax Reliefs

The Company will provide to each Investor a certificate which Qualifying Investors may use to claim income tax relief, either by obtaining from HMRC an adjustment to their tax coding under the PAYE system or by waiting until the end of the tax year and claiming relief in their tax return.

#### 4. Investors not Resident in the UK

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

## TAX POSITION OF THE COMPANY

### 1. Qualification as a VCT

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

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on a regulated market;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% (80% for accounting periods starting after 5 April 2019) by VCT Value of its investments in shares in Qualifying Investments, 70% of which must be eligible shares (30% in respect of investments made on or before 5 April 2018 from funds raised before 6 April 2011);
- (e) have at least 10% by VCT Value of each Qualifying Investment in eligible shares;
- (f) not have more than 15% by VCT Value of its investments (including cash), at the time of making an investment, in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (g) not retain more than 15% of its income derived from shares and securities in any accounting period;
- (h) not make any non-Qualifying Investment other than those specified in section 274 of ITA 2007;
- (i) not, in respect of any share capital created on or after 6 April 2014 and any reserves created from the cancellation thereof, make any payment out of such share capital and reserves to shareholders within three years from the end of the accounting period in which that share capital was created;
- (j) not invest in a company or group which causes the company or group to receive more than £5 million (£10 million for 'knowledge intensive' companies) of state-aided investment in the 12 months ending on the date of that investment;
- (k) not invest in a company or group which causes that company or group to receive more than £12 million (£20 million for 'knowledge intensive' companies) of state-aided investment during its lifetime;
- (l) invest in companies where the first state-aided investment was within seven years of the first commercial sale in respect of the relevant trade (ten years from the end of the accounting period in which the company revenues were greater than £200,000 for 'knowledge intensive' companies), save for in certain limited circumstances where the funds are to be used in connection with a new product or geographical market;
- (m) invest 30% of funds raised in an accounting period in qualifying holdings within 12 months after the end of that accounting period.

Conditions (j) to (l) do not apply to investments in shares listed on a recognised stock exchange or to certain investment funds/vehicles.

The approved status of a VCT may also be affected if an investee company uses any funds from a VCT investment to acquire another company or trade in the five years after that investment.

The term 'eligible shares' means ordinary shares which do not carry any rights to be redeemed or preferential rights to assets on a winding up or dividends (other than certain non-cumulative fixed preferential rights).

### 2. Qualifying Investments

A qualifying 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 Chapters 3 and 4 of Part 6 of ITA 2007.

The conditions are detailed, but include the following requiring the investee company:

- (i) to be a Qualifying Company;
- (ii) to have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment;
- (iii) to apply the money raised for the purposes of a qualifying trade within certain time periods and for growth and development;
- (iv) not to be controlled by another company;
- (v) to have fewer than 250 full-time (or full-time equivalent) employees (500 in the case of 'knowledge intensive' companies);
- (vi) at the time of the VCT investment not to obtain more than £5 million of state-aided investment in any rolling 12 month period and £12 million of state-aided investment (£20 million for 'knowledge intensive' companies) during its lifetime;

- (vii) to have its first commercial sale within seven years of the first state-aided investment in respect of the relevant trade (ten years from the end of the accounting period in which the company revenues were greater than £200,000 for 'knowledge intensive' companies), save for in certain limited circumstances where the funds are to be used in connection with a new product or geographical market; and
- (viii) not to use the VCT funds to acquire shares in another company, another business or trade or provide a return of capital to existing shareholders.

From 6 April 2012 there is a 'disqualifying purpose' test under which an investment will not be a qualifying investment if the investee company has been set up for the purpose of accessing tax reliefs or is in substance a financing business.

From 15 March 2018 there is a 'risk to capital' condition which requires (i) the investee company having objectives to grow and develop over the long term and (ii) the investment to carry a significant risk of losing more capital than the net return (including any tax relief).

From 15 March 2018, a VCT can no longer make secured loans to investee companies or have terms which give the ability to control the investee company. Loans can also provide no more than a commercial rate of return on the principal.

### 3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes companies whose shares are traded on the ISDX and AIM markets are considered to be unquoted) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on, by the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

The company 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.

### 4. 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 further funds become subject to the tests.

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

The Company has obtained approval as a VCT from HMRC.

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

### 5. Unlawful State Aid

Investments made by VCTs in underlying portfolio companies are regarded as state-aided. Where the European Commission believes that state aid has been provided which is unlawful, in particular if it is not consistent with the Risk Finance Guidelines, it may require the Government to recover that state aid. Such recovery may be from the investee company, the VCT or the VCT's investors.

### Taxation of a VCT

VCTs are exempt from corporation tax on chargeable gains. A VCT will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of allowable expenses.

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

# Part VIII – Additional Information

## 1. The Company

- 1.1 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 7 August 2001, with registered number 04266437. The principal legislation under which the Company operates (and under which its shares are created) is CA 2006 and regulations made thereunder. The name of the Company is Unicorn AIM VCT plc.
- 1.2 On 27 September 2001, the Registrar of Companies issued the Company with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) entitling it to commence business.
- 1.3 The Company's registered office is at c/o ISCA Administration Services Limited, Suite 8 Bridge House, Courtenay Street, Newton Abbot TQ12 2QS (telephone 01392 487 056). The Company is domiciled in England and does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.4 The Company revoked its status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 17 August 2004.
- 1.5 The International Securities Identification Number (ISIN) of the Shares is GB00B1RTFN43.
- 1.6 The Company is a VCT under section 274 ITA 2007 and it is intended that the business of the Company be carried on so as to continue to comply with that section.
- 1.7 The Company is not authorised by the FCA or an equivalent European Economic Area regulator. However the Company is an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). The Company is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, the rules and regulations issued by the UKLA from time to time. The Company is not otherwise regulated.

## 2. Share Capital

- 2.1 As at 28 January 2019 (being the latest practicable date prior to the publication of this document), the Company's share capital comprised 116,664,993 Shares (all of which were fully paid and none of which were held in treasury).
- 2.2 The issued share capital history of the Company since 30 September 2015 is as follows:
  - 2.2.1 During the year ended 30 September 2016, the Company issued 13,637,068 Shares (which includes 7,075,352 Shares issued in consideration for the Company acquiring the assets and liabilities of Rensburg AIM VCT plc by way of a scheme of reconstruction under section 110 of the Insolvency Act 1986 under which Rensburg AIM VCT plc was placed into members voluntary liquidation, and bought back 1,641,988 Shares. As at 30 September 2016, the issued share capital of the Company comprised 92,075,311 Shares, none of which were held in treasury.
  - 2.2.2 During the year ended 30 September 2017, the Company issued 17,855,965 Shares and bought back 2,350,170 Shares. As at 30 September 2017, the issued share capital of the Company comprised 107,581,106 Shares, none of which were held in treasury.
  - 2.2.3 During the year ended 30 September 2018, the Company issued 11,827,331 Shares and bought back 2,182,389 Shares. As at 30 September 2018, the issued share capital of the Company comprised 117,226,048 Shares, none of which were held in treasury.
  - 2.2.4 Since 30 September 2018 to 28 January 2019 (being the latest practicable date prior to the publication of this document), the Company has not issued any Shares and bought back 561,055 Shares.
- 2.3 The following authorities were granted pursuant to resolutions of the Company passed at the annual general meeting of the Company held on 10 January 2019:
  - 2.3.1 in substitution for any existing authorities, the Directors of the Company were generally and unconditionally authorised pursuant to section 551 of the CA 2006 to exercise all the powers of the Company to allot Shares and to grant rights to subscribe for, or convert any security into, Shares up to an aggregate nominal amount of £586,130, provided that the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the date falling 15 months after the passing of this resolution, or if earlier, at the conclusion of the annual general meeting of the Company to be held in 2020 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 after such expiry and the Directors of the Company shall be entitled to allot Shares or grant rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired;

2.3.2 in substitution for any existing authorities, the Directors were empowered in accordance with sections 570 and 573 of the CA 2006 to allot or make offers or agreements to allot equity securities (as defined in section 560 of the CA 2006) for cash, pursuant to the authority conferred upon them by the resolution detailed at paragraph 2.3.1 above, or by way of a sale of treasury shares, as if section 561(1) of the CA 2006 did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:

- (i) the allotment and issue of equity securities with an aggregate nominal value of up to, but not exceeding, £468,904 in connection with offer(s) for subscription; and
- (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time,

in each case where the proceeds may be used, in whole or part, to purchase the Company's Shares in the market provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the date falling 15 months after the passing of this resolution, or if earlier, at conclusion of the annual general meeting to be held in 2020, except that the Company may, before expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred had not expired; and

2.3.3 in substitution for any existing authorities, the Company was authorised pursuant to section 701 of the CA 2006 to make one or more market purchases (within the meaning of section 693(4) of the CA 2006) of its own Shares on such terms and in such manner as the Directors of the Company may determine (either for cancellation or for the retention as treasury shares for future re-issue or transfer), provided that:

- (i) the aggregate number of Shares which may be purchased shall not exceed 17,572,184 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing this resolution;
- (ii) the minimum price which may be paid for a Share is 1 p (the nominal value thereof);
- (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is to be purchased; and (b) the price stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation (EC 2273/2003);
- (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this resolution, or if earlier, at the conclusion of the annual general meeting of the Company to be held in 2020; and
- (v) the Company may make a contract or contracts to purchase its own Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

2.4 Shareholder approval was given to the cancellation of the share premium account and redemption reserve of the Company at the general meeting held on 10 January 2019. The Board proposes to seek the sanction of the court to confirm the cancellation shortly. The sums released by the cancellations will be used to create special reserves to which losses can be written-off or set-off against, to fund share buy-backs, to make distributions and to be used for other corporate purposes.

2.5 There are no other shares or loan capital in the Company under option or agreed conditionally or unconditionally to be put under option nor does the Company hold shares in treasury.

2.6 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) in respect of the balance of the share capital of the Company which is not (or will not be) subject to the disapplications referred to in paragraph 2.3 above.

2.7 Assuming 25 million New Shares are allotted by the Company (this being the maximum number of New Shares that may be allotted pursuant to the Offer), the issued share capital of the Company would be 141,664,993 Shares (none of which are expected to be held in treasury).

### 3. Memorandum and Articles of Association

In this paragraph 3, reference to "Directors" means the directors of the Company from time to time, reference to the "Board" means the board of directors of the Company from time to time and reference to "Group" means the Company and its subsidiaries from time to time, and "Group Company" means any company in the Group.

#### 3.1 Memorandum

The Memorandum, which, by virtue of section 28 of the CA 2006, is now treated as being part of the Articles, provides that the Company's principal object and purpose is to carry on the business of a VCT.



### 3.2 Articles

The following is a summary of the current Articles.

1. Liability of members  
The liability of the members of the Company is limited to the amount, if any, unpaid on the shares held by them.
2. General Meetings
  - 2.1 Calling of general meetings  
Subject to the provisions of the Companies Acts general meetings, including annual general meetings, shall be held at such time and place as the Board may determine.
  - 2.2 Notice of general meetings  
General meetings shall be convened by such minimum period of notice as may be required by the Companies Acts.
  - 2.3 Contents of notice  
Every notice convening a general meeting shall specify:
    - (a) whether the meeting is convened as an annual general meeting;
    - (b) the place, the day and the time of the meeting;
    - (c) in the case of special business the general nature of that business;
    - (d) if the meeting is convened to consider a special resolution the text of the resolution and the intention to propose the resolution as such; and
    - (e) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share or shares held by the member) more proxies to attend and vote instead of them and that a proxy need not also be a member.

The notice shall be given to the members (other than any who under the provisions of the Articles or of any restrictions imposed on any shares are not entitled to receive notice from the Company), to the Directors and to the Auditors and if more than one for the time being, to each of them.

- 2.4 Omission to send notice  
The accidental omission to send a notice of meeting or, in cases where it is intended that it be sent out with the notice, any document relating to a meeting including an instrument of proxy, to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.
3. Proceedings at general meetings
  - 3.1 Quorum  
No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the Meeting. Two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.
  - 3.2 If quorum not present  
If within 15 minutes (or such longer interval as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to such day and at such time and place as the Chairman (or, in default, the Board) may determine, being not less than ten clear days thereafter. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved.
4. Voting
  - 4.1 Method of voting  
At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by:
    - (a) the Chairman of the meeting; or

- (b) by at least five members present in person or by proxy having the right to vote at the meeting; or
- (c) a member or members present in person or by proxy representing not less than one tenth of the voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right, and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member themselves.

The Chairman may also demand a poll before a resolution is put to the vote on a show of hands.

#### 4.2 Chairman's declaration conclusive on show of hands.

Unless a poll is duly demanded and the demand is not withdrawn a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive, and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

#### 5. Votes of members

Subject to any rights or restrictions attached to any shares:

- (a) on a show of hands every member who is present in person has one vote; every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote and every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to;
- (b) on a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

#### 6. Sanction to variation

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

#### 7. Class meetings

All the provisions in the Articles as to general meetings shall mutatis mutandis apply (with any necessary modifications) to every meeting of the holders of any class of shares save that:

- (a) the quorum at every such meeting shall be not less than two persons present in person or by proxy holding at least one-third of the nominal amount paid up on the issued shares of the class;
- (b) every holder of shares of the class present in person or by proxy may demand a poll;
- (c) each such holder shall on a poll be entitled to one vote for every share of the class held by him; and
- (d) if at any adjourned meeting of such holders, such quorum as aforesaid is not present, not less than one person holding shares of the class (whatever the number) who is present in person or by proxy shall be a quorum.

#### 8. Transfer of shares

##### 8.1 Form of transfer

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

##### 8.2 Right to refuse registration

The Board may in its absolute discretion and without giving any reason refuse to register any share transfer unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of a share on which the Company has no lien;

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

## 9. Dividends and other payments

### 9.1 Declaration of dividends

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

### 9.2 Interim Dividends

Subject to the provisions of the Companies acts, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution and the position of the Company. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preference rights with regard to dividend as well as on shares conferring preferential rights unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer in consequence of the declaration or by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

### 9.3 Entitlement to dividends

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

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

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

## 10. Borrowing powers

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

10.2 The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiaries so as to procure (as regards its subsidiaries in so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of moneys borrowed by the Group (exclusive of moneys borrowed by one Group Company from another and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 10% of the Adjusted Capital and Reserves provided that prior to the publication of an audited balance sheet of the Company such aggregate principal amount shall be limited to 10% of the amount paid up or credited as being paid up (whether in respect of nominal value or premium) of the allotted and issued share capital of the Company.

10.3 For these purposes:

- (a) the Adjusted Capital and Reserves means a sum equal to the aggregate from time to time of:
- (i) the amount paid up (or credited as paid up) on the allotted or issued share capital of the Company; and
  - (ii) the amount standing to the credit of the capital and revenue reserves of the Group, whether or not distributable (including without limitation any share premium account, capital redemption reserve fund, and credit or debit balance on any other distributable reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account,  
  
all as shown in the latest audited balance sheet of the Group (prepared on the historical cost basis, modified to the extent as may be stated in the accounting policies used for the preparation of such balance sheet) but after:
  - (iii) making such adjustments as may be appropriate to reflect:
    - (A) any variation in the amount of the paid up share capital, the share premium account or the capital redemption reserve or any such reserves since the date of the relevant balance sheet and so that for the purpose of making such adjustments:
      - (aa) if any issue or proposed allotment of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been allotted and the amount (including the premium) of the subscription monies payable in respect of them (not being monies payable later than 6 months after the date of allotment) shall be deemed to have been paid up to the extent so underwritten on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, the date on which it became unconditional);
      - (bb) subject as aforesaid, share capital (including any premium) shall be deemed to have been paid up as soon as it has been unconditionally agreed to be subscribed or taken up (within 6 months of such agreement) by any person;
    - (B) any variation since the date of the relevant balance sheet of the companies comprising the Group;
    - (C) where the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary undertaking, such adjustments as would be appropriate if such transactions had been carried into effect;
  - (iv) excluding (so far as not already excluded):
    - (A) amounts attributable to the proportion of the issued equity share capital of any subsidiary which is not attributable directly or indirectly to the Company;
    - (B) any sum set aside for taxation (including deferred taxation);
  - (v) deducting:
    - (A) sums equivalent to the book values of goodwill and other intangible assets shown in the relevant balance sheet; and
    - (B) the amount of any distribution declared, recommended or made by any Group Company to a person other than a Group Company out of profits accrued up to and including the date of (and not provided for in) the relevant balance sheet.
- (b) cash deposited means an amount equal to the aggregate of the amounts beneficially owned by Group Companies which are deposited for the time being with any bank or other person (not being a Group Company) and which are repayable to any Group Company on demand or within three months of such demand subject, in the case of amounts deposited by a partly-owned subsidiary, to the exclusion of a proportion thereof equal to the proportion of its issued equity share capital which is not attributable, directly or indirectly, to the Company;
- (c) moneys borrowed include not only moneys borrowed but also the following except in so far as otherwise taken into account:
- (i) the nominal amount of any issued and paid up share capital and the principal amount of any debenture or borrowings of any person together with any fixed or minimum premium payable on redemption, the beneficial interest in which or right to repayment to which is not for the time being owned by a Group Company but the payment or repayment of which is the subject of a guarantee or indemnity by a Group Company or is secured on the assets of a Group Company;
  - (ii) the principal amount raised by any Group Company by acceptances or under any acceptance credit opened on its behalf by any bank or acceptance house (not being a Group Company) other than acceptances and acceptance

credits relating to the purchase of goods or services in the ordinary course of trading and outstanding for 6 months or less;

- (iii) the principal amount of any debenture (whether secured or unsecured) of any Group Company beneficially owned otherwise than by a Group Company;
- (iv) the principal amount of any preference share capital of any subsidiary beneficially owned otherwise than by a Group Company;
- (v) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing (but any premium payable on final repayment of an amount not to be taken into account as moneys borrowed shall not be taken into account); and
- (vi) any fixed amount in respect of a hire-purchase agreement or of a finance lease payable in either case by a Group Company which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet (and for the purpose of this sub-paragraph (vi) finance lease means a contract between a lessor and a Group Company as lessee or sublessee where substantially all the risks and rewards of the ownership of the asset leased or subleased are to be borne by that company and purchase hire-agreement means a contract of hire-purchase between a hire-purchase lender and a Group Company as hirer);

but do not include:

- (vii) moneys borrowed by any Group Company for the purpose of repaying within 6 months of being first borrowed the whole or any part of any moneys borrowed and then outstanding (including any premium payable on final repayment) of that or any other Group Company pending their application for such purpose within that period;
- (viii) moneys borrowed by any Group Company for the purpose of financing any contract in respect of which any payment of the price receivable under the contract by that or any other Group Company is guaranteed or insured by the Export Credits Guarantee Department or by any other institution fulfilling a similar function up to an amount equal to but not exceeding that part of the price receivable under the contract which is so guaranteed or insured;
- (ix) an amount equal to the moneys borrowed by any company outstanding immediately after it becomes a Group Company provided that it became a Group Company during the six months preceding the calculation;
- (x) an amount equal to the amount secured on an asset immediately after it was acquired by a Group Company provided that it was acquired during the six months preceding the calculation;
- (xi) notwithstanding paragraphs (i) to (vi) above, the proportion of moneys borrowed by a Group Company (and not owing to another Group Company) which is equal to the proportion of its issued equity share capital not attributable directly or indirectly to the Company;
- (xii) amounts borrowed or raised which are for the time being deposited with HMRC or any other body designated by any relevant legislation or order in connection with import deposits or any similar government scheme to the extent that a member of the Group retains an interest in them;

and in paragraphs (vii) to (xii) above references to amounts of moneys borrowed include references to amounts which, but for the exclusion under those paragraphs, would fall to be included;

- (d) there shall be credited against the amount of any moneys borrowed any cash deposited;
- (e) for the avoidance of doubt it is hereby expressly provided that for the purposes of the limit set out above, the following sums shall be deemed not to be moneys borrowed of the Group:
  - (i) any and all sums retained by any member of the Group (or their agent or nominee) under the terms of any contract or other arrangement relating to the construction of capital projects where the retention is made for the purposes of securing satisfactory completion and entry into service of the project for so long as and to the extent that any member of the Group is entitled to retain such sums under the relevant contract or arrangement;
  - (ii) sums advanced or paid to any member of the Group (or their agent or nominee) by customers of any member of the Group as prepayments or progress payments or payments on account or by way of deposit or security in respect of any products or services or under any sales contracts or settlements systems; and
  - (iii) sums which otherwise would fall to be treated as borrowed moneys of any member of the Group which were treated with the concurrence of the auditors and in accordance with any current Statement of Standard Accounting Practice or other accountancy principle or practice generally accepted for the time being in the United Kingdom

in the latest audited balance sheet of the relevant member of the Group on which such consolidation was based as otherwise than borrowed moneys of that member of the Group;

- (f) relevant balance sheet means the latest published audited consolidated balance sheet of the Group, but where the Company has no subsidiaries it means the balance sheet and profit and loss account of the Company and, where the Company has subsidiaries but there are no consolidated accounts of the Group, it means the respective balance sheets and profit and loss accounts of the companies comprising the Group; and
- (g) subsidiary has the meaning given to it in the Companies Acts except that it shall also include a subsidiary undertaking (within the meaning of the Companies Acts) (except a subsidiary undertaking which is excluded from consolidation by virtue of the provisions of the Companies Acts), and Group and Group Company and references to any company which becomes a Group Company or to companies comprising the Group shall in such case be construed so as to include subsidiary undertakings except a subsidiary undertaking which is excluded from consolidation as aforesaid and equity share capital shall be construed in relation to a subsidiary undertaking without a share capital in the same manner as shares are defined in relation to an undertaking without a share capital under the Companies Acts.

## 11. Directors

11.1 No shareholding qualification is required by a director. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be less than two nor more than 10.

11.2 The Company may by ordinary resolution appoint any person to be a director or may by ordinary resolution remove any director.

11.3 At every annual general meeting Directors shall retire from office if:

- (a) they held office as a director at the two immediately preceding annual general meetings and did not retire at either of those meetings; or
- (b) they were appointed by the Board since the last annual general meeting; or
- (c) they have 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.

11.4 A Director who retires shall be eligible for re-election and may, if willing to act, be reappointed.

11.5 The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services such sum as the Board may from time to time determine (not exceeding £200,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine).

11.6 Directors shall be entitled to be repaid all reasonable expenses properly incurred by him in or about the performance of their role.

11.7 Conflicts of interest requiring Board authorisation

The Board may, provided the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve Directors breaching their duty under the Companies Act 2006 to avoid conflicts of interest.

Any Director (including the Director concerned) may propose that the Director concerned be authorised in relation to any matter the subject of such a conflict. Such proposal and any authority given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board under the provisions of the Articles, except that the Director concerned and any other Director with a similar interest:

- (a) shall not count towards the quorum at the meeting at which the conflict is considered;
- (b) may, if the other members of the Board so decide, be excluded from any Board meeting while the conflict is under consideration; and
- (c) shall not vote on any resolution authorising the conflict except that, if he does vote, the resolution will still be valid if it would have been agreed to if his vote had not been counted.

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

11.7.1.1 the Board may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the Director concerned and any other Director with a similar interest as it may determine, including, without limitation, the exclusion of that Director and any other Director with a similar interest from the receipt of information, or participation in discussion (whether at meetings of the Board or otherwise) related to the conflict;

11.7.1.2 the Director concerned and any other Director with a similar interest will be obliged to conduct themselves in accordance with any terms imposed by the Board from time to time in relation to the conflict;

11.7.1.3 any authority given by the Board in relation to a conflict may also provide that where the Director concerned and any other Director with a similar interest obtains information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;

11.7.1.4 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and

11.7.1.5 the Board may withdraw such authority at any time.

11.7.2 A Director is entitled to accept a benefit from a third party, even if the benefit was conferred by reason of his being a Director, if the receipt of the benefit is disclosed to and approved by the Board within a reasonable time of its receipt or the value or nature of the benefit or series of benefits taken as a whole is such that it cannot reasonably be regarded (including by reference to any scale or categorisation of benefits that the Board may from time to time prescribe for the purpose) as likely to give rise to a conflict of interest.

## 11.8 Director may have interests

Subject to the provisions of the Companies Acts and the paragraph 11.7 above and further provided that the Articles are complied with, a Directors, notwithstanding their office:

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

## 12. Untraced members

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

- (a) during the period of 12 years prior to the date of the publication of the advertisements referred to in paragraph (b) (or if published on different dates, the earlier or earliest of them) no cheque, order or warrant in respect of such share sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share at their address on the Register or other last known address given by the member or person to which cheques, orders or warrants in respect of such share are to be sent has been cashed and the Company has received no communications in respect of such share from such member or person provided that during such period of 12 years at least three cash dividends (whether interim or final) in respect of the shares in question have become payable and no such dividend during that period has been claimed by the person entitled to it;
- (b) on or after expiry of the said period of 12 years the Company has given notice of its intention to sell such share by advertisements in both a national daily newspaper published in the United Kingdom and in a newspaper circulating in the area in which the last known address of such member or person appeared;
- (c) the said advertisements, if not published on the same day, shall have been published within 30 days of each other;
- (d) during the further period of three months following the date of publication of the said advertisements (or, if published on different dates the later or latest of them) and prior to the exercise of the power of sale the Company has not received any communication in respect of such share from the member or person entitled by transmission; and
- (e) the Company has given notice to the London Stock Exchange of its intention to make such sale and shall have obtained the approval of the Quotations Department to the proposed form of the said advertisement, if shares of the class concerned are listed or dealt in on that exchange.

12.2 To give effect to any sale of shares, the Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the Register notwithstanding the absence of any share certificate

being lodged in respect of it and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

12.3 If during the period of 12 years referred to in paragraph 12.1 or during any period ending on the date when all the requirements of paragraphs (a) to (d) of paragraph 12.1 have been satisfied, any additional shares have been issued in respect of those held at the beginning of such period or of any previously so issued during such period and all the requirements of paragraphs (b) to (d) of paragraph 12.1 have been satisfied in regard to such additional shares the Company shall also be entitled to sell the additional shares.

12.4 The Company shall account to the member or other person entitled to such share for the net proceeds of such sale by carrying all moneys in respect of it to a separate account. The Company shall be deemed to be a debtor to and not a trustee for such member or other person in respect of such moneys. Moneys carried to such separate account may either be employed in the business of the Company or invested in such investments as the Board may from time to time think fit. No interest shall be payable to such member or other person in respect of such moneys and the Company shall not be required to account for any money earned on them.

### 13. Capitalisation of reserves

The Board may with the authority of an ordinary resolution of the Company:

- (a) subject as provided for in the Articles, resolve to capitalise any profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of share premium account or capital redemption reserve or other undistributable reserve;
- (b) appropriate the sum resolved to be capitalised on the date specified in the resolution to the holders of ordinary shares in proportion to the nominal amount of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amount, if any, for the time being unpaid on any share held by them respectively or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those holders of ordinary shares or as they may direct in those proportions or partly in one way and partly in the other provided that:
  - (i) the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for these purposes, only be applied in paying up unissued shares to be allotted to holders of ordinary shares credited as fully paid; and
  - (ii) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time is not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment of it; and
  - (iii) where the amount capitalised is applied in paying up in full new shares, the Company will also be entitled to participate in the relevant distribution in relation to any shares held by it as treasury shares and the proportionate entitlement of the members to the distribution will be calculated accordingly;
- (c) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;
- (d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of it to the Company rather than to then holders of ordinary shares concerned) or by payment in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fractions;
- (e) authorise any person to enter on behalf of all the holders of ordinary shares concerned into an agreement with the Company providing for either:
  - (i) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalisation; or
  - (ii) the payment up by the Company on behalf of such holders by the application to it of their respective proportions of the reserves or profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares,(any agreement made under such authority being effective and binding on all such holders); and
- (f) generally do all acts and things required to give effect to such resolution.



#### 14. Distribution of Realised Capital Profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the registrar of companies of its intention to carry on business as an investment company (a Relevant Period) distribution of the Company's capital profits shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Companies Acts, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to the Companies Acts, any expenses, loss or liability (or provision therefor) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that notwithstanding any other provision of the Articles during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares in the Company.

#### 15. Winding up

##### 15.1 Division of assets

The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The above is subject to the rights attached to any shares which may be issued on special terms or conditions.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 110, Insolvency Act 1986. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as the liquidator with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

##### 15.2 Duration of the Company

In order for the future of the Company to be considered by the members, the Board shall at the annual general meeting of the Company falling after the fifth anniversary of the last allotment of shares in the Company and thereafter at five yearly intervals, invite the members to consider and debate the future of the Company (including, without limitation, whether the Company should be wound up, sold or unitised) and as soon as practicable following that meeting shall convene a general meeting to propose such resolution as the members attending the annual general meeting may by ordinary resolution require.

#### 16. Uncertificated Shares

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

#### 17. Indemnity and Insurance

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

## 4. DIRECTORS' AND OTHER INTERESTS IN THE COMPANY

- 4.1 As at 28 January 2019 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, or will have immediately following the issue of the New Shares pursuant to the Offer, directly or indirectly, an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FCA, a holding of 3% or more must be notified to the Company).

- 4.2 As at 28 January 2019 (this being the latest practicable date prior to publication of this document), the interests of the Directors as follows:

Director	Shares	% of Share Capital
Peter Dicks	176,510	0.15
Charlotta Ginman	6,101*	0.01
Jeremy Hamer	40,456	0.03
Jocelin Harris	99,513	0.09

\* A further 6,101 Shares are held by a connected person

- 4.3 As at 28 January 2019 (this being the latest practicable date prior to publication of this document) save as disclosed above, no Director, their family or any person connected to the Director within the meaning of section 252 of CA 2006 has any interest in the share or loan capital of the Company.
- 4.4 None of the Directors has a service agreement with the Company, nor are any such contracts proposed. The Directors (save for Charlotta Ginman as detailed below) were all appointed under letters of appointment dated 19 November 2010. Jeremy Hamer also provides consultancy services pursuant to a consultancy agreement of the same date. Charlotta Ginman was appointed under a letter of appointment dated 14 July 2016. All appointments may be terminated on three months' notice. No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office. From 1 October 2018, Charlotta Ginman is entitled to a fee of £25,000, Jocelin Harris (as the senior independent director) and Jeremy Hamer (as chairman of the audit committee) are each entitled to £27,500 and Peter Dicks (as chairman) is entitled to £30,000. Fees paid to the Directors in respect of the year ended 30 September 2018 were, in aggregate, £103,620 as set out below:

Director	Fees Paid in the Year Ended 30 September 2018 (£)
Peter Dicks	28,800
Charlotta Ginman	23,060
Jeremy Hamer	25,880
Jocelin Harris	25,880

- 4.5 Directors' fees for the current year ending 30 September 2019 are currently estimated to be £110,000. None of the Directors are entitled to receive pension benefits from the Company. The Company does not grant options over share capital of the Company nor operate long term incentive schemes for the benefit of Directors.
- 4.6 The Directors are directors and/or shareholders in the following companies in which the Company has invested:

Director	Investee Company	Director/Shareholder
Peter Dicks	Antler Holdco Limited*	Shareholder
	Brady plc	Shareholder
	Mears Group plc	Shareholder
	Sanderson plc	Shareholder
	Stride Gaming plc	Shareholder
	Totally plc	Shareholder
Charlotta Ginman	Keywords Studios plc	Shareholder/Non-Executive Director
	Lloyds Banking Group plc	Shareholder
Jeremy Hamer	Access Intelligence plc	Shareholder/Non-Executive Director
	Avingtrans plc	Shareholder
	Kellan Group plc	Shareholder
	Lloyds Banking Group plc	Shareholder
	Netcall plc	Shareholder
	Uvenco UK plc (in liquidation)	Shareholder/Non-Executive Chairman
Jocelin Harris	Animalcare Group plc	Shareholder
	Antler Holdco Limited*	Shareholder
	APC Technology Group plc	Shareholder
	Lloyds Banking Group plc	Shareholder
	Mears Group plc	Shareholder
	Totally plc	Shareholder
	Vianet Group plc	Shareholder

\* Antler Holdco Limited is a shareholder of Interactive Investor Limited in which the Company has invested.

- 4.7 Save as set out in paragraph 4.6 above, there are no potential conflicts of interest between the duties of any Director and their private interests and/or other duties.
- 4.8 Other than as is disclosed in paragraphs 4.4, 4.6 and 7 above, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 30 September 2016, 2017 and 2018 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.
- 4.9 No loan or guarantee has been granted or provided by the Company to or for the benefit of any of the Directors.
- 4.10 The Company has taken out directors' and officers' liability insurance for the benefit of its Directors, which is renewable on an annual basis.
- 4.11 The Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

Director	Current	Past Five Years
Peter Dicks	Alchemy VR Ltd Foresight Solar Fund plc Mercia Fund 1 General Partner Limited Miton UK MicroCap Trust plc Parkgate House Freehold Limited SVM UK Emerging Fund plc Unicorn AIM VCT plc	Antler Holdco Limited Daniel Stewart Securities plc Foresight VCT plc Foresight 2 VCT plc (dissolved) Foresight 3 VCT plc (dissolved) Foresight 4 VCT plc ICG Enterprise Trust plc Mears Group plc Miton Income Opportunities Trust plc (dissolved) Polar Capital Technology Trust plc Private Equity Investor plc (now Private Equity Investor Limited) R L Products Limited (dissolved)*
Charlotta Ginman	Consort Medical plc Keywords Studios plc Motif Bio plc Pacific Assets Trust plc Polar Capital Technology Trust plc Unicorn AIM VCT plc	Kromek Group plc Wolfson Microelectronics plc (now Cirrus Logic International (UK) Ltd)
Jeremy Hamer	Access Intelligence plc Fin Dec Ltd Port Regis School Limited Unicorn AIM VCT plc Westminster Coaching LLP	Avingtrans plc Drinkmaster Limited (now DM Realisations Limited) (in administration) Drinkmaster Holdings Limited Integer (VBD) Limited (dissolved)* Snack in the Box Limited (now SB Realisations Limited) (in administration) Simply Drinks Limited Snacktime UK Limited SQS Software Quality Systems AG Uvenco UK plc (liquidation) V.M.I (Blackburn) Limited (now Uvenco Limited) (in administration) Vendia UK Limited

Director	Current	Past Five Years
Jocelin Harris	8 Stafford Terrace (Freehold) Limited British American Rubber Company LLC Circular Wave Limited Durrington Corporation Limited Eonyx Corporation (USA) Foresight VCT plc Halkin Secretaries Limited Halpin Partnership Limited Hip and Healthy Limited Lightfoot Solutions UK Limited Lightfoot Solutions Group Limited Millennium Mats Limited Obillex Limited The Millennium Mat Company LLC (USA) Tudor Roof Tile Co. Limited Unicorn AIM VCT plc	8 Stafford Terrace (Management) Limited (dissolved)* Foresight 2 VCT plc (dissolved) Keycom plc (now PCCW Global Networks (UK) plc) Nishana Investments Limited (BVI) Mintec Limited Roil Foods Limited Roilvest Limited Serres Limited (dissolved)* The St Peter's College Foundation Unipower Solutions Europe Limited (dissolved)

4.12 None of the Directors have had any convictions in relation to fraudulent offences during the previous five years.

4.13 Save those companies which have an asterisk next to their name in the table above, which are all companies that have voluntarily been struck off from the Register of Companies and save as disclosed in this paragraph, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years:

4.13.1 Peter Dicks was a director of Miton Income Opportunities Trust plc which was placed into members' voluntary liquidation on 30 September 2013 prior to being dissolved on 10 January 2015, and was a director of Foresight 2 VCT plc which was placed into voluntary members' liquidation in December 2015 pursuant to a merger with Foresight VCT plc under section 110 of the Insolvency Act 1986 and was subsequently dissolved on 27 June 2017. Furthermore, Peter Dicks was a director of Foresight 3 VCT plc which was placed into voluntary members' liquidation in June 2017 pursuant to a merger with Foresight 4 VCT plc under section 110 of the Insolvency Act 1986.

4.13.2 Jeremy Hamer was a director of DM Realisations Limited (formerly Drinkmaster Limited) from 1 October 2012 until his resignation on 2 March 2015. On 30 May 2018, the company went into administration. The most recent statement of affairs filed by the administrator on 30 May 2018 notes that the estimated surplus as regards creditors stands at £180,000 and the estimated deficiency as regards members stands at £(120,000). Jeremy Hamer was also a director of SB Realisations Limited (formerly Snack in the Box Limited) from 1 October 2012 until his resignation on 2 March 2015. On 30 May 2018, the company went into administration. The most recent statement of affairs filed by the administrator on 30 May 2018 notes that the estimated surplus as regards preferential creditors stands at £212,787, with the estimated deficiency as regards the unsecured creditors and as regards the members being £(3,566) and £(3,666), respectively. Jeremy Hamer was appointed as a director of Uvenco UK plc on 30 May 2012. The company subsequently went into creditors' voluntary liquidation and an extraordinary resolution to wind the company up was passed on 29 October 2018. In a statement of affairs filed on 19 October 2018, the liquidators noted that the estimated surplus as regards preferential creditors would be £5,065, with the estimated deficiency as regards the unsecured creditors and as regards the members being £(10,762,771.15) and £(28,972,771.15), respectively. In addition, Jeremy Hamer was a director of Uvenco Limited (formerly V.M.I. (Blackburn) Limited) from 1 October 2012 until his resignation on 2 March 2015. On 30 May 2018, the company went into administration. The administrators filed a statement of affairs on 30 May 2018 which stated that the estimated surplus for preferential creditors is £1,400,293. The deficiency as regards unsecured creditors and as regards the members has been estimated to be £(6,796,154) and £(6,969,654), respectively.

4.13.3 Jocelin Harris was a director of Unipower Solutions Europe Limited which entered into administration on 2 June 2011. The administration ended on 1 December 2012 with preferential creditors submitting claims amounting to £36,028 and unsecured creditors submitting claims for £499,279. Unipower Solutions Europe Limited subsequently entered liquidation on 31 October 2013 and was subsequently dissolved on 28 December 2016. The Liquidators reported that a distribution to the preferential creditors was dependent on the recovery of an outstanding book debt, however, no further reports were filed by the liquidator prior to dissolution of the company. Jocelin Harris was also a director of Foresight 2 VCT plc which was placed into voluntary members' liquidation in December 2015 pursuant to a merger with Foresight VCT plc under section 110 of the Insolvency Act 1986 and was subsequently dissolved on 27 June 2017.

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

## 5. Overseas Shareholders

- 5.1 The issue of New Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders and potential investors should inform themselves about and observe any legal requirements, in particular:
- 5.1.1 none of the New Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia or Japan;
  - 5.1.2 the Company is not registered under the United States Investment Company Act of 1940, as amended and investors are not entitled to the benefits of that Act; and
  - 5.1.3 no offer is being made, directly, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, or Japan. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## 6. Material Contracts

Save as disclosed in this paragraph, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- 6.1 An investment management agreement dated 1 October 2001 (as supplemented by agreements/deeds dated 20 January 2004, 19 February 2007, 9 March 2010, 12 April 2010 and 1 October 2018) between the Company (1) and Unicorn AM (2) pursuant to which Unicorn AM provides certain investment management services to the Company.

Up to 30 September 2018, the Investment Manager received an annual management fee of an amount equal to 2.0% of the net assets of the Company excluding the value of any investments made by the Company in other Unicorn AM managed funds (together with any applicable VAT). The fee was calculated and paid quarterly in advance. If the Company raised further funds during a quarter, the net assets for the relevant quarter were increased by an amount equal to the amount raised (net of costs) multiplied by the percentage of days in that quarter after the funds were raised.

From 1 October 2018, the Investment Manager receives an annual management fee of an amount equal to 2.0% of the net assets of the Company up to net assets of £200 million and 1.5% of the amount of the net assets of the Company in excess of £200 million (together with any applicable VAT). The value of any investments made by the Company in other Unicorn AM managed funds are excluded from the value of the net assets of the Company. The fee is calculated and paid quarterly in arrears. If the Company raises further funds during a quarter, the net assets for the relevant quarter are reduced by an amount equal to the amount raised (net of costs) multiplied by the percentage of days in that quarter prior to the funds being raised.

Under this agreement, the Investment Manager has agreed to meet the normal annual expenses of the Company (excluding performance incentive fees and trail commission) in excess of an amount equal to 3.6% of the net assets of the Company as at the end of each financial year to 30 September 2018, with the cap reduced to 2.75% of the net assets of the Company as at the end of each financial year thereafter.

The Investment Manager may retain any director's fees which it receives in connection with an investment made by the Company subject to prior written approval of the Board. The Investment Manager is required to account to the Company for all syndication, arrangement and transaction fees, commissions, refunds of commissions and interest received by the Investment Manager in connection with the management of the investments of the Company.

The agreement is terminable by either party on 12 months' notice to expire on or after 12 April 2012, subject to termination sooner by either party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by the Company if it fails to become, or ceases to be, a VCT for tax purposes or where the Investment Manager ceases to be authorised by the Financial Conduct Authority or if there is a change in control of the Investment Manager. The agreement contains provisions indemnifying the Investment Manager against any liability not due to its default, gross negligence, fraud or breach of the Financial Services and Markets Act 2000.

- 6.2 Letters of appointment from the Company to each Director as referred to in paragraph 4.4 above.
- 6.3 A letter dated 28 January 2019 from the Investment Manager to the Company pursuant to which the Investment Manager has agreed to act as the promoter of the Offer and to underwrite all of the costs and expenses of the Offer (save for permissible annual trail

commission and any facilitated initial adviser charges) in consideration for a promotion fee of 2.5% of the Application Amounts in respect of the Applications accepted under the Offer, plus an amount equal to any 'execution-only' financial intermediary commissions. The Investment Manager has further agreed that, to the extent that the actual costs of the Offer are less than the amount of the promotion fee payable to it, the Investment Manager will rebate this amount to the Company.

- 6.4 A letter dated 19 December 2018 from Panmure Gordon pursuant to which Panmure Gordon has been appointed as sponsor to the Offer. The Company has agreed to indemnify Panmure Gordon for any loss suffered in respect of its role as sponsor to the Offer. The Company's liability under this indemnity is unlimited. This engagement may be terminated at any time.

## 7. Related Party Transactions

- 7.1 The Investment Manager, under the arrangements set out at paragraph 6.1, was paid £2.6 million, £3.0 million and £3.6 million in the years ended 30 September 2016, 2017 and 2018 respectively and £0.8 million in respect of the current financial year. The Investment Manager was also entitled to fees of £0.2 million, £0.7 million and £0.5 million in the years ended 30 September 2016, 2017 and 2018 respectively and £nil in respect of the current financial year in respect of share offer promotion services it has provided to the Company. These fees (net of costs already met by the Company) were used in full by the Investment Manager in order to meet the costs related to the respective issues.
- 7.2 Uvenco UK plc (now in liquidation) ('Uvenco'), previously SnackTime plc, was a UK snack vending operator. Towards the end of 2015, Uvenco (of which Jeremy Hamer was the non-executive chairman), was in financial difficulties and proposed a balance sheet restructuring involving the conversion of debt to equity, together with the issue of new equity. The Board (excluding Mr Hamer) considered the new legislation restricting the investments VCTs could make, which came into effect in November 2015 and took advice from the Company's VCT tax advisers PwC, who confirmed that participating in the restructuring could now jeopardise the Company's VCT status. In order to resolve this issue, the Board agreed to transfer the Company's then ownership of its loan stock in Uvenco (which was valued at £250,000 as at 30 September 2015) to the Investment Manager for a nominal amount. In the event that value was realised from the loan stock in due course, it was agreed that 75% of the proceeds would accrue to the Company and 25% to the Investment Manager, a split which the Company was advised as being the minimum acceptable to HMRC to demonstrate effective transfer of ownership. Uvenco UK Plc was subsequently placed in liquidation, its listing on AIM suspended and its interest in Uvenco ordinary shares were valued at nil as at 30 September 2018.
- 7.3 Save for the payments to the Investment Manager set out in paragraph 7.1, the transfer of Uvenco loan stock to the Investment Manager as set in paragraph 7.2 and the Directors' remuneration on the basis set out in paragraph 4.4 above, there were no related party transactions or fees paid during the years ended 30 September 2016, 2017 and 2018 or to date in the current financial year.

## 8. Corporate Governance, Board Committees and Risk Management

### 8.1 Corporate Governance

The Board adopts the Association of Investment Companies Code of Corporate Governance (AIC Code). The AIC Code addresses all principles set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code, the Company will meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules. The Board believes that reporting against the principles and recommendations of the AIC Code will provide more relevant information to shareholders.

As at the date of this document, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function;

As an investment company managed by third parties, the Company does not employ a chief-executive, nor any executive directors. The systems and procedures of the Investment Manager and ISCA Administration Services, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, and the annual statutory audit as well as the size of the Company's operations, gives the Board confidence that an internal audit function is not appropriate.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary. Matters specifically reserved for decision by the Board have been defined. These include compliance with the requirements of CA 2006, the UK Listing Authority, Alternative Investment Fund Manager's Directive (AIFMD), the London Stock Exchange and UK Accounting Standards; changes relating to the Company's capital structure or its status as a public limited company; Board and committee appointments and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business.

The Board as a whole considers management engagement, nomination and remuneration matters rather than delegating these to committees, as all of the current Directors are considered independent of the Investment Manager. Management engagement matters include an annual review of the Company's service providers, with a particular emphasis on reviewing the Investment Manager in terms of investment performance, quality of information provided to the Board and remuneration. The Board as a whole considers Board and committee appointments and the remuneration of individual Directors.

The primary focus at each quarterly Board meeting is governance, overall strategy and a review of investment performance, including but not limited to investor relations, peer group information and issues affecting the investment industry as a whole. The Board, with the Investment Manager and the Company's broker, monitors the level of the share price discount and, if considered appropriate, takes action to reduce it. A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. The Board has satisfied itself that the Audit Committee has sufficient resources to undertake its duties.

All Directors are subject to election by Shareholders at the first annual general meeting following their appointment. Each Director retires by rotation at an annual general meeting if they have held office as a director at the two immediately preceding annual general meetings and did not retire at either of those meetings in accordance with the Articles and must retire annually after nine years.

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of nine years) may lead to the compromise of a director's independence. The Board does not believe that a director should be appointed for a finite period. Peter Dicks has now served the Company for seventeen years and Jocelin Harris has served for twelve years. The Board, however, considers that they remain independent of the Investment Manager as they continue to offer independent, professional judgement and constructive challenge of the Investment Manager. In accordance with the AIC Code and the Articles, however, Peter Dicks and Jocelin Harris will offer themselves for re-election annually.

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, all of the Directors are independent of the Investment Manager. Peter Dicks is a shareholder of Mears Group plc, Antler Holdco Limited (which is a shareholder of Interactive Investor Limited, in which the Company has an investment), Brady plc, Stride Gaming plc, Sanderson plc and Totally plc. Jocelin Harris has a beneficial interest in Mears Group plc and is a shareholder of Antler Holdco Limited, APC Technology Group plc, Animalcare Group plc, Lloyds Banking Group plc, Totally plc and Vianet Group plc. Jeremy Hamer is the non-executive chairman of Uvenco UK plc (in liquidation), holding 2.6% of the issued share capital, a non-executive director and a shareholder of Access Intelligence plc, and a shareholder in Kellan plc, Avingtrans plc, Lloyds Banking Group plc and Netcall plc. Charlotta Ginman is a non-executive director and shareholder of Keywords Studios plc and a shareholder in Lloyds Banking Group plc.

The Directors, who were each independent of each conflict noted above, considered the circumstances and agreed that all of the relevant Directors in each case remain independent of the Investment Manager, as these relationships are not of a material size to their assets and other business activities nor to those of the Company. There are no other contracts or investments in which the Directors have declared an interest.

The above potential conflicts, along with other potential conflicts, have been reviewed by the Board in accordance with the procedures under the Articles and applicable rules and regulations and have been authorised by the Board in accordance with these procedures. The Articles allow the Directors not to disclose information relating to a conflict where to do so would amount to a breach of confidence. The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any discussions or decisions relating to such investments. The Directors inform the Board of changes to their other appointments as necessary. The Board reviews the authorisations relating to conflicts quarterly. Authorisation will be reviewed should there be a material change in an authorised conflict. Future conflicts of interest will be considered by the Board under the above procedures and will be reported upon accordingly.

The Board aims to include a balance of skills and experience that the Directors believe to be appropriate to the management of the Company. The Chairman fully meets the independence criteria as set out in the AIC Code. The effectiveness of the Board and the Chairman is reviewed annually as part of the internal control process led by the senior independent director. The senior independent director evaluates all responses and provides feedback to the Board. In the year to 30 September 2018, he concluded that the composition and performance of the Board was effective. The Directors monitor the continuing independence of the Chairman and inform him of their discussions.

## 8.2 Board Committees

As noted above the Board as a whole considers matters relating to management engagement, nomination and remuneration.

The Audit Committee comprises all of the Directors and Jeremy Hamer acts as Chairman. The Board is satisfied that Jeremy Hamer has recent and relevant financial experience. The Committee meets quarterly to review the internal financial and nonfinancial controls,

accounting policies and contents of the half-yearly and annual reports to Shareholders. It has primary responsibility for making recommendations on the appointment and removal of the external auditors. The Committee reviews the independence of the auditors and the effectiveness of the audit process annually. Should the Committee be dissatisfied with the standard of service received from the incumbent auditor, a tender process would be undertaken. The Company's external auditors are invited to attend meetings as appropriate.

### 8.3 Risk Management

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. The Board, through its Audit Committee, undertakes a quarterly review of the Company's risk management register to identify any new risks and ensure that adequate and appropriate controls are in place to manage those risks. Risk is spread by investing in a number of different businesses across different industry sectors. The Investment Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. However, in order to maintain compliance with HMRC rules and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager on a monthly basis. When the investment manager proposes to make an investment in an unquoted company, the prior approval of the Board is required. ISCA Administration Services provides company secretarial and accountancy services to the Company.

## 9 Taxation

- 9.1 The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Board as to the position of the Company's Shareholders who hold Shares other than for trading purposes. Any persons who are in any doubt as to their taxation position or may be subject to taxation in any jurisdiction other than the United Kingdom should consult their professional advisers.
- 9.2 Stamp duty and stamp duty reserve tax – the Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Shares. The Company has also been advised that the transfer of Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 9.3 Taxation of dividends – under current law, no tax will be withheld by the Company when it pays a dividend.
- 9.4 Close company – the Board believes that the Company is not, and expects that following completion of the Offer it will not be, a close company within the meaning of ITA 2007. If the Company was a close company in any accounting period, approval as a VCT for the Company would be withdrawn.

## 10. Financial Information

Audited financial information on the Company has been published in the annual reports for the years ended 30 September 2016, 2017 and 2018, which were audited by BDO LLP of 55 Baker Street, London W1U 7EU and were reported on without qualification and contained no statements under Chapter 3 of Part 16 of CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'.

The financial information for the years ended 30 September 2016, 2017 and 2018 was prepared under FRS 102.

The annual reports referred to above contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and are being incorporated by reference (which contain the information as detailed below) and can be accessed at the following website:

[www.unicornaimvct.co.uk](http://www.unicornaimvct.co.uk)

and are available for inspection at the National Storage Mechanism, which can be accessed at:

[www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM)

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. The two tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

The annual report includes the following information:



Description	2016 Annual Report	2017 Annual Report	2018 Annual Report
Balance Sheet (or equivalent)	Page 45	Page 45	Page 47
Income Statement (or equivalent)	Page 44	Page 44	Page 46
Statement showing all changes in equity (or equivalent note)	Page 46	Page 46	Page 48
Cash Flow Statement	Page 47	Page 47	Page 49
Accounting Policies and Notes	Pages 48-63	Pages 48-63	Pages 50-65
Auditor's Report	Page 41	Page 40	Page 42

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

The annual report also includes operating/financial reviews as follows:

Description	2016 Annual Report	2017 Annual Report	2018 Annual Report
Objective	inside front cover	inside front cover	inside front cover
Performance Summary	Page 2	Page 2	Page 2
Results and Dividend	Page 2	Page 2	Page 2
Investment Policy	Page 7	Page 5	Page 6
Outlook	Page 5	Page 3	Page 4
Investment Manager's Review	Pages 12-15	Pages 11-14	Pages 12-16
Portfolio Summary	Pages 16-25	Pages 15-25	Pages 18-27
Business Review	Page 6	Page 4	Page 5
Valuation Policy	Page 48	Page 48	Page 50

As at 30 September 2018, the date to which the most recent audited financial information on the Company has been drawn up, the Company had net assets of £201.4 million (171.8p per Share).

The unaudited net assets of the Company as at 31 December 2018 (taken from the unaudited financial information on the Company to 31 December 2018) were £165.6 million (141.7p per Share).

## 11. General

### Working Capital Statement

11.1 The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period from the date of this document.

### Capitalisation and Indebtedness Statement

11.2 As at 28 January 2019 (the latest practicable date prior to publication of this document), the Company has no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, direct and/or contingent and there is no current intention of incurring any such indebtedness during the twelve month period from the date of this document. The Company has granted a charge and negative pledge over the shares held by it in Interactive Investor Limited in favour of J.C. Flowers IV L.P (as security trustee) in respect of indebtedness owed by Antler Holdco Limited (this being the holding company of Interactive Investor Limited) to certain of its shareholders.

11.3 The capitalisation of the Company as at 30 September 2018, is set out below.

Shareholders' Equity	£'000
Called-up share capital	1,172
Capital redemption reserve	99
Share premium account	106,325
Capital reserve	80,152
Special reserve	7,401
Profit and loss account	6,279
Total	201,428*

\* The net assets of the Company reduced from £201.4 million as at 30 September 2018 (audited) to £165.6 million as at 31 December 2018 (unaudited). The material movements in the capitalisation of the Company were that the capital and special reserves reduced

in aggregate by approximately £39,180 million and the profit and loss account increased by £3.328 million. Save as set out in this paragraph, there has been no material change in the capitalisation of the Company between 30 September 2018, the date to which the last audited financial information on the Company was made up to and 28 January 2019, the latest practicable date before the date of publication of this document.

#### Other

- 11.4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.
- 11.5 Save for the reduction in the Company's audited net assets from £201.4 million (171.8p per Share) as at 30 September 2018 to unaudited net assets of £165.6 million (141.7p per Share) as at 31 December 2018 (this being a reduction over the period of 17.5% to the net asset value per Share, which reflects a fall in the FTSE AIM All-Share Index of 21.5% over the same period, there has been no significant change in the financial or trading position of the Company since 30 September 2018, the date to which the last audited financial information on the Company was made up to, to the date of this document.
- 11.6 Save as set out below, there are no material potential conflicts of interest which any of the service providers to the Company may have as between their duty to the Company and the duties owed to third parties and their other interests.
- 11.6.1 Unicorn AM is the investment manager both to the Company and a number of other funds, including open ended investment companies in which the Company invests. The Investment Manager received from these other funds fees in respect of the Company's investment in the funds of £56,378, £54,249 and £68,632 in the years ended 30 September 2016, 2017 and 2018 and £8,566 in the current year to date respectively, for the management services provided to them and calculated on the value of the Company's holding in each such OEIC on a daily basis. To ensure that the Investment Manager does not receive a double payment of management fees in respect of these other funds, the Company and the Investment Manager have put in place arrangements whereby the Company does not pay the Investment Manager (under the management arrangements with the Company set out in paragraph 6.1 above) management fees in relation to the Company's investments in these other funds.
- 11.6.2 Travel and other expenses may be considered taxable benefits to the Directors. Where applicable the associated tax liability will be settled by the Company.
- 11.7 Save as set out in the final two risk factors under the heading 'Investment and Market Risks' on page 13 of this document, as at the date of this document, there have been no significant factors, whether governmental, economic, fiscal, monetary or political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an affect on the Company's prospects or which have materially affected the Company's income from operations so far as the Company and the Directors are aware.
- 11.8 Panmure Gordon has given and not withdrawn its written consent to the issue of this document and the inclusion of its names and the references to it in this document in the form and context in which it appears.
- 11.9 The Board believes that the Offer will result in a significant change to the Company, principally an increase in its net assets of an amount equivalent to the net proceeds of the Offer, expected to be a maximum of £23,625 million as set out in paragraph 11.10 below. The short term impact of the Offer on earnings will be dilutive as the additional costs will currently be greater than any interest earned on cash balances raised. Once the net funds raised have been invested, the impact of the Offer should, in due course, be accretive to earnings and net assets per Share.
- 11.10 The gross proceeds of the Offer will be £25 million (assuming full subscription and utilisation of the over-allotment facility). The total expenses payable by the Company in connection with the Offer (including VAT where applicable) will be a maximum amount equal to 2.5% of the Application Amounts in respect of Applications accepted under the Offer (less any fees waived by the Investment Manager in respect of particular Applications), plus 'execution-only' initial commission and annual trail commission. The total expenses will, therefore, be a maximum of £1.375 million (assuming that the fundraising is fully subscribed under the Offer utilising the over-allotment facility and assuming that the maximum amount of initial commission of 3% is payable to 'execution-only' financial intermediaries in respect of all investors, but excluding annual trail commission). The maximum net proceeds will, on the same basis, amount to £23.625 million.
- 11.11 Shareholders will be informed, by means of the half-yearly and/or annual report or through a regulatory information service announcement, if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 11.12 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies of the Company as set out in this document. There are no firm commitments in respect of the Company's principal future investments.
- 11.13 All Shareholders have the same voting rights in respect of the share capital of the Company. The Company is not aware of any person who, directly or indirectly, exercises or could exercise control over the Company, nor of any arrangements, the operation of which, may be at a subsequent date result in a change of control of the Company. The Company does not have any material shareholders with different voting rights.
- 11.14 BDO LLP (a member of the Institute of Chartered Accountants in England and Wales) is the current auditor of the Company. BDO LLP was appointed when the previous auditor of the Company, PKF (UK) LLP, merged with BDO LLP. BDO LLP (and PKF (UK) LLP prior to its merger with BDO LLP) have been auditors of the Company since launch.

- 11.15 The Company has no employees or subsidiaries.
- 11.16 A typical investor in the Company will be a UK taxpayer who is aged 18 or over and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risks associated with an investment in a VCT and be willing to retain the investment for at least five years (in order to retain their upfront income tax relief).
- 11.17 Application has been made for the admission of the New Shares to be issued pursuant to the Offer to be listed on the premium segment of the Official List and application will be made for the New Shares to be admitted to trading on the London Stock Exchange's market for listed securities. A regulatory information service announcement will be made following issues of New Shares pursuant to the Offer confirming the number of Shares issued and the relevant Offer Price. The New Shares will be issued in registered form and no temporary documents of title will be issued. The Company is registered with CREST, a paperless settlement system, and those Shareholders who wish to hold their Shares in electronic form may do so.
- 11.18 The Company is subject to the investment restrictions relating to a Venture Capital Trust in ITA 2007 (as amended and supplemented from time to time), as more particularly detailed in Part VIII of this document, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in page 28 of this document; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10%, in aggregate, of the value of total assets at the time an investment is made in other listed closed-ended investment funds (other than in another VCT). Any material change to the investment policy of the Company will require the approval of Shareholders pursuant to the Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a Venture Capital Trust and accordingly:
- 11.18.1 the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
  - 11.18.2 the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - 11.18.3 none of the investments at the time of making an acquisition will represent more than 15% (by VCT Value) of the Company's total investments and cash (by VCT Value); and
  - 11.18.4 not more than 20% of the Company's gross assets will at any time be invested in the securities of property companies.
- 11.19 The Company and its Shareholders are subject to the provisions of the Takeover Code and the Companies Acts, which require shares to be acquired/transferred in certain circumstances.
- 11.20 The issued share capital of the Company as at the date of this document is 116,664,993. The maximum number of New Shares to be issued by the Company is 25 million. On this basis, the existing Shares would represent 82.4% of the enlarged issued share capital of the Company. The actual number of New Shares will depend on the Offer prices at which such shares are issued subject to the maximum of £25 million (including the over-allotment facility) being raised by the Company. The issue premium on a Share issued pursuant to the Offer will be the difference between the issue price of that share and the nominal value thereof of 1p.
- 11.21 All third party information in this Prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant party, no facts have been omitted which would render such reproduced information inaccurate or misleading.
- 11.22 The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the closing date of the Offer. The Offer will close on or before 5.30 p.m. on 4 April 2019, unless previously fully subscribed or closed earlier by the Directors. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 11.23 **Financial intermediaries must give investors information on the terms and conditions of the offer being made by the financial intermediaries at the time they introduce such offer to investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent in paragraph 11.22 above.**

## 12. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the offer closes at the offices of Shakespeare Martineau LLP, 60 Gracechurch Street, London EC3V 0HR and also at the registered office of the Company:

- 12.1 the articles of association of the Company;
- 12.2 the audited report and accounts of the Company for the financial years ended 30 September 2017 and 2018;
- 12.3 the material contracts referred to in paragraph 6 above;
- 12.5 the consent referred to in paragraph 11.8 above; and
- 12.6 this document.

29 January 2019

# Part IX – DEFINITIONS

"Admission"	admission of the New Shares allotted under the Offer to the premium tier of the Official List and to trading on the London Stock Exchange becoming effective
"advised investor"	an investor who received advice from a financial intermediary in respect of an investment under the Offer
"AIM"	the Alternative Investment Market of the London Stock Exchange
"Allotment Formula"	the formula, pursuant to which the number of New Shares to be allotted to an Applicant under the Offer, as further detailed in Part II of this document
"Applicant"	an applicant under the Offer
"Application"	a valid application by an Applicant for Offer Shares pursuant to the Offer
"Application Amount"	the amount remitted by the Applicant with the Applicant's Application, including any amount requested to be facilitated, as accepted under the Offer
"Application Form"	an application form for use in respect of the Offer as set out in this document or otherwise made available by the Company
"Articles"	the articles of association of the Company
"Board"	the board of Directors of the Company
"Business Day"	means any day on which banks are generally open for business in London, other than a Saturday
"CA 2006"	the Companies Act 2006 (as amended)
"City Partnership"	The City Partnership (UK) Limited
"COBS"	conduct of business sourcebook, forming part of the FCA handbook
"Common Reporting Standard"	the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information
"Companies Acts"	CA 2006 and the Companies Act 1985 and regulations made thereunder (as amended) (as applicable)
"Company"	Unicorn AIM VCT plc
"Company Secretary"	the company secretary of the Company from time to time
"CREST"	the computerised settlement system to facilitate the transfer of title to securities in uncertified form operated by Euroclear UK & Ireland Limited
"Directors"	the directors of the Company (and each a "Director")
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules of the UKLA
"Distributor"	LGBR Capital London Limited
"EEA States"	the member states of the European Economic Area
"'Execution-only' investor"	an investor who invests under the Offer through an 'execution-only' financial intermediary
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000 and regulations made thereunder (as amended)
"HMRC"	HM Revenue & Customs
"Investment Amount"	an Applicant's Application Amount, less any amount of any initial adviser charge agreed to be facilitated in respect of an advised investor)
"Investment Manager" or "Unicorn AM"	Unicorn Asset Management Limited
"IPEVC Valuation Guidelines"	International Private Equity and Venture Capital Valuation Guidelines
"ISCA Administration Services"	ISCA Administration Services Limited
"ITA 2007"	the Income Tax Act 2007 (as amended)
"Key Information Document"	the key information document produced by the Company
"LGBR Capital"	LGBR Capital London Limited

"Memorandum"	the memorandum of association of the Company
"NAV" or "net asset value"	the net asset value of a company calculated in accordance with that company's accounting policy
"New Shares"	new Shares to be issued pursuant to the Offer (and each a "New Share")
"NEX Exchange"	the NEX Exchange, a prescribed market for the purposes of section 118 of FSMA
"OEIC"	open-ended investment company
"Offer"	the offer for subscription to raise up to £15 million, with an over-allotment facility to raise up to a further £10 million, through the issue of up to, in aggregate, 25 million New Shares as set out in this document
"Offer Price"	the price at which New Shares will be issued to be determined by dividing the Investment Amount by the number of New Shares to be issued as calculated pursuant to the Allotment Formula
"Official List"	the Official List maintained by the UKLA
"Panmure Gordon"	Panmure Gordon (UK) Limited
"Prospectus"	this document
"Qualifying Company"	an unquoted (including an AIM-listed) company which satisfies the requirements of Chapter 4 of Part 6 of the ITA 2007
"Qualifying Investors"	individuals aged 18 or over who are resident in the United Kingdom and who invest in the Company (and each a "Qualifying Investor")
"Receiving Agent"	City Partnership in its capacity as receiving agent under the Offer
"Registrars"	Link Asset Services (a trading name of Link Registrars, previously known as Capita Registrars) until 28 February 2018, thereafter City Partnership
"Shareholders"	holders of Shares (and each a "Shareholder")
"Shares"	ordinary shares of 1p each in the capital of the Company (and each a "Share")
"SME"	small, medium enterprise
"trail commission"	annual commission payable to 'execution-only' financial intermediaries
"UK Listing Authority" or "UKLA"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its states, territories and possessions (including the District of Columbia)
"VCT Value"	the value of an investment calculated in accordance with section 278 of the Tax Act
"Venture Capital Investments"	shares in, or securities of, a Qualifying Company held by a Venture Capital Trust which meets the requirements described in Chapter 4 of Part 6 of the ITA 2007
"Venture Capital Trust" or "VCT"	a venture capital trust as defined in section 259 ITA 2007

# Part X - Application for New Shares and Application Procedures

## Terms and Conditions of Application

1. The maximum amount to be raised under the Offer is £25 million (£15 million with an over-allotment facility for a further £10 million). The maximum number of New Shares to be issued pursuant to the Offer is 25 million.
2. The contract created by the acceptance of Applications in the manner herein set out will be conditional upon the Admission of the New 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. If the Offer is withdrawn or any Application is not accepted or if any Application is accepted for a lower amount than applied for or if there is a surplus of funds from the Application Amount, the Application Amount (or relevant balancing amount thereof) will be returned without interest by post at the risk of the Applicant (save where the amount is less than £5, in which case you authorise such amount be paid to the Company and used for its own purpose). In the meantime, Application Amounts will be retained by the Receiving Agent in a separate account.
3. 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 Amounts pending clearance of the successful Applicants' cheques and banker's drafts. The Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the closing date of the Offer.
4. By completing and delivering an Application Form, you (as the Applicant):
  - a. irrevocably offer to subscribe for such number of New Shares at the Offer Price per share in respect of the monetary amount stated on the Application Form (net of any amount requested to be facilitated in respect of an initial adviser charges) on the basis of the Allotment Formula and Offer Price determination as set out in Part II of the Prospectus, subject to the provisions of (i) the Prospectus; (ii) these Terms and Conditions; (iii) the Articles; and (iv) any document or information mentioned in paragraph (k) below;
  - b. authorise the Company's Registrars to send definitive documents of title for the number of New Shares for which your Application is accepted and to procure that your name is placed on the register of members of the Company in respect of such New Shares and authorise the Receiving Agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;
  - c. in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any New Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your Application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon dispatch by post, delivery by hand (or, if electronic submission is accepted, on the sending of such electronic submission) 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 New Shares applied for or to enjoy or receive any rights or distributions in respect of such New Shares unless and until you make payment in cleared funds for such New Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such New Shares, the Company may (without prejudice to their other rights) treat the agreement to allot such New Shares as void and may allot such New Shares to some other person in which case you will not be entitled to any refund or payment in respect of such New Shares (other than return of such late payment);
  - e. agree that any subscription monies, together with other monies received from other Applicants, may be held on trust by the Receiving Agent, as may be applicable, for the purposes of either (i) the payment of the Offer Price in respect of New Shares you have subscribed for or (ii) the return to you (without interest earned in respect of such monies) in circumstances where such payment(s) as referred to in (i) are not made. In circumstances where (ii) applies, you acknowledge that any interest earned on such monies will be paid to the Company;
  - f. agree that any monies refundable to you may be retained by the Receiving Agent, as may be applicable, pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 (as may be amended) and the Common Reporting Standard, and further that such monies will be paid without interest;
  - g. agree that all Applications and instructions to facilitate any initial adviser charges and contracts resulting therefrom shall be governed by and construed in all respects in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications and instructions to facilitate any adviser charges, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;

- h. agree that, in respect of those New 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 New Shares to you;
  - i. agree that, having had the opportunity to read the Key Information Document, the Prospectus (and any supplementary prospectus issued by the Company), you shall be deemed to have had notice of all information and representations concerning the Company contained therein and in any announcement made by the Company on an appropriate Regulatory Information Service (whether or not so read);
  - j. 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;
  - k. 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 (or any supplementary prospectus issued by the Company) and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;
  - l. confirm and warrant that the information provided on the Application Form is true and accurate and that any instructions thereon in relation to the facilitation of initial adviser charges are confirmed and that you irrevocably authorise the Company and the Receiving Agent to make such payments from your Application Amount;
  - m. confirm that you have reviewed the restrictions contained in this paragraph 4 and paragraph 5 below and warrant as provided therein;
  - n. confirm that you are not a US person as defined under the United States Securities Act of 1933, as amended, or a resident of Canada and that you are not applying for any New Shares with a view to their offer, sale, delivery to or for the benefit of any US person or a resident of Canada, and that you have reviewed the restrictions contained in paragraph 5 below and warrant compliance therewith;
  - 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, the Receiving Agent, the Investment Manager and the Distributor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your Application;
  - p. confirm that you are not under the age of 18 years;
  - q. agree that these warranties are made to the Company and the Receiving Agent;
  - r. 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 Venture Capital Trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as may be amended) and the Common Reporting Standard;
  - s. warrant that, if you sign the Application Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authority contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Application Form;
  - t. acknowledge that the information provided on the Application Form will be provided to the Receiving Agent, the Investment Manager, the Distributor and the Registrars to process Applications and shareholding details and send notifications to you;
  - u. agree that none of the Receiving Agent, the Investment Manager and the Distributor will regard you as its customer by virtue of you having made an Application for New Shares or by virtue of such Application being accepted; and
  - v. declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring New Shares and that the New 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.
5. No action has been or will be taken in any jurisdiction by, or on behalf of, the Company which would permit a public offer of New Shares in any jurisdiction where action for that purpose is required, other than the UK, nor has any such action been taken with respect to the possession or distribution of the Prospectus or any document or information mentioned in paragraph (i) above other than in the UK. No person receiving a copy of the Prospectus, an Application Form or any document or information mentioned in paragraph (i) above in any territory other than the UK may treat the same as constituting an invitation or offer to them nor should they in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to them or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person

outside the UK wishing to make an Application for New Shares to satisfy themselves 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.

6. The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager is not and will not be registered under the United States Investment Advisers Act of 1940, as amended. No subscription will be accepted if it bears an address in the USA.
7. The basis of allocation will be determined by the Board (after consultation with the Investment Manager and the Receiving Agent) in its absolute discretion. It is intended that Applications will be accepted in the order in which they are received. The Offer will be closed at 5.30 p.m. on 4 April 2019 (or, if earlier, as soon as the Offer is fully subscribed or at the Board's discretion). The Offer will not be extended beyond 4 April 2019.

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 and the Board in its absolute discretion may decide to increase the Offer fundraising amount by the over-allotment facility (subject to the overall aggregate maximum number of 25 million New Shares to be issued pursuant to the Prospectus). The right is 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 below. The Offer is not underwritten.

Unless otherwise agreed by the Company, the New Shares will be issued in certificated form (though such New Shares can subsequently be admitted to CREST).

The Offer will be suspended if at any time the Company is prohibited by statute or other regulations from issuing New Shares or to the extent that the Company has insufficient Shareholder authority to issue New Shares.

8. The Investment Manager may agree to waive any part of the fee element due to it represented by the 2.5% of the Application Amount in respect of any specific or group of investors for the benefit of such investors. The benefit of the waiver will be applied by reducing (B) in the Allotment Formula by an equivalent amount, which will increase the number of New Shares to be allotted to the relevant investors. The 2.5% fee applies to the full Application Amount (ie including any amount to be facilitated for adviser charges referred to in paragraph 11 below to cover administration costs of facilitation).
9. The Investment Manager may (on behalf of the Company) agree with financial intermediaries who provide 'execution-only' services to a client that, in respect of Applications accepted from such clients, to pay an initial commission (subject to a maximum of 3% of the Application Amount accepted and subscribed for New shares). Initial commission will only be paid following the allotment of New Shares to the financial intermediary's client.

In addition, provided they continue to act for their client and the client continues to hold such New Shares, such financial intermediaries will be paid an annual trail commission of 0.375% of the base net asset value for each such New Share. For this purpose, "base net asset value" means the net assets attributable to the New Share in question as determined from the audited annual accounts of the Company as at the end of the preceding financial year. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 2.25% of the Offer Price of each such New Share in question. The Investment Manager may, with the consent of the Board, agree to pay trail commission on a different basis, provided that it does not exceed the maximum cumulative payment of 2.25% of the Offer Price of the New Share in question.

Initial commission and annual commission will only be paid if, and to the extent, they are permitted under legislation and regulations. Initial commission will be paid out of the costs of the Offer. Annual trail commission will be paid by the Company. Financial intermediaries should keep a record of Application Forms submitted bearing their FCA number to substantiate any claim for commission.

The Receiving Agent will collate the Application Forms bearing the financial intermediaries' FCA number and calculate the initial commission payable which will be paid within one month of the allotment.

Annual trail commission will be paid shortly after the later of the annual general meeting of the Company in the relevant year or, where applicable, the date of payment of the final dividend for the relevant year, and further provided that the no financial advice is provided by the financial intermediary to the client. The administration of annual trail commission will be managed on behalf of the Company by the Company secretary which will maintain a register of financial intermediaries entitled to trail commission. The Company shall be entitled to rely on a notification from a client that he has changed his financial intermediary, in which case, the trail commission will cease to be payable.

Financial intermediaries may agree to waive initial commission in respect of an Application. If this is the case then the amount of commission taken into account in calculating your bespoke Offer Price for New Shares under the Allotment Formula will be reduced to the extent that such commission has been waived, thereby increasing the number of New Shares which you will be issued under the Offer. If the maximum amount to be waived stated on the Application Form would be greater than 3% of the Application Amount accepted, the amount of the commission to be waived will be reduced.



10. Investors and 'execution-only' financial intermediaries should note that trail commission is not payable if the relevant financial intermediary subsequently then gives advice in respect of a holding. The Company must be immediately notified that trail commission payments should cease. It is the responsibility of the investor and the financial intermediary to notify the Company if advice is given and payments for this (or for any other reason) must cease (though the Company also reserves the right to cease payments if it believes advice may have been given or for any other reason in its absolute discretion).

In respect of existing trail commission arrangements to financial intermediaries, such payments will continue (to the extent permitted under legislation and regulations), but not if subsequent financial advice in respect of the holding is given. As a result, should an existing Shareholder decide to seek financial advice from their existing 'execution-only' financial intermediary in respect of participating in the Offer, any trail commission which is currently being paid to that financial intermediary pursuant to an existing holding in the Company must cease and the Company should be notified accordingly.

11. Where Application Forms are returned by you or on your behalf by a financial intermediary who has provided advice in respect of your Application, the Company can, through the Receiving Agent, facilitate the payment of any up-front adviser charges (in whole or part) agreed between you and your financial intermediary. Ongoing adviser charges will need to be settled directly by you to your financial intermediary.

The maximum amount that will be facilitated in respect of up-front adviser charges is an amount equal to 4.5% of the Application Amount accepted. Any additional up-front adviser charges in excess of this amount will need to be settled directly by you to your financial intermediary. Up-front adviser charges will only be paid following the allotment of New Shares to the financial intermediary's client.

If the investor and the financial intermediary agree that a charge is to be facilitated, the Application Form must be countersigned by the financial intermediary to confirm (i) that the facilitation amount has been agreed and (ii) that the financial intermediary has read and agrees to be bound by the terms and conditions of the Offer. The charging of VAT on an initial adviser charge is the sole responsibility of the financial intermediary. Should any facilitated charge undertaken by the Company exclude 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 financial intermediary. If the maximum amount to be facilitated stated on the Application Form would be greater than 4.5% of the Application Amount accepted, the amount of the initial adviser charge to be facilitated will be reduced.

The maximum amount of up-front adviser charges stated above that will be facilitated should not be taken as a recommendation or guide as to the level of appropriate up-front adviser charges.

12. The Application Procedures below and the Application Form(s) form part of these terms and conditions.

The Company reserves the right to publish revised and/or additional Application Forms from time to time. Applicants and the financial intermediaries should, therefore, check when completing an Application Form that no subsequent version has been published or made available by the Company (which will be downloadable from [www.unicornaimvct.co.uk/investor-area/fundraising](http://www.unicornaimvct.co.uk/investor-area/fundraising)).

The Company also reserves the right to make available an editable PDF Application Form. Such Application Form must be printed once completed and signed by or on behalf of the Applicant and, where relevant, the financial intermediary.

The Company further reserves the right to make the Offer available via one or more investment platforms (subject to information being received in respect of any applicant and the intended underlying beneficial holder of New Shares as may be requested by or on behalf of the Company) and to issue New Shares directly to a nominee if agreed with an Applicant.

The Company (after consultation with the Investment Manager and the Receiving Agent) 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.

13. The Company respects your privacy and is committed to protecting your personal information. If you would like to find out more about how the Company uses and look after your personal information, please refer to its privacy notice, which can be found at [www.unicornaimvct.co.uk/investor-area/unicorn-aim-vact/privacy-policy](http://www.unicornaimvct.co.uk/investor-area/unicorn-aim-vact/privacy-policy).

You have certain rights in relation to your personal information, including the right to receive a copy of the information that is held about you. For more details, please see the privacy notice referred to above.

Certain information may be shared with the Company's delegates, the Investment Manager, the Distributor, the Receiving Agent and/or the Registrars for the purposes of processing an Application Form and in relation to an investor's ongoing investment in the Company. Information may also be shared with regulatory bodies to the extent any of the above entities are required, or consider obliged, to do so in accordance with any statute or regulation or if governmental, judicial and law enforcement bodies require.

Where you have used a financial intermediary in respect of your Application, you authorise the Company and its delegates to provide any information as provided by or to you in connection with your Application, and any information in relation to your ongoing investment (including any existing investment) in the Company, to such financial intermediary detailed on your Application Form (or other financial

intermediary who may subsequently be engaged by you to provide advice in connection with your investment in the Company as notified to the Company from time to time). You acknowledge that any such communication may be sent to your financial intermediary prior to or, where requested, in place of, being sent to you in such form as may be agreed with such intermediary. Information may also be provided more frequently where agreed. You also authorise the Company and its delegates to accept instructions relating to your investment in the Company and changes to your personal details as provided by such financial intermediaries (subject to such evidence and/or verification as the Company and/or its delegates may request).

14. The Company may make non-material amendments to these terms and conditions for the purpose of expedient processing of Applications.

## Application Procedures

### 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 City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH**

The Offer opens on 29 January 2019 and will close at 5.30 p.m. on 4 April 2019 (or, if earlier, as soon as the Offer is fully subscribed or otherwise at the Board's discretion). The Offer will not be extended beyond 4 April 2019. If you post your Application Form, you are recommended to use first class post and to allow at least two Business Days for delivery.

It is expected that dealings in the New Shares will commence three Business Days following allotment and that share certificates will be dispatched ten Business Days after allotment of the Offer 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.

### Notes on how to complete the Application Form

An Application Form can be found at the end of the Prospectus or can be downloaded (including an editable version which can be completed, printed and signed) from [www.unicornaimvct.co.uk/investor-area/fundraising](http://www.unicornaimvct.co.uk/investor-area/fundraising).

To fill out the Application Form:

#### SECTION 1

Insert your full name and address in **BLOCK CAPITALS**. Individuals can only apply on their own behalf and in their own name.

You must be the beneficial owner of the New Shares issued to you pursuant to the Offer. You can request that New Shares be issued to a CREST or non-CREST nominee. Please complete CREST or non-CREST nominee details at the end of Section 1. You must also give your own address, full postcode, 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. The Receiving Agent will use your personal details on the Application Form to identify whether you are an existing Shareholder in the Company, and, where identifiable, add your New Shares to your existing holding account designation.

#### SECTION 2

Insert (in figures) the total amount you wish to invest. Your Application must be for a minimum of £2,000 and thereafter in multiples of £500.

If you are paying by cheque please make it payable to 'City – Unicorn AIM VCT Offer.' 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 UK 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 Section 1 of the Application Form on the back of the cheque or banker's draft. Alternatively, you may pay by direct transfer. For transfer details please see below. Any monies not accepted will be returned by banker's draft or by sending a cheque crossed "Account Payee Only" in favour of the Applicant.

Please tick the box to confirm that the cheque/transfer is being made from a bank account in your own name. If this is not the case, please state where/who the monies are being sent from and the connection to you.

#### SECTION 3

To be completed by investors who have received advice from their financial intermediary where facilitation of adviser charges is required.

If you would like an up-front adviser charge to be facilitated in connection with your Application, please specify the amount of the initial up-front adviser fee agreed between you and your financial intermediary (the maximum amount which will be facilitated is an amount equal to 4.5% of the Application Amount). This amount will be deducted from your Application Amount and paid to your financial intermediary. Up-front income tax relief will not be available on the amount facilitated. Ongoing adviser charges will need to be settled directly by the investor.

#### SECTION 4

Please also complete your bank details if you would like dividends paid directly into a nominated bank account. Please also confirm in this section whether you would like to receive investor communications by email or post.

#### SECTION 5

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.

#### SECTIONS 6-10

**THESE SECTIONS ARE TO BE COMPLETED BY YOUR FINANCIAL INTERMEDIARY.**

#### MONEY LAUNDERING NOTICE – IMPORTANT

The identity of the Applicant and, if a cheque is drawn or the transfer is being made by a third party, the identity of that third party will need to be verified.

If you are not using a financial intermediary for this Application, please tick the box if you agree for the personal information that you provide on the Application Form will be used to electronically verify your, or third party account holder's, identity. In some circumstances you may also, or if you do not agree to your identity being electronically verified you will, be required to provide the following documents before your Application is accepted:

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 three months old), or recent tax bill, in the name of the Applicant (and drawer of the cheque if different).

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

**Please send the entire Application Form and a cheque made payable to 'City – Unicorn AIM VCT Offer' (unless you have made the payment by electronic bank transfer) by post to the Receiving Agent using the following address:**

#### BY POST

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

#### BANK TRANSFERS

Sort code: 80-22-60  
A/c number: 18601265  
A/c name: City – Unicorn AIM VCT Offer

Bank: Bank of Scotland  
BIC: BOFSGBS1SDP  
IBAN: GB22BOFS80226018601265

Please reference bank transfers with your surname and initials.

# Application Form

## UNICORM AIM VCT PLC (the Company)

Before completing this Application Form you should read the prospectus published by the Company dated 29 January 2019 (**Prospectus**) (copies of which can be downloaded from [www.unicornam.com](http://www.unicornam.com)), in particular the Risk Factors and the Offer Terms and Conditions and Application Procedures contained in the Prospectus. Definitions used in the Prospectus apply herein. The Company and the Receiving Agent cannot accept responsibility if any details provided by you are incorrect.

This Application Form should be completed in full and sent by post or by hand addressed to:

**"Unicorn AIM VCT Offer", The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH**

The Offer opens on 29 January 2019 and will close at 5.30 p.m. on 4 April 2019. The Offer may close earlier if fully subscribed or otherwise at the Board's discretion. **The Offer is only open for 2018/2019 Tax Year.**

**CHEQUES** Please make cheques payable to "City – Unicorn AIM VCT Offer"  
(Note: Cheques drawn on corporate accounts cannot be accepted)

**BANK** Sort code: 80-22-60 Account no: 18601265 Bank: Bank of Scotland

**TRANSFERS** BIC: BOFSGBS1SDP IBAN: GB22BOFS80226018601265

Please reference bank transfers with your surname and initials.

Please note that the number of New Shares to be allotted to a successful Applicant will be determined by applying the Allotment Formula set out on page 23 of the Prospectus. The applicable net asset value per New Share for the Allotment Formula will be the latest net asset value published by the Company on the day of allotment, adjusted for dividends declared and for which the record date for payment has passed at the time of allotment.

**The Company will decide, in its absolute discretion, to accept or reject the Application (notification of which will be through the allotment of new Shares).**

If you do not receive an acknowledgement of your Application within ten days of sending it to The City Partnership, please contact The City Partnership on 0131 243 7210 or [ra@city.uk.com](mailto:ra@city.uk.com).

Please complete in BLOCK CAPITALS.

TO BE COMPLETED BY THE INVESTOR (BENEFICIAL HOLDER)

### SECTION 1: PERSONAL DETAILS

Title: Mr/Mrs/Miss/Ms/Dr/Other:	Date of Birth:
Forenames:	National Insurance No.:
Surname:	Email:
Current Address:	Telephone No. (Day):
	Telephone No. (Evening):
Postcode:	Existing Shareholder (Please Tick if Relevant)*
If 3 Years or Less Please Provide Previous Address:	<input type="checkbox"/> Registered Holder <input type="checkbox"/> Beneficial holder
	Existing Shareholder Investor Code*:

\*\* Please tick this box if you are resident for tax purposes in any jurisdiction other than the UK.

Where applicable, please provide confirmation of the non-UK jurisdictions in which you are resident for tax purposes, along with your corresponding tax payer identification number (TIN) or equivalent:

Country:	TIN/Equivalent:
Country:	TIN/Equivalent:

\* Please tick the relevant box if you are an existing shareholder and provide your investor code if you are a registered shareholder to avoid duplicate shareholder accounts being created. This may be found on your share certificate(s).

\*\* The Company may, if necessary, disclose information to HMRC and the IRS in order to satisfy its FATCA and/or CRS obligations.

If you are not using a financial intermediary for this application, please tick this box if you agree to the use of electronic means to verify your identity

Please complete this section if New Shares allotted are to be deposited in a CREST Account (which must be in the same name as the Applicant given in section 1 above).

CREST Participant ID:

CREST Member Account ID:

Participant Name:

Address:

Contact Telephone No.:

If you would like your New Shares issued to a non-CREST nominee, please complete the above section providing details equivalent to those requested for CREST.

## SECTION 2: APPLICATION AMOUNT

I offer to subscribe for New Shares in respect of the following Application Amount on the terms and conditions of application as set out in the Prospectus and subject to the Articles of Association of the Company.

Applications must be for a minimum of £2,000 and thereafter in multiples of £500. £

The Finance Act 2014 which came into force with effect from 6 April 2014 restricts the availability of income tax relief on a subscription for shares in a VCT issued after 5 April 2014 where it is 'linked' to a sale of shares in the same VCT or if an investor subscribes for shares in a VCT within six months before or after selling any shares in that same VCT. Please see paragraph 1.3 of Part VII on page 33 of the Prospectus for further details.

I enclose a cheque or banker's draft drawn on a UK clearing bank, made payable to "City – Unicorn AIM VCT Offer"

OR

I have made the above payment by electronic bank transfer which I have referenced using my surname and initials

AND

Please tick this box to confirm that your subscription payment has been made from an account in your name.

If not, please state below your relationship to the holder of the account from which payment was made (please refer to the Money Laundering Notice on page 66):

## SECTION 3: ADVISED INVESTORS REQUESTING FACILITATION OF UP-FRONT ADVISER CHARGES

Insert the amount of up-front adviser charges you would like facilitated to your financial intermediary.

Amount\* of the agreed up-front adviser fee £: (\*maximum 4.5% of the total Application Amount stated in Section 2)

Please insert 'Nil' if no fees are required to be facilitated.

## SECTION 4: DIVIDENDS AND COMMUNICATION

### DIVIDEND PREFERENCES

If you would prefer any dividends to be paid directly into your account, please indicate your account details here, otherwise you will be sent a cheque:

Account Name:

Bank/Building Society:

Sort Code:

Account Number:

### INVESTOR COMMUNICATIONS

How would you like to receive copies of statutory communications, such as annual and half-yearly reports?

Email

Post

## SECTION 5: SIGNATURE

Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

Print name: \_\_\_\_\_

BY SIGNING THIS APPLICATION FORM I HEREBY IRREVOCABLY DECLARE THAT:

- (i) I have read and understood, and agree to be bound by, the Offer Terms and Conditions and Application Procedures set out in the Prospectus and as further set out in this Application Form;
- (ii) if I have completed Section 3, I am declaring and validating to the Company, the Investment Manager and the Receiving Agent the amount of the facilitation charge(s) specified therein and am agreeing to the making of a facilitation payment of that amount;
- (iii) to the best of my knowledge and belief, the particulars I have given are correct; and
- (iv) I hereby authorise the Company, the Receiving Agent and the Company's registrar to provide, to the financial intermediary, as noted in this Application Form (or such replacement financial intermediary as I may notify the Company of), upon request, information regarding my shareholding in the Company. This authority shall remain in effect until I revoke such authority.

The Company respects your privacy and is committed to protecting your personal information. If you would like to find out more about how the Company uses and looks after your personal information, please refer to its privacy notice, which can be found at [www.unicornaimvct.co.uk/investor-area/unicorn-aim-vact/privacy-policy](http://www.unicornaimvct.co.uk/investor-area/unicorn-aim-vact/privacy-policy).

## TO BE COMPLETED BY THE INTERMEDIARY

### SECTION 6: FINANCIAL INTERMEDIARY DETAILS

Firm Name: \_\_\_\_\_

Investment Adviser/Partner: \_\_\_\_\_

Firm FCA Authorisation No. (e.g. ABC00001): \_\_\_\_\_

Investment Adviser/Partner FCA Registration No. (e.g. 123456): \_\_\_\_\_

Firm Address: \_\_\_\_\_

Investment Adviser/Partner Reference (if applicable): \_\_\_\_\_

Investment Adviser/Partner Email Address: \_\_\_\_\_

Main Point of Contact for Communication Purposes: \_\_\_\_\_

Postcode: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Email Address: \_\_\_\_\_

### SECTION 7: FINANCIAL INTERMEDIARY REMUNERATION

Please tick **EITHER** Option 1 **OR** Option 2 and ensure that this is consistent with section 3 of the Application Form.

**OPTION 1: Tick this box if you have provided advice to your client and any agreed up-front adviser charges comply with COBS 6.1a.**

If you have ticked Option 1 go directly to Section 9.

**OPTION 2: Tick this box if you have provided execution-only services to your client and are entitled to receive commission.**



## SECTION 8: COMMISSION WAIVER DETAILS

Only complete if commission selected (option 2) in Section 7.

Initial commission may be waived\* for the benefit of your client.

Please insert the amount of commission you wish to be waived in the box. \_\_\_\_\_ %

(\*maximum of 3% of the application amount stated in Section 2)

## SECTION 9: INTERMEDIARY BANK DETAILS

Please provide details of your bank or building society account details for facilitation of up-front adviser charges or commission payments.

Account Name: _____	Bank/Building Society: _____
Sort Code: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Account Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

## SECTION 10: FINANCIAL INTERMEDIARY CERTIFICATE AND SIGNATURE

By submitting this application form, we, the financial intermediary identified in Section 6 above confirm that:

- (i) We have read and understood, and agree to be bound by, the Offer Terms and Conditions and Application Procedures set out in the Prospectus and as further set out in this Application Form;
- (ii) we have applied customer due diligence measures on a risk-sensitive basis in respect of the applicant to the standard required by the Money Laundering Regulations 2007 within the guidance for the UK financial sector issued by the Joint Money Laundering Steering Group and that in the event that the Company, the Investment Manager and/or the Receiving Agent require additional information in order to accept the subscription, we will provide it to them within 2 Business Days of receiving their request, or if we do not have the information required, arrange for the information to be provided to them;
- (iii) where we have provided advice to the applicant in connection with an investment in the Company, such investment is considered to be a suitable investment for the applicant in their current circumstances; and
- (iv) our details included in this Application Form are true and accurate.

We undertake to forthwith notify the Company of any changes to our details provided above and/or if the applicant ceases to be our client in respect of his or her investment in the Company.

Signature of Adviser: \_\_\_\_\_

Print name: \_\_\_\_\_ Date: \_\_\_\_\_

The Company respects your privacy and is committed to protecting your personal information. If you would like to find out more about how the Company uses and looks after your personal information, please refer to its privacy notice, which can be found at [www.unicornaimvct.co.uk/investor-area/unicorn-aim-vact/privacy-policy](http://www.unicornaimvct.co.uk/investor-area/unicorn-aim-vact/privacy-policy).



# Corporate Information

## Directors

Peter Frederick Dicks (Chairman)  
Charlotta Ginman  
Jeremy John Hamer  
Jocelin Montague St John Harris

(all of the registered office)

## Company Number

04266437

## Investment Manager

Unicorn Asset Management Limited  
First Floor Office  
Preacher's Court  
The Charterhouse  
Charterhouse Square  
London  
EC1M 6AU

## Company Secretary and Administrator

ISCA Administration Services Limited  
Suite 8, Bridge House  
Courtenay Street  
Newton Abbot  
TQ12 2QS

## Solicitors

Shakespeare Martineau LLP  
60 Gracechurch Street  
London  
EC3V 0HR

## Sponsor and Stockbroker

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

## Auditors

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## Bankers

National Westminster Bank plc  
City of London Office  
PO Box 12264  
1 Princes Street  
London  
EC2R 8PB

## Registered Office

c/o ISCA Administration Services Limited  
Suite 8, Bridge House  
Courtenay Street  
Newton Abbot  
TQ12 2QS

Telephone: 01392 487056

Email: [info@unicornam.com](mailto:info@unicornam.com)

Website: [www.unicornaimvct.co.uk](http://www.unicornaimvct.co.uk)

## Receiving Agent

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

## Distributor

LGBR Capital London Limited  
Candlewick House  
120 Cannon Street  
London  
EC4N 6AS

## Registrars (to 28 February 2019)

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

## Registrars (from 1 March 2019)

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

## Custodian

The Bank of New York Mellon  
One Canada Square  
London  
E14 5AL







Unicorn Asset Management Limited  
First Floor Office, Preacher's Court, The Charterhouse  
Charterhouse Square, London EC1M 6AU  
0207 253 0889  
[www.unicornam.com](http://www.unicornam.com)

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ASSET MANAGEMENT