

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 adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Shares in Core VCT III plc (“the Company”), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Application has been made to the UKLA for the New Shares to be listed on the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its market for listed securities. The New Shares will rank *pari passu* with the existing issued Ordinary Shares and B Shares (as applicable) from the date of issue.

CORE VCT III PLC

(Registered in England and Wales with registered number 05572561)

Recommended Proposals to:

- **acquire the assets and liabilities of Core VCT I plc and Core VCT II plc;**
- **renew the authority to issue and repurchase Ordinary Shares and B Shares;**
- **amend the articles of association;**
- **cancel the share premium account; and**
- **change the name of the Company.**

Your attention is drawn to the letter from the chairman of the Company set out in Part III of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the meeting referred to below. Your attention is also drawn to the risk factors set out in Part II of this document.

You will find set out at the end of this document notices of an Extraordinary General Meeting, an Ordinary Share Class Meeting and a B Share Class Meeting to be held at 4.10 pm, 4.20 pm and 4.25 pm respectively on 7 July 2009, all at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW, to approve resolutions to effect the proposals contained herein.

To be valid, the appropriate form of proxy attached to this document for the meetings should be returned not less than 48 hours before the relevant meeting, either by post or by hand (during normal business hours only) to the Company’s registrar, Capita Registrars, Capita Registrars Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. For further information please call Capita Registrars on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars Limited are charged at 10p per minute (including VAT) from a BT landline. Other service providers’ costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. Calls may be recorded and monitored randomly for security and training purposes. For legal reasons, Capita Registrars Limited will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice.

This document should be read in conjunction with the prospectus to be issued by the Company dated 12 June 2009 which accompanies this document.

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EXPECTED TIMETABLE FOR THE COMPANY

Latest time for receipt of forms of proxy for the Extraordinary General Meeting	4.10 pm on 5 July 2009
Latest time for receipt of forms of proxy for the Ordinary Share Class Meeting	4.20 pm on 5 July 2009
Latest time for receipt of forms of proxy for the B Share Meeting	4.25 pm on 5 July 2009
Extraordinary General Meeting	4.10 pm on 7 July 2009
Ordinary Share Class Meeting	4.20 pm on 7 July 2009
B Share Class Meeting	4.25 pm on 7 July 2009
Special Dividend Record Date	15 July 2009
Calculation Date	after 5.00 pm on 15 July 2009
Effective Date for the transfer of the assets and liabilities of VCT I and VCT II to the Company and the issue of New Shares	16 July 2009
Announcement of the results of the Schemes	16 July 2009
Admission of and dealings in the New Shares to commence	17 July 2009
Certificates for the New Shares despatched	28 July 2009
Special Dividend Payment Date	28 July 2009

EXPECTED TIMETABLE FOR VCT I

Date from which it is advised that dealings in VCT I Shares should only be for cash settlement and immediate delivery of documents of title	26 June 2009
Latest time for receipt of forms of proxy for the VCT I First Extraordinary General Meeting	3.30 pm on 5 July 2009
Latest time for receipt of forms of proxy for the VCT I B Share Class Meeting	3.40 pm on 5 July 2009
VCT I First Extraordinary General Meeting	3.30 pm on 7 July 2009
VCT I B Share Class Meeting	3.40 pm on 7 July 2009
Latest time for receipt of forms of proxy for the VCT I Second Extraordinary General Meeting	9.00 am on 14 July 2009
VCT I Special Dividend Record Date	15 July 2009
Record Date for VCT I shareholders' entitlements under the VCT I Scheme	15 July 2009
VCT I register of members closed	15 July 2009
Calculation Date	after 5.00 pm on 15 July 2009
Dealings in VCT I Shares suspended	7.30 am on 16 July 2009
VCT I Second Extraordinary General Meeting	9.00 am on 16 July 2009
Effective Date for the transfer of the assets and liabilities of VCT I and VCT II to the Company and the issue of New Shares	16 July 2009
Announcement of the results of the Schemes	16 July 2009
Cancellation of the VCT I Shares' listings	17 July 2009
VCT III New Share certificates despatched	28 July 2009
VCT I Special Dividend payment date	28 July 2009

EXPECTED TIMETABLE FOR VCT II

Date from which it is advised that dealings in VCT II Shares should only be for cash settlement and immediate delivery of documents of title	26 June 2009
Latest time for receipt of forms of proxy for the VCT II First Extraordinary General Meeting	3.50 pm on 5 July 2009
Latest time for receipt of forms of proxy for the VCT II B Share Class Meeting	4.00 pm on 5 July 2009
VCT II First Extraordinary General Meeting	3.50 pm on 7 July 2009
VCT II B Share Class Meeting	4.00 pm on 7 July 2009
Latest time for receipt of forms of proxy for the VCT II Second Extraordinary General Meeting	9.10 am on 14 July 2009
VCT II Special Dividend Record Date	15 July 2009
Record Date for VCT II shareholders' entitlements under the VCT II Scheme	15 July 2009
VCT II register of members closed	15 July 2009
Calculation Date	after 5.00 pm on 15 July 2009
Dealings in VCT II Shares suspended	7.30 am on 16 July 2009
VCT II Second Extraordinary General Meeting	9.10 am on 16 July 2009
Effective Date for the transfer of the assets and liabilities of VCT I and VCT II to the Company and the issue of New Shares	16 July 2009
Announcement of the results of the Schemes	16 July 2009
Cancellation of the VCT II Shares' listings	17 July 2009
VCT III New Share certificates despatched	28 July 2009
VCT II Special Dividend payment date	28 July 2009

CORPORATE INFORMATION

Directors

Peter Menzies Smail (Chairman)
Lord Peter Edward Walker
John Mark Brimacombe
(all of the registered office)

Registered Office and Principal Place of Business

One Bow Churchyard
London
EC4M 9HH

Telephone: 0207 317 0155
Email: info@core-cap.com
Website: www.core-cap.com

Company Number

05572561

Investment Manager

Core Capital LLP
103 Baker Street
London
W1U 6LN

Company Secretary and Administrator

Maven Capital Partners UK LLP
Sutherland House
149 St Vincent Street
Glasgow
G2 5NW

Solicitors

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

Cash Assets Investment Manager

Credit Suisse
Private Banking, London Branch
17th Floor
1 Cabot Square
London
E14 4QJ

Sponsor

Howard Kennedy
19 Cavendish Square
London
W1A 2AW

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Reporting Accountant

Scott-Moncrieff
17 Melville Street
Edinburgh
EH3 7PH

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Bankers

Bank of Scotland
PO Box 39900 Level 7
Bishopsgate Exchange
155 Bishopsgate
London
EC2M 3YB

PART I – DEFINITIONS

“Articles”	the articles of association of the Company, as amended from time to time
“B Share Class Meeting”	the separate meeting of the holders of B Shares to be held on 7 July 2009
“B Shares”	B ordinary shares of 0.01p each in the capital of the Company (and each a “B Share”)
“B Shares Merger Value”	the value of the B Shares calculated in accordance with paragraph 4 of Part IV of this document
“Board” or “Directors”	the board of directors of the Company
“CA 1985”	Companies Act 1985, as amended
“CA 2006”	Companies Act 2006, as amended
“Calculation Date”	the date on which the Merger Values will be calculated, this being 15 July 2009
“Capita Registrars”	a trading name of Capita Registrars Limited
“Catch-up Period”	as defined on page 16
“Companies Acts”	CA 1985 and CA 2006
“Company” or “VCT III”	Core VCT III plc
“Core” or “Investment Manager”	Core Capital LLP, the investment manager to the Company, VCT I and VCT II of 103 Baker Street, London W1U 6LN
“Core VCTs”	together the Company, VCT I and VCT II
“Deferred Shares”	deferred shares, of 0.01p each in the capital of the Company (and each a “Deferred Share”)
“Effective Date”	the date on which the Schemes will be completed, anticipated as being 16 July 2009
“Effective Initial Cost”	an amount equal to the deemed initial cost of 60p per Ordinary Share, taking into account the initial 40 per cent. income tax relief received on the 100p paid per Ordinary Share
“Enlarged Company”	the Company, following implementation of the Schemes
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 7 July 2009
“HMRC”	Her Majesty’s Revenue & Customs
“Hurdle Rate Return”	an amount equal to 5 per cent. per annum (compounded annually and calculated on a daily basis from the date of issue of the Ordinary Shares) on such part of the Effective Initial Cost that remains to be paid to the holders of Ordinary Shares
“IA 1986”	Insolvency Act 1986, as amended
“ICTA 1988”	Income and Corporation Taxes Act 1988, as amended
“ITA 2007”	Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Jonathan Paul Philmore of Tenon Limited, Unit 1, Calder Close, Calder Park, Wakefield, WF4 3BA being the proposed liquidators of VCT I and VCT II
“London Stock Exchange”	London Stock Exchange plc

“Maven”	Maven Capital Partners UK LLP
“Meetings”	the Extraordinary General Meeting, the Ordinary Share Class Meeting and the B Share Class Meeting (and each a “Meeting”)
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Values”	the VCT I Ordinary Shares Roll-Over Value, VCT I B Shares Roll-Over Value, VCT II Ordinary Shares Roll-Over Value, VCT II B Shares Roll-Over Value, Ordinary Shares Merger Value and B Shares Merger Value
“NAV” or “net asset value”	net asset value
“New B Shares”	the new B Shares to be issued to VCT I shareholders and VCT II shareholders in accordance with the Schemes (and each a “New B Share”)
“New Ordinary Shares”	the new Ordinary Shares to be issued to VCT I shareholders and VCT II shareholders in accordance with the Schemes (and each a “New Ordinary Share”)
“New Shares”	New Ordinary Shares and New B Shares (and each a “New Share”)
“Nominee Holdings”	means the B shares in the relevant Core VCT transferred by Core to the relevant Nominees
“Nominees”	the nominees to which Core transferred its holding in B Shares in the relevant Core VCT
“Official List”	the official list of the UKLA
“Ordinary Share Class Meeting”	the separate meeting of the holders of Ordinary Shares to be held on 7 July 2009
“Ordinary Shares”	ordinary shares of 0.01p each in the capital of the Company (and each an “Ordinary Share”)
“Ordinary Shares Merger Value”	the value of the Ordinary Shares calculated in accordance with paragraph 4 of Part IV of this document
“Proposals”	the proposals to effect the merger by way of the Schemes and pass the resolutions to be proposed at the Extraordinary General Meeting
“Prospectus”	the prospectus issued by the Company dated 12 June 2009
“Record Date”	15 July 2009
“Schemes”	the VCT I Scheme and the VCT II Scheme
“Shareholder”	a holder of Shares
“Shares”	the Ordinary Shares and B Shares (and each a “Share”)
“Special Dividend”	the special dividend of the Company of 12p per Ordinary Share payable subject to the Schemes becoming effective
“Special Dividend Payment Date”	the payment date for the Special Dividend, this being 28 July 2009
“Special Dividend Record Date”	the record date for the Special Dividend, this being 15 July 2009
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreements”	the agreement between the Company and VCT I (acting through the Liquidators) for the transfer of all of the assets and liabilities of VCT I by the Liquidators to the Company pursuant to the VCT I Scheme and the agreement between the Company and VCT II (acting through the Liquidators) for the transfer of all of the assets and

	liabilities of VCT II by the Liquidators to the Company pursuant to the VCT II Scheme
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT I”	Core VCT I plc, registered in England and Wales under number 05258348, whose registered office as at One Bow Churchyard, London EC4M 9HH
“VCT I B Share Class Meeting”	the separate meeting of the holders of VCT I B Shares to be held on 7 July 2009
“VCT I B Shares”	B ordinary shares of 1p each in the capital of VCT I (and each an “VCT I B Share”)
“VCT I B Shares Roll-Over Value”	the value of the VCT I B Shares calculated in accordance with paragraph 4 of Part IV of this document
“VCT I Board”	the board of directors of VCT I
“VCT I Circular”	the circular to VCT I shareholders dated 12 June 2009
“VCT I First Extraordinary General Meeting”	the first extraordinary general meeting of VCT I to be held on 7 July 2009
“VCT I Meetings”	the VCT I First Extraordinary General Meeting, the VCT I B Share Class Meeting and the VCT I Second Extraordinary General Meeting
“VCT I Ordinary Shares”	ordinary shares of 1p each in the capital of VCT I (and each an “VCT I Ordinary Share”)
“VCT I Ordinary Shares Roll-Over Value”	the value of the VCT I Ordinary Shares calculated in accordance with paragraph 4 of Part IV of this document
“VCT I Scheme”	the proposed merger of the Company with VCT I by means of placing VCT I into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of VCT I’s assets and liabilities in consideration for New Shares as set out in Part IV of this document
“VCT I Second Extraordinary General Meeting”	the second extraordinary general meeting of VCT I to be held on 16 July 2009
“VCT I Shares”	the VCT I Ordinary Shares and VCT I B Shares (and each a “VCT I Share”)
“VCT I Special Dividend”	the special dividend of 10p per VCT I Ordinary Share payable subject to the Schemes becoming effective
“VCT II”	Core VCT II plc, registered in England and Wales under number 05572545, whose registered office is at One Bow Churchyard, London EC4M 9HH
“VCT II B Share Class Meeting”	the separate meeting of the holders of VCT II B Shares to be held on 7 July 2009
“VCT II B Shares”	B ordinary shares of 0.01p each in the capital of VCT II (and each a “VCT II B Share”)
“VCT II B Shares Roll-Over Value”	the value of the VCT II B Shares calculated in accordance with paragraph 4 of Part IV of this document
“VCT II Board”	the board of directors of VCT II

“VCT II Circular”	the circular to VCT II Shareholders dated 12 June 2009
“VCT II First Extraordinary General Meeting”	the first extraordinary general meeting of VCT II to be held on 7 July 2009
“VCT II Meetings”	the VCT II First Extraordinary General Meeting, the VCT II B Share Class Meeting and the VCT II Second Extraordinary General Meeting
“VCT II Ordinary Shares”	ordinary shares of 0.01p each in the capital of VCT II (and each a “VCT II Ordinary Share”)
“VCT II Ordinary Shares Roll-Over Value”	the value of the VCT II Ordinary Shares calculated in accordance with paragraph 4 of Part IV of this document
“VCT II Scheme”	the proposed merger of the Company with VCT II by means of placing VCT II into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of VCT II’s assets and liabilities in consideration for New Shares as set out in Part IV of this document
“VCT II Second Extraordinary General Meeting”	the second extraordinary general meeting of VCT II to be held on 16 July 2009
“VCT II Shares”	the VCT II Ordinary Shares and VCT II B Shares of 0.01p (and each a “VCT II Share”)
“VCT II Special Dividend”	the special dividend of 12p per VCT II Ordinary Share payable subject to the Schemes becoming effective

PART II – RISK FACTORS

Shareholders and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or results of operations. The value of the Shares could decline due to any of the risk factors described below and Shareholders could lose part or all of their investment. Shareholders and prospective Shareholders should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. References to the Company should be taken as including the Enlarged Company.

Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and both the VCT I Scheme and the VCT II Scheme becoming effective. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company.

The value of Shares can fluctuate and Shareholders may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any Share buy-back policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV.

Although the existing Shares have been (and it is anticipated that the New Shares to be issued pursuant to the Schemes will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally very illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the market and because VCT shares usually trade at a discount to NAV) and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment.

The past performance of the Company, VCT I, VCT II and/or Core is no indication of future performance. The return received by Shareholders will be dependent on the performance of the underlying investments. The value of such investments and dividends therefrom may rise or fall.

Although the Company may receive conventional venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.

The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.

Investment in AIM-traded, PLUS markets-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals. In addition, the market for securities in smaller companies is often less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Proper 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 involve a higher degree of risk than investment in a company listed on the Official List.

Whilst 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 such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

If a Shareholder disposes of his or her Shares within five years of issue (three years if such Shares were issued on or between 6 April 2000 and 5 April 2006), he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed. For these purposes, the date of issue of the New Shares issued pursuant to the Schemes will be the original date of issue of the VCT I Shares and VCT II Shares in respect of which such New Shares are issued.

If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced.

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 may apply retrospectively.

The B Shares only have a value when, through either income or capital distributions, or a combination of both, holders of Ordinary Shares have had returned to them the Effective Initial Cost and the Hurdle Rate Return. Accordingly, the market value of the B Shares can be expected to be more volatile than that of the Ordinary Shares.

It is a term of the B Shares that they will be redesignated into Deferred Shares with no real value if the investment management agreements with Core (as described on page 35) are terminated for any of the reasons set out in paragraph 5.1.1.1 to 5.1.1.5 of Part V. If the B Shares are so redesignated, any assets attributable to them in excess of their par value of 0.01p immediately prior to such redesignation, would accrue for the benefit of the holders of Ordinary Shares.

Any purchaser of existing Shares in the market will not qualify for the then (if any) available tax reliefs afforded to subscribers of new VCT shares on the amount invested.

Shareholders may be adversely affected by the performance of the investments, whether acquired from VCT I and/or VCT II or made by the Company. The performance of the investments in VCT I and/or VCT II, as well as the investments of the Company, may restrict the ability of the Company following the merger to distribute any capital and revenue gains achieved on the investments transferred from VCT I and/or VCT II to the Company (as well as the investments of the Company). Any gains (or losses) made on the investments of the Company will, following the merger with VCT I and VCT II, be shared amongst the holders of all Shares (including New Shares) then in issue to the extent that such gains or losses do not occur in the same proportions as the Merger Values, the existing shareholders in VCT I, VCT II or VCT III may gain or lose accordingly.

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

Shareholders and holders of VCT II Shares who hold B shares in the relevant Core VCT but who do not now hold any ordinary shares in the relevant Company (because, for example, they have sold them or have had their shares bought back) or do not now hold all the ordinary shares in the relevant Company which they originally acquired will suffer a modest loss as a result of the proposed adjustment to the proposed B Share mechanism in the Enlarged Company.

PART II – LETTER FROM THE CHAIRMAN

Core VCT III plc

(Registered in England and Wales with registered number 05572561)

Directors:
Peter Smaill (Chairman)
Lord Walker
John Brimacombe

Registered Office:
One Bow Churchyard
London
EC4M 9HH

12 June 2009

Dear Shareholder

Recommended Proposals to acquire the assets and liabilities of VCT I and VCT II, renew the authority to issue and repurchase Shares, amend the Articles, cancel the Share premium account and change the name of the Company

The Board announced on 20 April 2009 that agreement in principle had been reached with the VCT I Board and the VCT II Board for the merger of the three companies and that we expected to be in a position to present a detailed proposal for consideration by Shareholders shortly.

I am pleased to now be able to put the Proposals to Shareholders for consideration. The Proposals will, if effected, result in VCT I and VCT II being merged into the Company, creating an Enlarged Company having net assets of approximately £37 million.

Single VCTs are subject to investment restrictions and, therefore, the Core VCTs were established as parallel VCTs to facilitate larger investments in established private companies. The Core VCTs have now completed 10 investments with an average investment size above £3 million and with a number of these being close to or above £5 million.

Each of the Core VCTs has completed its initial three year investment period, and they have each invested above 70 per cent. of its assets in VCT qualifying investments in compliance with VCT legislation. Accordingly, there is no need to retain three separate listed vehicles and a merger is being recommended to achieve costs savings.

The merger will result in a reduction in the annual running costs compared to the aggregate annual running costs of the three separate companies and will enable the Company to pass this benefit on to Shareholders through the ability to pay larger distributions in the future. In addition, the creation of a single VCT with a greater capital base should result in an increased flexibility in meeting the various requirements for qualifying VCT status and providing greater investment flexibility.

In addition, the Core VCTs each have an innovative incentive structure for the Investment Manager, Core Capital LLP, which provides for no annual management fee and a 30 per cent. share in distributions above 60p per ordinary share, as more fully explained below. This incentive operates in materially the same way for each of the Core VCTs and, following the merger, will continue to do so for the Enlarged Company.

Further, the Board, the VCT I Board and the VCT II Board have all recommended, conditional on the merger being effected, the payment of a special dividend of capital, as follows:

	Proposed special dividend⁽¹⁾	Cumulative dividends since inception⁽²⁾	Cumulative dividends including initial income tax relief⁽³⁾
the Company	12p	16.5p	56.5p
VCT I	10p	18.1p	58.1p
VCT II	12p	16.5p	56.5p

(1) The proposed special dividends are conditional on the merger being effected

(2) The cumulative distributions made to shareholders, which include the proposed special dividends and the proposed income dividend of 1p per company, which are subject to shareholder approval at the annual general meetings of the relevant companies on 18 June 2009 and are not subject to the merger, are those paid, declared and recommended since the inception of each VCT

(3) Based on an initial income tax relief of 40p per share

The Board also considers it appropriate to renew share issue and share repurchase authorities, amend the Articles, cancel the Share premium account and change the name of the Company.

To effect the Proposals, the consent of Shareholders is required pursuant to the Companies Acts and the Articles, and is being sought at the Meetings, to approve the merger pursuant to the Schemes, to renew the authority to issue and repurchase Shares, amend the Articles, cancel the Share premium account and change the name of the Company.

Background

The Company was launched in 2005 with the objective of achieving long-term capital and income growth and to distribute tax-free dividends comprising realised gains and investors' capital investment, the policy being to maximise distributions.

The investment approach has been to invest capital into management buy-outs and development capital in established private companies alongside VCT I and VCT II. This syndication has allowed the Company to access larger transactions than would otherwise have been the case had it invested independently. This has resulted in an unlisted investment portfolio of 10 investments, with a total cost of £11.04 million and a valuation as at 30 April 2009 of £13.2 million.

This represents an increase over cost of 19.6 per cent., and an increase of 36.1 per cent. over the valuations reported as at 31 December 2008. This is due primarily to the strong performance of two of the larger investments – Kelway Holdings Limited – which has completed a further two acquisitions, and SPL Services Limited which has achieved a significant increase in profitability. Whilst valuation multiples remain depressed, the portfolio is generally well placed to benefit from any upturn in the future.

The Company raised a total of £15.6 million (net of expenses). To date, dividends paid, declared and recommended total 16.5p per Ordinary Share (£2.72 million in aggregate). No dividends have been paid in respect of the B Shares. Although the Company has the authority to make repurchases of its own Shares, this has not, to date, been utilised. As part of the transaction, the Company will renew the authority to buy-back Shares and the Board may consider implementing a buy-back programme in the Enlarged Company if it believes it prudent to do so and subject to the maintenance of adequate working capital, investment requirements and VCT status.

As at 30 April 2009, the unaudited net asset value of the Company was £16.6 million (100.8p per Ordinary Share and 0.01p per B Share), compared to £15.6 million immediately after launch. In addition, as the funds raised have now predominantly been invested alongside VCT I and VCT II, there no longer remains a need to keep the companies separate to access larger transactions.

In order to comply with VCT regulations, a VCT is required to be listed on the Official List, which involves a significant level of cost in listing and related fees and in ensuring that the VCT complies with all relevant legislation. As a VCT becomes fully invested and starts to return capital through dividends, the running costs become a proportionally greater burden and may have an adverse effect on a VCT's return for its shareholders. A larger VCT is therefore better placed to absorb such running costs, and, therefore, able to pay a higher level of dividends to shareholders over its life.

In September 2004, the Merger Regulations were introduced, allowing VCTs to be acquired by, or merge with, each other without prejudicing tax reliefs obtained by their shareholders. A number of VCTs have now taken advantage of these regulations to create larger VCTs where running costs can be spread over a substantially greater asset base.

Merger with VCT I and VCT II

Following detailed consideration of the portfolio and financial position of VCT I and VCT II, the Board has reached an agreement with the VCT I Board and the VCT II Board to merge with these companies (subject to the conditions set out in paragraph 8 of Part IV of this document). The basis of the merger has been simplified significantly as all three VCTs are managed by Core, have the same investment objectives and policies as the Company, have the same board and advisers and hold common investments.

The merger will result in the assets and liabilities of VCT I and VCT II being transferred to the Company in consideration for the issue of New Shares to the shareholders of VCT I and VCT II. The merger will be completed on a relative net asset value basis and will be subject to both the Schemes becoming unconditional.

The Board considers that this merger will bring significant benefits to all three groups of shareholders through:

- a reduction in annual running costs for the Enlarged Company compared to the aggregate annual running costs of the three separate companies;
- creation of a single VCT of a more economically efficient size with a greater capital base over which to spread administration and management costs;
- the Company being able to pay the Special Dividend as a result of its larger size and lower anticipated proportionate running costs of the Company (this also applies to the VCT I Special Dividend and the VCT II Special Dividend);
- the ability to pay larger distributions in the future due to the increased size and the reduced proportionate running costs; and
- the creation of a single VCT with a greater capital base resulting in increased flexibility to meet the various requirements for qualifying VCT status and providing greater investment flexibility.

The mechanism by which the merger will be effected is by:

- each of VCT I and VCT II being placed into members' voluntary liquidation pursuant to schemes of reconstruction under Section 110 IA 1986; and
- the assets and liabilities of each of VCT I and VCT II being transferred to the Company in exchange for New Shares (which will be issued directly to the shareholders of VCT I and VCT II).

The Board believes that the Schemes provide an efficient way of effecting a merger with an acceptable level of costs compared with other merger routes. Although any of the three companies could have acquired the assets and liabilities of the other, the Company was selected as the acquirer because of its marginally greater size in relation to VCT I (and, therefore, a lower stamp duty cost on the transfer of assets and liabilities from VCT I). Shareholders should note that the merger will be outside the provisions of the City Code on Takeovers and Mergers.

The merger of the three companies should result in cost savings and enhanced administrative efficiency. Due to their common features, this is achievable at a lower level of total costs in terms of amalgamating the constitution of the boards and the investment and administrative arrangements of the three companies for the Enlarged Company.

The aggregate anticipated cost of undertaking the merger by way of the Schemes is approximately £453,000, including VAT, legal and professional fees, stamp duty and the costs of winding up VCT I and VCT II. The costs of the merger by way of the Schemes will be split proportionally between the Company, VCT I and VCT II by reference to their respective unaudited adjusted NAVs as at 30 April 2009. Following completion of the merger by way of the Schemes, annual cost savings for the Enlarged Company of at least £187,000 per annum, representing 0.50 per cent. per annum of the projected net assets of the Enlarged Company, are expected to be achieved. On this basis, the Board believes that the costs of the merger by way of the Schemes will be recovered within three years.

Core

Core was established by Stephen Edwards and Walid Fakhry in 2004 as a dedicated active investment management house. Core has grown significantly, currently managing over £65 million of assets with a team of five fund managers. Clients' investments are spread across a range of middle market UK companies.

The Enlarged Company will continue to be managed by Core under the Company's existing management arrangements (which are in all material respects the same as those with VCT I and VCT II).

Investment Manager incentives

Shareholders will be aware that a principal feature of the Company is its innovative capital structure, ensuring that Core is only rewarded once shareholders have been returned all of their effective initial capital, including income tax relief. This is achieved through a unique performance only structure achieved by the issue of the B Shares, whereby the Investment Manager's rewards are based only on distributions to Shareholders, and only start once Shareholders have received all their original capital back, (taking into account the initial 40 per cent. income tax relief), and subject to a hurdle rate of 5 per cent. per annum.

The B Shares issued represent 60 per cent. of the issued share capital of the Company; 50 per cent. of which were issued to the Investment Manager (now being held by the Nominees) with the balance being issued to the subscribers of Ordinary Shares.

The holders of the B Shares are currently entitled to receive 60 per cent. of all income and capital distributions once 60p per share has been returned to the holders of Ordinary Shares. This is achieved through the following mechanism:

- first, the holders of Ordinary Shares are entitled to all distributions until such time as the Effective Initial Cost has been returned per Ordinary Share in addition to the Hurdle Rate Return;
- then, all income and capital shall be distributed or returned (as the case may be) to the holders of B Shares until they have received an amount equal to 150 per cent. of the amount distributed to the holders of Ordinary Shares in excess of 60p per share (i.e. an equalisation payment (“Catch-up Period”) in order to give the holders of B Shares 60 per cent. of all income distributed and capital returned above the Effective Initial Cost); and
- thereafter the Ordinary Shares and B Shares rank *pari passu* for all distributions resulting in 40 per cent. being distributed to the holders of Ordinary Shares and 60 per cent. being distributed to the holders of B Shares.

This mechanism effectively provides Core with a carried interest right to receive 30 per cent. of all distributions above 60p but only after the holders of Ordinary Shares have received their Effective Initial Cost and subject to the Hurdle Rate Return being achieved.

This mechanism is mirrored in VCT II. This is achieved in a similar way in VCT I through the VCT I B Shares representing 40 per cent. of the issued share capital but with Core having been issued with 75 per cent. of the VCT I B Shares (now held by the Nominees).

This carried interest right in the three VCTs will be combined for the Enlarged Company using the VCT I structure (ie the B Shares will, following the merger, represent 40 per cent. of the aggregate issued share capital, 75 per cent. of which will be attributable to Core (through the holdings of the Nominees).

As a result of the merger and to amalgamate the B share mechanisms from the three companies adjustments will be made to the B Share mechanism in the Company.

Firstly, and at the same time as the Schemes are implemented, an adjustment to the existing number of B Shares will be made so that such remaining number represents the same proportion as the Existing Ordinary Shares will represent of the aggregate Ordinary Shares in the Enlarged Company. The existing holdings in B Shares will then be adjusted to achieve 75 per cent. of the B Shares being held attributable to Core (through the holdings of the Nominees) and the balance being held by the other holders of B Shares.

These adjustments will be effected by redesignating the relevant proportion of each holding of B Shares into Deferred Shares having nominal rights and being capable of being bought back by the Company for a nominal sum. This repurchase will take place immediately following the re-designation into Deferred Shares.

Secondly, amendments to the definitions of ‘Catch-up Period’, the ‘Effective Initial Cost’ and ‘Hurdle Rate Return’ in the Articles are required to reflect the combined structure and performance to date as follows:

- an amount of the Effective Initial Cost will be deemed to have been distributed per Ordinary Share in issue after the merger (this being an amount equal to the weighted average per share distribution (by reference to the net assets of the companies as at the Effective Date) of all distributions paid, declared or recommended by each company, including the special dividends detailed herein (“Average Weighted Per Share Distribution”);
- the Hurdle Rate Return will be amended to an amount arrived at by (i) applying the existing 5 per cent. hurdle in each company taking into account distributions paid, declared and recommended (including the special dividends detailed herein) and the number of Ordinary Shares in issue following the merger, in each case on the Effective Date (“Existing Hurdle”), plus (ii) an amount equal to 5 per cent. per annum (compounded annually and calculated on a daily basis from the date of issue of the Ordinary Shares) on such part of the Effective Initial Cost that remains to be paid to the holders of Ordinary Shares; and
- the Catch-up Period will be amended so that all income and capital shall be distributed or returned to the holders of B Shares until they have received an amount equal to 66.667 per cent. of the amount distributed to the holders of Ordinary Shares in excess of 60p per share.

The B Share mechanism for the Company will, following the merger, apply as follows;

- first, the holders of Ordinary Shares will be entitled to all distributions until such time as 60p has been returned per Ordinary Share (of which the Average Weighted Per Share Distribution will be deemed to have been satisfied), plus an amount equal to the Existing Hurdle plus 5 per cent. per annum (compounded annually and calculated on a daily basis from the date of issue of the Ordinary Shares) on such part of the Effective Initial Cost that remains to be paid to the holders of Ordinary Shares;
- second, all income and capital shall be distributed or returned (as the case may be) to the holders of B Shares until they have received an amount equal to 66.6667 per cent. of the amount distributed to the holders of Ordinary Shares in excess of 60p per share (i.e. an equalisation payment in order to give the holders of B Shares 40 per cent. of all income distributed and capital returned above the Effective Initial Cost); and
- thereafter the Ordinary Shares and B Shares rank *pari passu* for all distributions resulting in 60 per cent. being distributed to the holders of Ordinary Shares and 40 per cent. being distributed to the holders of B Shareholders.

An announcement will be made detailing the amount by which the Effective Initial Cost is deemed met and the revised Hurdle Rate Return following the Schemes being effected.

Whilst these adjustments may have the affect of marginally accelerating the potential date of receipt of the Investment Manager's incentive during the period of the equalisation payment, it will not affect the amount of the total payment once the hurdle rate has been fully achieved.

The Board believes that the above represents an appropriate and fair incentive scheme for the Enlarged Company and preserves the fundamental economics of the existing incentive schemes currently in place for each of VCT I, VCT II and the Company, namely that the Investment Manager is entitled to 30 per cent. of distributions in excess of 60p, subject to achieving the Hurdle Rate Return.

VCT I

VCT I was launched in 2004 with the same objectives and principles as the Company. VCT I raised £10.4 million (net of expenses) which, in accordance with its investment policy, has been invested in management buy-outs and development capital in established private companies alongside VCT II and the Company. VCT I has one additional investment to that of VCT II and the Company, Ma Hubbards Limited, which is an investment made prior to VCT II and the Company having raised funds.

To date, VCT I has paid, declared and recommended dividends of 18.1p per VCT I Ordinary Share (no dividends have been paid on the VCT I B Shares). VCT I has bought back 10,000 VCT I Ordinary Shares (at an aggregate cost of £9,004). No VCT I B Shares have been bought back.

As at 30 April 2009, VCT I had an unlisted investment portfolio with an aggregate value of £8.5 million and an unaudited net asset value of £9.9 million (90.9p per VCT I Ordinary Share and 1p per VCT I B Share).

VCT II

VCT II was launched in 2005, with the same objectives and principles as the Company, as well as with VCT I. VCT II has, since launch, raised £15.6 million (net of expenses) which has, in accordance with its investment policy, also been invested alongside the Company and VCT I.

To date VCT II has paid, declared and recommended dividends of 16.5p per VCT II Ordinary Share since launch (again, no dividends have been paid on the VCT II B Shares). VCT II has bought back 15,150 VCT II Ordinary Shares (at an aggregate cost of £13,658). No VCT II B Shares have been bought back.

As at 30 April 2009, VCT II had an unlisted investment portfolio with an aggregate value of £13.2 million and an unaudited net asset value of £16.7 million (101.5p per VCT II Ordinary Share and 0.01p per VCT II B Share).

Acquisition of the assets and liabilities of VCT I and VCT II pursuant to the Schemes

The Schemes provide for each of VCT I and VCT II to be put into members' voluntary liquidations and for their assets and liabilities to be transferred to the Company in consideration for New Shares being issued directly to the shareholders of VCT I and VCT II.

The VCT I Ordinary Shares and VCT II Ordinary Shares will effectively be merged into the Ordinary Shares of this Company on a relative net asset basis. The number of New Ordinary Shares to be issued to the shareholders of VCT I and VCT II will be calculated by reference to the relative net asset values of the ordinary class of share in each company. Such New Shares allocable to each of VCT I and VCT II will then be issued *pro rata* to shareholders on the register of members of VCT I and VCT II on the Record Date (other than dissenting shareholders in VCT I and VCT II).

The VCT I B Shares and VCT II B Shares will effectively be merged into the B Shares of the Company by issuing New B Shares which will represent, together with the existing B Shares in issue, 40 per cent. of the Share capital of the Enlarged Company immediately following the issue of New Shares pursuant to the Schemes. The New B Shares will be issued between VCT I and VCT II proportionally by reference to the New Ordinary Shares to be issued to their shareholders and then, in respect of VCT I, to the holders of VCT I B Shares *pro rata* to their holdings of VCT I B Shares on the Record Date and, in respect of VCT II firstly 75 per cent. to the Nominees and the balance *pro rata* to the other holders of VCT II B Shares on the Record Date. For these purposes the Company will disregard any VCT I B Shares and VCT II B Shares held by dissenting shareholders.

Following the transfer, the listing of the VCT I Shares and VCT II Shares will be cancelled and VCT I and VCT II will be wound up.

The Schemes are conditional upon the approval by the shareholders of the Company, VCT I and VCT II of the resolutions to be proposed at the Meetings, the VCT I Meetings and the VCT II Meetings as well as both Schemes becoming unconditional. The other conditions to which the Schemes are subject are set out in paragraph 8 of Part IV of this document.

As at 30 April 2009, the unaudited NAV of the Ordinary Shares (taken from the management accounts of the Company to 30 April 2009) was £16.6 million and the Ordinary Shares Merger Value (this being the unaudited NAV of the Ordinary Shares as at 30 April 2009 plus adjustments in relation to dividends to be paid and the Schemes less its *pro rata* proportion (based on the relative unaudited NAVs of the Company, VCT I and VCT II as at 30 April 2009 adjusted for dividends to be paid) of the costs of the Schemes, which are estimated to be £174,000), had the Schemes been implemented on that date, would have been 86.8p. The B Shares Merger Value will be the nominal value thereof as at this time insufficient funds have been returned to holders of Ordinary Shares for any value to be attributable to the B Shares.

As at 30 April 2009, the unaudited NAV of the VCT I Ordinary Shares (taken from the management accounts of VCT I to 30 April 2009) was £9.9 million and the VCT I Ordinary Shares Roll-Over Value (this being the unaudited NAV of the VCT I Ordinary Shares as at 30 April 2009 plus adjustments in relation to dividends to be paid and the Schemes less VCT I's *pro rata* proportion (based on the relative unaudited NAVs of the Company, VCT I and VCT II as at 30 April 2009 adjusted for dividends to be paid) of the costs of the Schemes, which are estimated to be £119,000), had the Schemes been implemented on that date, would have been 79.6p (assuming no dissenting VCT I Shareholders). The VCT I B Shares Merger Value will be the nominal value thereof as at this time insufficient funds have been returned to holders of VCT I Ordinary Shares for any value to be attributable to the VCT I B Shares.

As at 30 April 2009, the unaudited NAV of the VCT II Ordinary Shares (taken from the management accounts of VCT II to 30 April 2009) was £16.7 million and the VCT II Ordinary Shares Roll-Over Value (this being the unaudited NAV of the VCT II Ordinary Shares as at 30 April 2009 plus adjustments in relation to dividends to be paid and the Schemes less VCT II's *pro rata* proportion (based on the relative unaudited NAVs of the Company, VCT I and VCT II as at 30 April 2009 adjusted for dividends to be paid) of the costs of the Schemes, which are estimated to be £190,000), had the Schemes been implemented on that date, would have been 87.3p (assuming no dissenting VCT II Shareholders). The VCT II B Shares Merger Value will be the nominal value thereof as at this time insufficient funds have been returned to holders of VCT II Ordinary Shares for any value to be attributable to the VCT II B Shares.

For example and based on the unaudited net asset values referred to above, a holder of 10,000 VCT I Ordinary Shares or 10,000 VCT II Ordinary Shares would receive New VCT III Ordinary Shares as follows:

	<u>VCT I</u>	<u>VCT II</u>
Relevant roll over value per ordinary share in VCT I and VCT II	79.6p	87.3p
Ordinary Share Merger Value in the Company	86.8p	86.8p
Conversion factor	0.91705	1.00576
Number of New Ordinary Shares in the Company	9,171	10,058

Further information regarding the terms of the Schemes is set out in Part IV of this document.

The pro forma financial information on the Enlarged Company, had the Schemes been effected based on the audited net asset value of the Company, VCT I and VCT II as at 31 December 2008, is shown in Part V of the Prospectus.

Portfolio restructuring

The aggregate holding between the Core VCTs in a number of investments is greater than 50 per cent. which, in the Enlarged Company, would breach VCT restrictions. Restructurings and further investments by third parties are currently in progress and should be completed prior to or on the Effective Date to reduce the holding for VCT purposes but retain the same economic value. If the Enlarged Company were not to meet the requirements for VCT status, the VCT I Second Extraordinary General Meeting and the VCT II Second Extraordinary General Meeting may be adjourned or the resolutions to be proposed withdrawn and the merger not completed.

Special Dividend

The Board has declared a Special Dividend of 12p per Ordinary Share, subject to the Schemes becoming effective. This Special Dividend will, if it becomes payable, be paid to Shareholders on the register on 15 July 2009 (the Special Dividend Record Date) on 28 July 2009 (the Special Dividend Payment Date).

Change of name

In light of the proposed merger, a resolution has been proposed that, subject to the Schemes becoming effective, the name of the Company be changed to Core VCT plc. Existing Share certificates will continue to be valid in respect of existing Shares in issue.

Share issue and buy-back authorities

In order to implement the Schemes, the Company will need to increase its authorised Share capital and authorise the Board to allot Shares pursuant to the Schemes.

The Company will also take this opportunity to renew its authorities to issue up to at least 10 per cent. of its enlarged issued Ordinary Share and/or B Share capital (having disapplied pre-emption rights) and buy-back up to 7,730,000 Ordinary Shares and 8,960,000 B Shares.

Cancellation of the Share premium account

One of the main principles of company law is that the capital of a company should be maintained and therefore a company with share capital must obtain proper consideration for the shares that it issues and must not return funds which have been subscribed for shares, except in certain prescribed ways. The principle of maintenance of capital underlies various provisions of the Companies Acts – for example, a company may only make distributions to its members out of distributable profits and a company may not buy back its own shares except in limited circumstances.

A company can, however, reduce its share capital in circumstances where creditors will not be adversely affected, provided that the company complies with certain procedural requirements. The Companies Acts provide that a company may reduce its capital by special resolution if its articles of association contain the power to do so and subject to confirmation by the court. A special reserve will then be created from the sums set free from such a cancellation which can be regarded as a distributable reserve.

The Company completed a cancellation of 50 per cent. of its Share premium account in 2005 and the special reserve created has assisted the Company in making distributions. The Board considers it appropriate to obtain the Shareholder authority to cancel the remainder of the Share premium account to create (subject to court sanction) further distributable reserves to provide the Company with additional flexibility, in particular in light of the proposed merger.

A special resolution is therefore being proposed at the Extraordinary General Meeting to cancel the balance of the Company's Share premium account. The special reserve to be created following court sanction may be used to fund distributions to Shareholders and buy backs, to set off or write off losses against and for other corporate purposes of the Company.

Taxation

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

The implementation of the Schemes should not affect the status of the Company as a VCT or the reliefs obtained by Shareholders on subscription of existing Shares. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Schemes so as to continue to qualify as a VCT.

The redesignation of B Shares to deferred shares and subsequent repurchase by the Company shall not constitute a disposal of such shares for UK capital gains tax purposes. Shareholders should, for UK tax purposes, effectively be able to treat the remaining B Shares as representing the original holding in full, such shares continue to be regarded as VCT qualifying shares for qualifying shareholders. Clearances to this effect have been obtained from HMRC.

Meetings

Notices of the Extraordinary General Meeting, the Ordinary Share Class Meeting and the B Share Class Meeting are set out on pages 34 to 41 of this document. The Meetings will be held at 4.10 pm, 4.20 pm and 4.25 pm respectively on 7 July 2009 at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW to approve resolutions to implement the Proposals.

An explanation of the resolutions to be proposed at the Meetings are is set out below:

Extraordinary General Meeting

Resolution 1 is a composite resolution to approve the acquisition of the assets and liabilities of VCT I and VCT II under the Schemes, create and issue New Shares in connection with the Schemes and change the name of the Company.

Paragraph 1.1 of Resolution 1 will seek the approval of Shareholders for the purchase by the Company of the assets and liabilities of VCT I pursuant to the VCT I Scheme.

Paragraph 1.2 of Resolution 1 will seek the approval of Shareholders for the purchase by the Company of the assets and liabilities of VCT II pursuant to the VCT II Scheme.

Paragraph 1.3 of Resolution 1 will, subject to the Schemes becoming effective and on the Effective Date, redesignate a portion of holdings in B Shares into Deferred Shares to effect the adjustment in the B Share mechanism as set out on page 17.

Paragraph 1.4 of Resolution 1 will authorise the Directors pursuant to Section 80 CA 1985 to allot New Shares in the Company up to an aggregate nominal value of £7,000 (representing 168 per cent. of the issued Share capital of the Company as at 11 June 2009, this being the latest practicable date prior to publication of this document) in connection with the Schemes. The authority conferred by paragraph 1.4 of Resolution 1 will expire on the fifth anniversary of the passing of the resolution. Paragraph 1.4 of Resolution 1 will, subject to the Schemes being Effectuated and at the same time as they are implemented, redesignate the relevant proportion of the B Shares held by each holder of B Shares into deferred shares to achieve the appropriate proportion of the aggregate B Shares in issue after the merger being in the hands of Core and the existing holders of B Shares compared to the holding to be issued to the holders of VCT I B Shares and VCT II B Shares.

Paragraph 1.5 of Resolution 1 will approve amendments to the Articles to apply the rights and restrictions of the deferred shares currently set out in the Articles to the deferred shares to be created pursuant to paragraph (iv) of the resolutions (including a technical amendment to the existing rights for compliance with the Companies Acts) and to amend the definition of "Trigger Event" and "Catch-up Period" to reflect the changes necessary to apply the investment management performance across the Enlarged Company as set out on page 16. Paragraph 1.5 will be subject to the Schemes becoming effective.

Paragraph 1.6 of Resolution 1 will approve the name of the Company being changed to Core VCT plc, subject to the Schemes becoming effective.

Resolution 1 will be subject to the resolutions being approved at the Ordinary Share Class Meeting and the B Share Class Meeting.

Resolution 2 is a composite resolution to renew allotment and repurchase authorities.

Paragraph 2.1 of Resolution 2 will authorise the Directors pursuant to Section 80 CA 1985 to allot Shares in the Company up to an aggregate nominal value of £1,115 (representing 27 per cent. of the issued Share capital of the Company as at 11 June 2009, this being the latest practicable date prior to publication of this document) for the purpose set out in paragraph 2.2 of Resolution 2. The authority conferred by paragraph (i) of Resolution 2 will expire on the fifth anniversary of the passing of the resolution.

Paragraph 2.2 of Resolution 2 will disapply pre-emption rights in respect of the allotment of up to an aggregate of 10 per cent. of the issued Ordinary Share capital and/or B Share capital as at close of business on 17 July 2009, the proceeds of which may be used, in part or whole, to purchase the Company's own Ordinary Shares and/or B Shares in the market. The authority conferred by paragraph 2.2 of Resolution 2 will expire on the conclusion of the annual general meeting of the Company to be held in 2010.

Paragraph 2.3 of Resolution 2 will authorise the Company to make market purchases of up to 7,730,000 Ordinary Shares and 8,960,000 B Shares. Any Shares bought back under this authority may be cancelled or held in treasury as may be determined by the Board. The authority conferred by paragraph 2.3 of Resolution 2 will expire on the conclusion of the annual general meeting of the Company to be held in 2010.

Resolution 3 will authorise the cancellation of the Share premium account of the Company at the date of the order made confirming such cancellation by the court.

All three resolutions will be proposed as special resolutions requiring the approval of 75 per cent. of the votes cast at the meeting.

Ordinary Share Class Meeting and B Share Class Meeting

At the Ordinary Share Class Meeting and B Share Class Meeting resolutions will be proposed to approve resolution 1 being proposed at the Extraordinary General Meeting and any variations to class rights resulting therefrom.

Both resolutions will be proposed as extraordinary resolutions requiring the approval of 75 per cent. of the votes cast at the relevant meeting.

Action to be taken

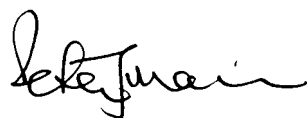
Before taking any action, you are recommended to read the further information set out in this document and the Prospectus.

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

Recommendation

The Board unanimously recommends you to vote in favour of the resolutions to be proposed at the Meetings as they intend to do in respect of their own holdings of 63,100 Ordinary Shares and 46,575 B Shares, representing approximately 0.26 per cent. of the issued Share capital of the Company and 0.38 per cent. and 0.19 per cent. of the issued Ordinary Share capital and B Share capital of the Company respectively.

Yours faithfully



Peter Smail
Chairman

PART IV – THE SCHEMES

1. Definitions and interpretation

The definitions set out on pages 7 to 10 of this document shall have the same meanings when used in the context of this Part IV.

On or immediately prior to the Effective Date, Maven (on the instruction of the Liquidators) shall calculate the Merger Values in accordance with paragraph 4 below.

2. Provision of information

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of VCT I and VCT II and shall deliver to the Company in respect of each of VCT I and VCT II:

- particulars of all of the assets and liabilities;
- a list certified by the registrars of the names and addresses of, and the number of shares of each class held by, each of the shareholders on the register at 5.00 pm on the Record Date;
- an estimate of the winding-up costs which will form part of the costs of the Schemes; and
- the amount estimated to be required to purchase the holdings of any dissenting shareholders.

3. Transfer Agreements

On the Effective Date, the Company shall enter into the Transfer Agreements (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators shall procure the transfer of all the assets and liabilities of VCT I and VCT II to the Company in exchange for the issue of New Shares (fully paid) to the shareholders of VCT I and VCT II on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of VCT I and VCT II to the Company, the Company will, pursuant to the Transfer Agreements, undertake to pay all liabilities incurred by the Liquidators including but not limited to the implementation of the Schemes, the winding up of VCT I and VCT II and the purchase for cash of any holdings of dissenting shareholders in VCT I or VCT II.

4. Calculation of the Merger Values and the number of New Shares to be issued

For the purposes of calculating the Merger Values and the number of New Shares to be issued, the following provisions shall apply:

VCT I

The VCT I Ordinary Shares Roll-Over Value shall be calculated as:

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

where:

A = the unaudited net asset value of the VCT I Ordinary Shares as at 30 April 2009, calculated in accordance with VCT I's normal accounting policies;

B = any increase/decrease in the valuations of: (i) quoted investments held by VCT I in securities listed on a recognised stock exchange (including AiM and the PLUS market) by reference to their bid price as at the close of business from 30 April 2009 to the Record Date; (ii) unquoted investments held by VCT I where there has been an event in the period between 30 April 2009 to the Record Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)' and using the International Private Equity and Venture Capital Valuation Guidelines; and (iii) an investment held by VCT I following an event in the period between 30 April 2009 to the Record Date, which, in the opinion of the Core VCT boards, has had a material impact on such an investment;

- C = any adjustment the Core VCT boards consider appropriate to reflect any other actual or contingent benefit or liability attributable to the VCT I Ordinary Shares (including dividends declared but not paid) and/or to reflect the merger being completed on a fair and equitable basis;
- D = VCT I's *pro rata* proportion (by reference to the relative unaudited NAVs of the Company, VCT I and VCT II as at 30 April 2009 adjusted for dividends to be paid) of the costs of the Schemes plus £15,000 (representing an amount of contingency to cover any unforeseen additional costs incurred by the Company, which will indemnify the Liquidators in respect of all costs of VCT I following the transfer on the Effective Date);
- E = the amount estimated to be required to purchase the holdings of VCT I Ordinary Shares from dissenting VCT I shareholders; and
- F = the number of VCT I Ordinary Shares in issue following close of business on the Record Date (save for any VCT I Ordinary Shares held by dissenting VCT I shareholders).

The VCT I B Shares Roll-Over Value shall be the nominal value thereof less the amount estimated to be required to purchase the holdings of VCT I B Shares from dissenting VCT I shareholders.

VCT II

The VCT II Ordinary Shares Roll-Over Value shall be calculated as:

$$\frac{(G + H + I) - (J + K)}{L}$$

where:

- G = the unaudited net asset value of the VCT II Ordinary Shares as at 30 April 2009, calculated in accordance with VCT II's normal accounting policies;
- H = any increase/decrease in the valuations of: (i) quoted investments held by VCT II in securities listed on a recognised stock exchange (including AiM and the PLUS market) by reference to their bid price as at the close of business from 30 April 2009 to the Record Date; (ii) unquoted investments held by VCT II where there has been an event in the period between 30 April 2009 to the Record Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)' and using the International Private Equity and Venture Capital Valuation Guidelines; and (iii) an investment held by VCT II following an event in the period between 30 April 2009 to the Record Date, which, in the opinion of the Core VCT boards, has had a material impact on such an investment;
- I = any adjustment the Core VCT boards consider appropriate to reflect any other actual or contingent benefit or liability attributable to the VCT II Ordinary Shares (including dividends declared but not paid) and/or to reflect the merger being completed on a fair and equitable basis;
- J = VCT II's *pro rata* proportion (by reference to the relative unaudited NAVs of the Company, VCT I and VCT II as at 30 April 2009 adjusted for dividends to be paid) of the costs of the Schemes plus £15,000 (representing an amount of contingency to cover any unforeseen additional costs incurred by the Company, which will indemnify the Liquidators in respect of all costs of VCT II following the transfer on the Effective Date);
- K = the amount estimated to be required to purchase the holdings of VCT II Ordinary Shares from dissenting VCT II shareholders; and
- L = the number of VCT II Ordinary Shares in issue following close of business on the Record Date (save for any VCT II Ordinary Shares held by dissenting VCT II shareholders).

The VCT II B Shares Roll-Over Value shall be the nominal value thereof less the amount estimated to be required to purchase the holdings of VCT II B Shares from dissenting VCT II shareholders.

The Company

The Ordinary Shares Merger Value shall be calculated as follows:

$$\frac{(M + N + O) - (P)}{Q}$$

where:

M = the unaudited net asset value of the Ordinary Shares as at 30 April 2009, calculated in accordance with the Company's normal accounting policies;

N = any increase/decrease in the valuations of: (i) quoted investments held by the Company in securities listed on a recognised stock exchange (including AiM and the PLUS market) by reference to their bid price as at the close of business from 30 April 2009 to the Record Date; (ii) unquoted investments held by the Company where there has been an event in the period between 30 April 2009 to the Record Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)' and using the International Private Equity and Venture Capital Valuation Guidelines; and (iii) an investment held by the Company following an event in the period between 30 April 2009 to the Record Date, which, in the opinion of the Core VCT boards, has had a material impact on such an investment

O = any adjustment the Core VCT boards consider appropriate to reflect any other actual or contingent benefit or liability attributable to the Company's Ordinary Shares (including any dividends declared or announced but not paid) and/or to reflect the merger being completed on a fair and equitable basis; and

P = the Company's *pro rata* proportion (by reference to the relative unaudited NAVs of the Company, VCT I and VCT II as at 30 April 2009 adjusted for dividends to be paid) of the costs of the Schemes.

Q = the number of the Company's Ordinary Shares in issue following close of business on the Record Date.

The B Shares Merger Value shall be the nominal value thereof.

New Ordinary Shares

The number of New Ordinary Shares to be issued to VCT I shareholders (save for any dissenting VCT I shareholders) shall be calculated as follows:

$$\left(\frac{R}{S} \right) \times T$$

Where:

R = the VCT I Ordinary Shares Roll-Over Value;

S = the Ordinary Shares Merger Value; and

T = the number of VCT I Ordinary Shares in issue as at close of business on the Record Date (save for any VCT I Ordinary Shares held by dissenting VCT I shareholders).

The number of New Ordinary Shares to be issued to VCT II shareholders (save for any dissenting VCT II shareholders) shall be calculated as follows:

$$\left(\frac{U}{V} \right) \times W$$

Where:

U = the VCT II Ordinary Shares Roll-Over Value;

V = the Ordinary Shares Merger Value; and

W = the number of VCT II Ordinary Shares in issue as at close of business on the Record Date (save for any VCT II Ordinary Shares held by dissenting VCT II shareholders).

New B Shares

The number of New B Shares (“Z”) to be issued shall be calculated as follows:

$$X \times 0.6667$$

where:

X = the Ordinary Shares in issue on the Record Date plus the New Ordinary Shares to be issued pursuant to the Schemes

The New Shares to be issued pursuant to the Schemes shall be issued directly to VCT I and VCT II shareholders (save for any dissenting shareholders in VCT I or VCT II) on instruction of the Liquidators as follows:

- (i) in respect of the New Ordinary Shares to be issued to VCT I shareholders, *pro rata* to the holders (other than dissenting shareholders in VCT I) of VCT I Ordinary Shares (for these purposes disregarding the VCT I Ordinary Shares held by dissenting shareholders in VCT I) on the Record Date;
- (ii) in respect of the New Ordinary Shares to be issued to VCT II shareholders, *pro rata* to the holders (other than dissenting shareholders in VCT II) of VCT II Ordinary Shares (for these purposes disregarding the VCT II Ordinary Shares held by dissenting shareholders in VCT II) on the Record Date;
- (iii) in respect of the New B Shares to be issued:
 - (a) ZA of the New B Shares shall be issued to the holders of VCT I B Shares (other than dissenting shareholders in VCT I) *pro rata* to their holdings of VCT I B Shares (for these purposes disregarding the VCT I B Shares held by dissenting shareholders in VCT I) on the Record Date; and
 - (b) ZB of the New B Shares shall be issued to the holders of VCT II B Shares (other than dissenting shareholders of VCT II) as follows:-
 - 75 per cent. to the relevant Nominees in VCT I (*pro rata* to their relevant Nominee Holdings in VCT I as at close of business on the day before the Effective Date); and
 - 25 per cent. to the holders of VCT II B Shares (other than the relevant Nominees in VCT II in respect of the relevant Nominee Holdings in VCT II and the dissenting shareholders of VCT II) *pro rata* to their holdings of VCT II B Shares (for these purposes disregarding the relevant Nominee Holdings in VCT II and the VCT II B Shares held by dissenting shareholders in VCT II) on the Record Date

and for those purposes ZA and ZB shall be calculated as follows:

$$ZA = Z \times \left(\frac{RA}{UA} \right)$$

$$ZB = Z \times \left(\frac{TA}{UA} \right)$$

where:

Z = the number of B Shares in issue following completion of the merger;

RA = the number of New Ordinary Shares issued to holders of VCT I Ordinary Shares;

TA = the number of New Ordinary Shares issued to holders of VCT II Ordinary Shares; and

UA = the total number of Ordinary Shares in issue following completion of the merger.

Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £5) will be sold in the market and the proceeds retained for the benefit of the Enlarged Company.

The New Shares will be issued in registered form. New Shares are eligible for electronic settlement and can be held within the CREST system. If, following issue, recipients of New Shares pursuant to the Schemes should wish to hold their New Shares in uncertificated form they should contact their stockbroker.

Application has been made to the UKLA for the New Shares to be listed on the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its market for listed securities. The New Shares will rank *pari passu* with the existing issued Ordinary Shares and B Shares (as applicable) from the date of issue.

5. Modifications

The provisions of the Schemes shall have effect subject to such non-material modifications or additions as the parties to the Transfer Agreements may from time to time approve in writing.

6. Reliance on information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Schemes and the Transfer Agreements including, for the avoidance of doubt any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by VCT I and VCT II, the VCT I Board and VCT II Board (or any individual director of VCT I and VCT II), Core, Maven, the registrar or the bankers of the Company or its or their other professional advisers and the Liquidators and the Company shall not be liable or responsible for any loss suffered as a result thereof.

7. Liquidators' liability

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

8. Conditions

The Schemes are conditional upon:

- the passing of Resolution 1 to be proposed at the Extraordinary General Meeting and the resolutions to be proposed at the Ordinary Share Class Meeting and the B Share Class Meeting;
- notice of dissent not having been received from shareholders of each of VCT I and VCT II holding more than 2 per cent. in nominal value of the issued share capital of their relevant company under Section 111 IA 1986 (this condition may be waived by the board of the relevant company, as necessary);
- the passing of the resolutions to be proposed at the VCT I Meetings and the VCT II Meetings; and
- both VCT I Scheme and the VCT II Scheme becoming unconditional.

Subject to the above, the Schemes shall become effective immediately after the passing of the extraordinary resolutions for the winding up of VCT I and VCT II to be proposed at the respective VCT I Second Extraordinary General Meeting and the VCT II Second Extraordinary General Meeting. If they become effective, the Schemes shall be binding on all Shareholders and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 31 August 2009, the Schemes shall not become effective. The Board will then review all options available to it regarding the future of the Company.

9. Effect of the Schemes

The pro forma financial information on the Enlarged Company, had the Schemes been effected based on the audited net asset value of the Company, VCT I and VCT II as at 31 December 2008, is shown in Part V of the Prospectus.

Shareholders in VCT I and VCT II will receive new share certificates in respect of the New Shares issued pursuant to the Schemes.

10. Dissenting VCT I and VCT II Shareholders

The Liquidators will offer to purchase the holdings of dissenting shareholders of VCT I and VCT II at the break value price of the relevant class, this being an estimate of the amount a shareholder of VCT I and VCT II would receive per share of the relevant class in an ordinary winding-up of the Company if all of the assets of VCT I or, as the case may be, and VCT II had to be realised. The break value is expected to be significantly below the estimated relevant Merger Values. A dissenting Shareholder will need to dissent separately for any VCT I Shares and VCT II Shares if shares are held in both companies.

11. Governing law

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

PART V – ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share capital

2.1 As at 11 June 2009 (this being the latest practicable date prior to the publication of this document), the authorised and issued share capital of the Company was as follows:

	Authorised		Issued and fully paid*	
	No. of Shares	£	No. of Shares	£
Ordinary Shares (0.01p each)	222,020,000	22,202	16,510,859*	1,651
B Shares (0.01p each)	333,030,000	23,303	24,736,288	2,474

(* 140,000 of the Ordinary Shares are subject to irrevocable undertakings to pay the relevant subscription costs per share on the Company giving notice, such notice having been given on 30 April 2009 for payment by 12 June 2009, such payments being the subject of bank guarantees if payment is not received by the relevant holder)

2.2 The B Shares have been issued to provide the Investment Manager with a shareholder aligned management performance fee arrangement and have restricted voting and participation rights.

The B Shares issued represented 60 per cent. of the issued share capital of the Company; 50 per cent. of which were issued to the Investment Manager (now being held by the Nominees), the balance being issued to the subscribers of Ordinary Shares.

The holders of B Shares are currently entitled to receive 60 per cent. of all income and capital distributions once 60p has been returned to the holders of Ordinary Shares. This is achieved through the following mechanism:

- first, the holders of Ordinary Shares are entitled to all distributions until such time as the Effective Initial Cost has been returned per Ordinary Share in addition to the Hurdle Rate Return;
- second, all income and capital shall be distributed or returned (as the case may be) to the holders of B Shares until they have received an amount equal to 150 per cent. of the amount distributed to the holders of Ordinary Shares in excess of 60p per share (i.e. an equalisation payment (“Catch-up Period”) in order to give the holders of B Shares 60 per cent. of all income distributed and capital returned above the Effective Initial Cost); and
- thereafter the Ordinary Shares and B Shares rank *pari passu* for all distributions resulting in 40 per cent. being distributed to the holders of Ordinary Shares and 60 per cent. being distributed to the holders of B Shareholders.

This mechanism will be amended to reflect amalgamating the carried interest rights in the Core VCTs for the Enlarged Company as set out on page 17.

In certain limited circumstances, including the management agreement with Core being terminated for cause, the B Shares will be re-designated into Deferred Shares with no effective value or rights.

2.3 As at 11 June 2009 (this being the latest practicable date prior to the publication of this document), save as set out in paragraph 5.1.4, no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

3. Directors and their interests

3.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

- Peter Smaill (Chairman)
- Lord Walker
- John Brimacombe

all of One Bow Churchyard, London EC4M 9HH (the registered office and principal place of business of the Company).

3.2 As at 11 June 2009 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families), as well as Core (through Giltspur Nominees Limited) and its members, partners and employees, in the issued share capital of the Company were as follows:

Director	Ordinary Shares		B Shares	
	Number	% of Ordinary Share Capital	Number	% of B Share capital
Peter Smaill	31,900	0.19	23,175	0.09
Lord Walker	31,200	0.19	23,400	0.09
John Brimacombe	–	–	–	–
Giltspur Nominees Limited	–	–	11,482,714	46.42
Core members, partners and employees	332,000	2.01	11,716,714	47.37

3.3 The Directors' and Core (through Giltspur Nominees Limited) (and its members, partners and employees, as at 11 June 2009 (being the latest practicable date prior to publication of this document), interests in VCT I and VCT II are as follows:

VCT I

Director	VCT I Ordinary Shares		VCT I B Shares	
	Number	% of VCT I Ordinary Share Capital	Number	% of VCT I B Share capital
Peter Smaill	31,200	0.29	5,200	0.07
Lord Walker	46,800	0.43	7,800	0.11
John Brimacombe	–	–	–	–
Giltspur Nominees Limited	–	–	5,472,285	75.00
Core members, partners and employees	1,663,353	15.21	5,749,477	78.80

VCT II

Director	VCT II Ordinary Shares		VCT II B Shares	
	Number	% of VCT II Ordinary Share Capital	Number	% of VCT II B Share capital
Peter Smaill	–	–	–	–
Lord Walker	–	–	–	–
John Brimacombe	–	–	–	–
Giltspur Nominees Limited	–	–	11,483,856	46.42
Core members, partners and employees	748,000	4.53	12,029,856	48.63

- 3.4 None of the Directors have a service agreement with the Company, nor are any such contracts proposed. The Directors were appointed under letters of appointment dated 11 October 2005 (save for John Brimacombe whose letter of appointment is dated 9 August 2007) which 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. Directors are entitled to annual fees of £6,000 (save for the chairman who receives £7,500). Fees paid to the Directors in respect of the year ended 31 December 2008 were £19,500. Aggregate emoluments for the current year are expected to be £19,500. From the Effective Date, and subject to the Schemes becoming effective, the fees payable to the chairman shall increase to £22,500 per annum and for each of the other Directors to £18,000 per annum.
- 3.5 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 year ended 31 December 2008 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

4. Substantial Shareholders

As at close of business on 11 June 2009 (this being the latest practicable date prior to publication of this document) and save as set out in paragraph 3.2 above, the Company was not aware of any holdings of 3 per cent. or more of its issued share capital or of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

5. Material contracts

- 5.1 Save as disclosed in this paragraph 5.1, 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:

5.1.1 The management agreement dated 11 October 2005 between the Company and Core. The management agreement provides that in consideration of £1, Core will provide investment management services to the Company in respect of its portfolio of qualifying investments in each case for an initial period of four years. The management agreement may be terminated by either party giving 12 months prior notice in writing at any time on or after such initial four year period. The management agreement will be terminable by Core in the event of, *inter alia*, the Company committing a material breach of the management agreement and if the breach is capable of remedy and the Company fails to rectify the same within 30 days of being requested to do so and, by Core, if the Company fails to become or ceases to be a VCT for tax purposes or if the Company goes into liquidation or has a receiver or administrator appointed over it or any of its undertakings and assets. The management agreement may also be terminated by the Company where:

- 5.1.1.1 Core has committed a material breach of the management agreement, which if capable of remedy remains unremedied for 30 days following notification thereof by the Company;
- 5.1.1.2 Core ceases to be an authorised person or permitted to act as discretionary investment manager pursuant to the terms of the management agreement;
- 5.1.1.3 Core has committed an act of fraud, reckless disregard or gross negligence in relation to its duties under the management agreement;
- 5.1.1.4 Core goes into liquidation or has a receiver or administrator appointed over it or any of its undertaking or assets; or
- 5.1.1.5 Walid Fakhry and Stephen Edwards both cease (whether at the same time or otherwise) to be members of the Investment Manager

(in any such case it would be "Terminated for Cause"). If the management agreement is Terminated for Cause then the B Shares in the Company shall be re-designated into deferred shares. This is to ensure that the members of Core effectively lose the right to receive any carried interest/performance incentive and would provide funds out of which the Board could employ alternative managers. If the B Shares are redesignated, any assets attributable to them in excess of their par value of 0.01p immediately prior to such resignation, would accrue to the Ordinary Shares.

No fees will be payable by the Company to Core in respect of the management of the portfolio of qualifying investments.

However, in line with common practice in the private equity industry, Core retains the right to charge arrangement fees, for example, when Core acts on behalf of VCTs it manages as the leading or sole institutional investor, and monitoring fees, where appropriate, from portfolio companies in which VCTs managed by it invest. The Company will be responsible for any external costs, such as legal and accounting fees incurred on transactions that do not proceed to completion – such fees are payable in addition to the administration expenses of the Company. The management agreement also contains provisions indemnifying Core against any liability, not due to its default, in respect of any negligence or fraud.

5.1.2A co-investment agreement between the Company, VCT I, VCT II and Core dated 11 October 2005. The Directors and Core also act for VCT I and VCT II, which has an identical investment policy to the Company. The agreement provides for co-investment between the companies to be achieved in various ways, including:

5.1.2.1 the Company, VCT I and VCT II co-investing in each and every investment in parallel until they reach their prescribed investment targets. The Company, VCT I and VCT II should, therefore, be able to invest up to £3 million at any one time;

5.1.2.2 investments can be phased to provide additional capital to existing investments, so as to increase the amount invested in each portfolio company over time, for example to finance the continued roll out of a successful business plan, or to support existing businesses in making further acquisitions of companies; and

5.1.2.3 in order to mitigate potential conflicts of interest where less than the maximum permitted amount is to be invested by the Company, VCT I and VCT II, including any new VCT's that may be launched in future years, the Directors, who form the board of each of the Company, VCT I and VCT II, will follow a policy of allocating investment *pro rata* to the NAV of each company but with the ability to adjust the weighting in favour of any company incorporated at the earliest date if necessary to mitigate any potential breach of VCT regulations. Where such a weighting adjustment is to be made, it will be made at the discretion of and with the approval of the directors from the Company, VCT I and VCT II.

5.1.3 A lock-up agreement between the Company and Core dated 11 October 2005. Under the terms of the agreement the Company and Core has entered into a lock-up agreement in relation to its B Shares. This agreement provides that the Investment Manager may not transfer any of its B Shares save pursuant to a takeover offer and in other specific circumstances.

In addition it should be noted that:

5.1.3.1 the lock-up agreement only applies to those B Shares issued to Core by way of cash subscription. In the event that Core has been issued, by way of bonus issue, B Shares (as a result of Ordinary Shares subscribed by Core) such B Shares issued by way of bonus issue shall not be subject to the said lock-up arrangements;

5.1.3.2 Core is entitled to transfer up to 5 per cent. of the B Shares (or such higher percentage as the Board may determine in their absolute discretion) which form the subject matter of the lock-up agreement without any restriction for the purposes of promoting liquidity in the trading of the B Shares; and

5.1.3.3 the Board may consent to the transfer of further B Shares at the request of Core if such transfer is deemed necessary for the marketing purposes of the offers.

A deed of amendment dated 11 June 2009 has been entered into between the parties to the lock-up agreement pursuant to which the transfer restrictions under the lock-up agreement on Core shall apply to any nominee who holds existing B shares on Core's behalf or to which the New B Shares are to be issued pursuant to the Schemes, unless otherwise approved by the Board.

5.1.4 An option agreement between the Company and Core dated 11 October 2005. The Company has granted an option to Core entitling the option holder to subscribe for such number of B Shares at par in the Company that will entitle the option holder in aggregate to such number of B Shares that represent 30 per cent. of the aggregate number of B Shares and Ordinary Shares from time to time. The option holder had the right to subscribe for B Shares pursuant to the said option immediately following the initial allotment of shares and thereafter immediately following allotment

of any shares from time to time. The option lapses where the management agreement referred to at paragraph 5.1.1 is Terminated for Cause.

5.1.5 An agreement dated 11 June 2009 between the Company, the Directors, Core and Howard Kennedy pursuant to which Howard Kennedy will act as sponsor to the Company. Under the agreement, which may be terminated by Howard Kennedy in certain circumstances, certain warranties have been given by the Company, the Directors and Core to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs

5.2 The following contracts will be entered into, subject, *inter alia*, to the approval by Shareholders of the resolutions to be proposed at the Meetings and the:

5.2.1 A transfer agreement between the Company and VCT I (acting through the Liquidators) pursuant to which the assets and liabilities of VCT I will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New Shares in accordance with Part IV of this document. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of VCT I will be transferred on receipt to the Company as part of the VCT I Scheme. This agreement will be entered into as part of the VCT I Scheme.

5.2.2 A transfer agreement between the Company and VCT II (acting through the Liquidators) pursuant to which the assets and liabilities of VCT II will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New Shares in accordance with Part IV of this document. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of VCT II will be transferred on receipt to the Company as part of the VCT II Scheme. This agreement will be entered into as part of the VCT II Scheme.

5.2.3 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Schemes. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the merger calculations. This agreement will be entered into as part of the Schemes.

6. General

6.1 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 23 September 2005, with registered number 05572561. The principal legislation under which the Company operates is the Companies Acts (and regulations made thereunder). The legal and commercial name of the Company is Core VCT III plc. The Company is domiciled in England.

6.2 Statutory accounts of the Company for the year/periods ended 31 December 2006, 2007 and 2008, in respect of which the Company's auditors, Ernst & Young LLP, have made unqualified reports under Section 235 CA 1985, have been delivered to the Registrar of Companies and such reports did not contain any statements under Sections 237(2) or (3) CA 1985.

6.3 Save for arrangements with Core set out at paragraph 5.1.1 above and the fees paid to the Directors as detailed in paragraph 3.4 above there were no related party transactions or fees paid during the years ended 31 December 2006, 2007 and 2008 by the Company or to date in the current financial year.

6.4 The Investment Manager has also agreed to limit the operating costs, excluding trail commission and professional and advisers' fees relating to any transaction which does not proceed to completion, to an amount not to exceed 1.5 per cent. of gross funds raised (this to be gross funds raised across the Core VCTs post merger).

6.5 Save for the movement in the net asset value from 79.15p per Ordinary Share and 0.01p per B Share as at 31 December 2008 to 100.8p per Ordinary Share and 0.01p per B Share as at 30 April 2009, there has been no significant change in the financial or trading position of the Company since 31 December 2008, the date to which the last audited financial statements have been published and there has been no significant change in the net asset value of the Company since 30 April 2009, in both cases to the date of this document.

6.6 The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since incorporation which may have, or have had in the recent past, significant effects on the Company and/or its financial position or profitability.

7. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of Martineau at 35 New Bridge Street, London, EC4V 6BW and also at the registered office of the Company:

- 7.1 the memorandum and articles of association of the Company;
- 7.2 the audited report and accounts of the Company for the financial years/periods ended 31 December 2006, 2007 and 2008;
- 7.3 the audited report and accounts of VCT I for the financial years ended 31 December 2006, 2007 and 2008;
- 7.4 the audited report and accounts of VCT II for the financial years/periods ended 31 December 2006, 2007 and 2008;
- 7.5 the material contracts referred to in paragraph 5 above;
- 7.6 the VCT I Circular;
- 7.7 the VCT II Circular;
- 7.8 the Prospectus; and
- 7.9 this document.

12 June 2009

CORE VCT III PLC

(Registered in England and Wales with registered number 05572561)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Core VCT III plc ("the Company") will be held at 4.10 pm on 7 July 2009 at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW (or as soon thereafter as the separate meeting of the holders of B ordinary shares of 0.01p each in the capital of Core VCT II plc on that date has been concluded) for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions:

Special Resolutions

1. That, subject to the resolutions to be proposed at the separate meetings of the holders of ordinary shares of 0.01p each in the capital of the Company and of the holders of B ordinary shares of 0.01p each in the capital of the Company convened for 4.20 pm and 4.25 pm respectively on 7 July 2009:
 - 1.1 the acquisition of the assets and liabilities of Core VCT I plc on the terms set out in the circular to shareholders dated 12 June 2009 ("the Circular") be and hereby is approved;
 - 1.2 the acquisition of the assets and liabilities of Core VCI II plc on the terms set out in the Circular be and hereby is approved;
 - 1.3 on the Effective Date (as defined in the Circular), subject to the Schemes becoming effective and at the same time as they are implemented: (i) X of the Nominee Holdings (rounded down to the nearest whole number) held by the Nominees as at close of business on the day before the Effective Date be and hereby are converted into and redesignated as deferred shares of 0.01p each (such conversion and redesignation to be pro-rata to their Nominee Holdings as at close of business on the day before the Effective Date); and (ii) Y of the B Shares (rounded down to the nearest whole number) held by each of the other holders of B Shares on the Effective Date be and hereby are converted and redesignated as deferred shares of 0.01p each, each such deferred share having the rights and being subject to the restrictions set out in article 3.8 of the articles of association of the Company (as amended pursuant to paragraph 1.5 of this resolution), and for these purposes "X" and "Y" shall be calculated as follows:

$$"X" = BC - (B \times 0.75)$$

$$"Y" = BM - \left((B \times 0.25) \times \left(\frac{BM}{BI} \right) \right)$$

where:

$$"B" = ((OI + ON) \times 0.6667) \times \left(\frac{OI}{OI + ON} \right)$$

and where:

BC = the number of B Shares held by the Nominees in respect of the Nominee Holdings as at close of business on the day before the Effective Date;

OI = the number of Ordinary Shares in issue as at close of business on the day before the Effective Date and immediately prior to the implementation of the Schemes;

ON = the number of Ordinary Shares to be issued on the Effective Date pursuant to the Schemes;

BM = the number of B Shares held by the relevant shareholder as at close of business on the day before the Effective Date and immediately prior to the implementation of the Schemes (as defined in the Circular);

BI = the number of B Shares in issues as at close of business on the day before the Effective Date and immediately prior to the implementation of the Schemes (as defined in the Circular);

Nominee means the nominees to which Core transferred its holding in B Shares; and

Nominee Holdings mean the B Shares transferred by Core to the Nominees;

- 1.4 in substitution for existing authorities, the directors be and hereby are authorised to exercise all of the powers of the Company to allot relevant securities (which expression shall have the meaning ascribed to it in Section 80 of the Companies Act 1985 (“the Act”)) up to an aggregate nominal value of £7,000 in connection with the Schemes (as defined in the Circular), provided that the authority conferred by this paragraph 1.4 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting;
- 1.5 the following amendments to the articles of association of the Company (“Articles”) be and hereby are made:
- 1.5.1 the following definition be inserted into Article 1.2:
- “Deferred Shares deferred shares of 0.01p each in the capital of the Company;”
- 1.5.2 Article 3.4(e) shall be deleted and replaced by the following Article 3.4(e):
- “the Deferred Shares shall be capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purposes the Directors may authorise any person to execute on behalf of and as attorney for the holders of Deferred Shares any and all documents necessary to give effect to such purchase and may deliver it or them on their behalf) and each Deferred Share so purchased or then unissued shall thereafter be redesignated as an ordinary share of 1p without any further resolution or consent.”
- 1.5.3 subject to the Schemes becoming effective:
- 1.5.3.1 the following be adopted as new Article 3.8:
- “The Deferred Shares resulting from the redesignation of B Shares pursuant to a special resolution passed on 7 July 2009 (“Merger Deferred Shares”) shall have the same rights and be subject to the same restrictions as the Deferred Shares referred to in Article 3.4 and, following the repurchase of all of such Merger Deferred Shares by the Company the provisions of this Article be deleted from these Articles.”;
- 1.5.3.2 the definition of ‘Trigger Event’ in Article 1.2 be deleted and replaced with:
- “in the event that the holders of Ordinary Shares have received from the Company, in respect of such shares, by way of dividends, return of capital or otherwise, in aggregate, an amount equal to:
- (a) 60p per Ordinary Share issued at any time by the Company (an amount of which being deemed to have been distributed, such amount calculated as the weighted average per share distribution (by reference to the net assets of the Company, Core VCT I plc and Core VCT II plc as at the Effective Date) of all distributions paid, declared or recommended by each such company, including the special dividends of 12p per Ordinary Share of the Company, 12p per ordinary share of 0.01p in Core VCT II plc and 10p per ordinary share of 1p in Core VCT I plc, such dividends declared on 12 June 2009 and to be paid on 28 July 2009); and
- (b) an amount arrived at by (i) applying the existing Hurdle Rate Return in each of the Company, Core VCT I plc and Core VCT II plc, taking into account distributions paid, declared and recommended (including the special dividends detailed in (a) above) and the number of Ordinary Shares in issue, in each case on the Effective Date following the merger and (ii) 5 per cent. per annum (compounded annually and calculated on a daily basis from 28 July 2009) on such part of the said 60p that remains to be paid to the holder of the Ordinary Share”;
- 1.5.3.3 the definition of ‘Catch-up Period’ in Article 1.2 be amended by replacing “150 per cent.” with “66.6667 per cent.” in line 5 and inserting “(for the avoidance of doubt, an amount of which being deemed to have been distributed, such amount calculated as the weighted average per share distribution (by reference to the net assets of the Company, Core VCT I plc and Core VCT II plc as at the Effective Date) of all distributions paid, declared or recommended by each such company, including the special dividends of 12p per Ordinary Share of the Company, 12p per ordinary share of 0.01p in Core VCT II plc and 10p per ordinary share of 1p in Core VCT I plc, such dividends declared on 12 June 2009 and to be paid on 28 July 2009)”;
- 1.5.3.4 Article 3.6 be deleted and replaced with the following Article 3.6(a)
- “the aggregate number of votes that a holder of B Shares, together with any concert party (as defined in the Takeover Code), shall be entitled to have, whether on a show of hands, on a poll or

otherwise, shall in aggregate not exceed 29.9 per cent. (rounded down if necessary), any reduction in votes necessary to give effect to this Article 3.6 be apportioned between the holder of B Shares and the concert parties *pro rata* to the number of B Shares held by them, and"; and

1.6 the name of the Company be and hereby is changed, subject to the Schemes becoming effective, to Core VCT plc.

2. That:

2.1 in substitution for existing authorities but subject to the authority conferred by paragraph 1.4 of Resolution 1 set out in this notice, the directors be and hereby are authorised to exercise all of the powers of the Company to allot relevant securities (which expression shall have the meaning ascribed to it in Section 80 of the Act) up to an aggregate nominal value of £1,115, provided that the authority conferred by this paragraph 2.1 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements);

2.2 in substitution for existing authorities, the directors be and hereby are empowered pursuant to Section 95(1) of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 94(2) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act by paragraph 2.1 of this resolution as if Section 89(1) of the Act did not apply to such allotment, provided that the power provided by this paragraph 2.2 shall expire on the conclusion of the annual general meeting of the Company to be held in 2010 and provided further that this power shall be limited to the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued Ordinary Share capital and/or 10 per cent. of the issued B Share capital, in each case as at 17 July 2009, where the proceeds may in whole or part be used to purchase Shares; and

2.3 in substitution for existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 163 of the Act of its own Shares (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 7,730,000 Ordinary Shares and/or 8,960,000 B Shares;

(ii) the minimum price which may be paid per Share is 0.01p, the nominal value thereof;

(iii) the maximum price which may be paid per Ordinary Share or, as the case may be B Share, is an amount equal to 105 per cent. of the average of the middle market quotation per Ordinary Share or, as the case may be, B Share, taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Ordinary Share or, as the case may be B Share, is to be purchased;

(iv) the authority conferred by this paragraph 2.3 shall expire on the conclusion of the annual general meeting of the Company to be held in 2010 unless such authority is renewed prior to such time; and

(v) the Company may make a contract to purchase Shares under the authority conferred by this resolution 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 such Shares.

3. That the amount standing to the credit of the share premium account of the Company at the date the order is made confirming such cancellation by the court be and hereby is cancelled.

Dated 12 June 2009

By order of the Board

Maven Capital Partners UK LLP
Secretary

Registered Office:
One Bow Churchyard
London
EC4M 9HH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 5 July 2009 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar Capita Registrars, on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars are charged at 10p per minute (including VAT) from a BT landline. Other service providers' costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is attached to this document. To be valid, it should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 4.10 pm on 5 July 2009 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. As at 11 June 2009 (being the last business day prior to the publication of this notice), the Company's issued share capital was 16,510,859 Ordinary Shares and 24,736,288 B Shares. The holders of B Shares are only entitled to vote on Resolution 1 to be proposed at the meeting. The total voting rights in the Company as at 11 June 2009 was 41,247,147 in respect of Resolution 1 to be proposed at the meeting and 16,510,859 in respect of Resolutions 2 and 3 to be proposed at the meeting.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (b) if more than one corporate representative for the same corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

CORE VCT III PLC

(Registered in England and Wales with registered number 05572561)

NOTICE OF ORDINARY SHARE CLASS MEETING

Notice is hereby given that a meeting of the holders of ordinary shares of 0.01p each in the capital of Core VCT III plc ("the Company") will be held at 4.20 pm on 7 July 2009 (or as soon thereafter as the extraordinary general meeting of the Company convened for 4.10 pm on that date has been concluded) at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

That the holders of ordinary shares of 0.01p each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

- (a) the passing and carrying into effect as a special resolution of the Company, of the resolution 1 set out in the notice of extraordinary general meeting of the Company convened for 4.10 pm on 7 July 2009 (a copy of which is produced to the meeting signed by the chairman for the purposes of identification); and
- (b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of the resolution referred to in paragraph (a) above, notwithstanding that the passing and carrying into effect of such resolution may affect the rights and privileges attached to such Ordinary Shares.

Dated 12 June 2009

By order of the Board

Maven Capital Partners UK LLP
Secretary

Registered Office:
One Bow Churchyard
London
EC4M 9HH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 5 July 2009 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar Capita Registrars, on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars are charged at 10p per minute (including VAT) from a BT landline. Other service providers' costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is attached to this document. To be valid, it should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 4.20 pm on 5 July 2009 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. As at 11 June 2009 (being the last business day prior to the publication of this notice), the Company's issued Ordinary Share capital was 16,510,859, carrying one vote each. Therefore, the total Ordinary Share voting rights in the Company as at 11 June 2009 was 16,510,859.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (b) if more than one corporate representative for the same corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. Notice is hereby further given that the necessary quorum for the above meeting shall be the holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 4.50 pm on 7 July 2009 and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.
12. The directors reserve the right to withdraw the resolution to be proposed at the meeting if resolution 1 to be proposed at the extraordinary general meeting of the Company to be held at 4.10 pm on 7 July 2009 is not passed.

CORE VCT III PLC

(Registered in England and Wales with registered number 05572561)

NOTICE OF B SHARE CLASS MEETING

Notice is hereby given that a meeting of the holders of B ordinary shares of 0.01p each in the capital of Core VCT III plc ("the Company") will be held at 4.25 pm on 7 July 2009 (or as soon thereafter as the separate meeting of the holders of ordinary shares of 0.01p each in the capital of the Company convened for 4.20 pm on that date has been concluded) at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

That the holders of B ordinary shares of 0.01p each in the capital of the Company ("B Shares") hereby sanction, approve and consent to:

- (a) the passing and carrying into effect as a special resolution of the Company, of the resolution 1 set out in the notice of extraordinary general meeting of the Company convened for 4.10 pm on 7 July 2009 (a copy of which is produced to the meeting signed by the chairman for the purposes of identification); and
- (b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the B Shares which will, or may, result from the passing and carrying into effect of the resolution referred to in paragraph (a) above, notwithstanding that the passing and carrying into effect of such resolution may affect the rights and privileges attached to such B Shares.

Dated 12 June 2009

By order of the Board

Maven Capital Partners UK LLP
Secretary

Registered Office:
One Bow Churchyard
London
EC4M 9HH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 5 July 2009 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar Capita Registrars, on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars are charged at 10p per minute (including VAT) from a BT landline. Other service providers' costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is attached to this document. To be valid, it should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 4.25 pm on 5 July 2009 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. As at 11 June 2009 (being the last business day prior to the publication of this notice), the Company's issued B Share capital was 24,736,288, carrying one vote each. Therefore, the total B Share voting rights in the Company as at 11 June 2009 was 24,736,288.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (b) if more than one corporate representative for the same corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. Notice is hereby further given that the necessary quorum for the above meeting shall be the holders of B Shares present in person or by proxy holding not less than one-third of the paid up B Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 4.55 pm on 7 July 2009 and at such adjourned meeting the holders of B Shares present in person or by proxy shall be a quorum regardless of the number of B Shares held.
12. The directors reserve the right to withdraw the resolution to be proposed at the meeting if the resolution 1 to be proposed at the extraordinary general meeting of the Company and/or the resolution to be proposed at the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company to be held at 4.10 pm and 4.20 pm respectively on 7 July 2009 are not passed.

FORM OF PROXY

For use at the Extraordinary General Meeting of Core VCT III plc ("the Company") to be held at the offices of Howard Kennedy at Cavendish Square, London W1A 2AW at 4.10 pm on 7 July 2009.

I/We
(Block Capitals Please)

of

being a shareholder(s) of the above-name Company, appoint the chairman of the meeting or

.....

for the following number of shares Ordinary B Shares

to act as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at the offices of Howard Kennedy at Cavendish Square, London W1A 2AW at 4.10 pm on 7 July 2009 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given

Please indicate with an 'X' in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

Special Resolutions	For	Against	Vote Withheld
1. Composite resolution for the approval of the acquisition of the assets and liabilities of Core VCT I plc and Core VCT II plc pursuant to schemes of reconstruction, increase the share capital of the Company and issue new shares in connection with the schemes and the change of name of the Company to Core VCT plc.			
2. Composite resolution to renew share allotment and buy-back authorities.			
3. Cancellation of the share premium account			

Signature Dated 2009

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 12 June 2009. Definitions used in the circular apply herein. The holders of B Shares are only entitled to vote on Resolution 1 to be proposed at the meeting.
- If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars, on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars are charged at 10p per minute (including VAT) from a BT landline. Other service providers' costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.



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BUSINESS REPLY SERVICE
Licence No. MB122



Capita Registrars
Proxy Department
PO Box 25
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4BR

FIRST FOLD

THIRD FOLD (TUCK IN)

FORM OF PROXY – ORDINARY SHARE CLASS MEETING

For use at the separate meeting (“Ordinary Share Class Meeting”) of the holders of ordinary shares of 0.01p each (“Ordinary Shares”) in the capital of Core VCT III plc (“the Company”) to be held at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW at 4.20 pm on 7 July 2009.

I/We
(Block Capitals Please)

of

being a shareholder(s) of the above-name Company, appoint the chairman of the meeting or

.....

for the following number of Ordinary Shares

to act as my/our proxy to vote for me/us and on my/our behalf at the Ordinary Share Class Meeting to be held at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW at 4.20 pm on 7 July 2009 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an ‘X’ if this is one of multiple proxy instructions being given

Please indicate with an ‘X’ in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

Extraordinary Resolution	For	Against	Vote Withheld
Approval of resolution 1 to be proposed at the extraordinary general meeting of the Company to be held on 7 July 2009 and variation to class rights resulting therefrom			

Signature Dated 2009

Notes:

1. The notice of the meeting is set out in the circular to shareholders of the Company dated 12 June 2009. Definitions used in the circular apply herein.
2. If any other proxy is preferred, strike out the words “chairman of the meeting” and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company’s registrar, Capita Registrars, on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars are charged at 10p per minute (including VAT) from a BT landline. Other service providers’ costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
4. Any alterations to the form should be initialled.
5. If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
7. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
8. The completion of this form will not preclude you from attending the meeting and voting in person.



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Beckenham
Kent BR3 4BR

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FORM OF PROXY – B SHARE CLASS MEETING

For use at the separate meeting (“B Share Class Meeting”) of the holders of B ordinary shares of 0.01p each (“B Shares”) in the capital of Core VCT III plc (“the Company”) to be held at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW at 4.25 pm on 7 July 2009.

I/We
(Block Capitals Please)

of

being a shareholder(s) of the above-name Company, appoint the chairman of the meeting or

.....

for the following number of B Shares

to act as my/our proxy to vote for me/us and on my/our behalf at the B Share Class Meeting to be held at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW at 4.25 pm on 7 July 2009 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an ‘X’ if this is one of multiple proxy instructions being given

Please indicate with an ‘X’ in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

Extraordinary Resolution	For	Against	Vote Withheld
Approval of resolution 1 to be proposed at the extraordinary general meeting of the Company to be held on 7 July 2009 and variation to class rights resulting therefrom			

Signature Dated 2009

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 12 June 2009. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words “chairman of the meeting” and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company’s registrar, Capita Registrars, on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars are charged at 10p per minute (including VAT) from a BT landline. Other service providers’ costs may vary and different charges may apply to calls made from mobile telephones or from outside of the UK. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.



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