



Foresight

FOR A SMARTER FUTURE

**THAMES VENTURES
VCT 2 PLC**

VENTURES SHARES

SECURITIES NOTE

2 NOVEMBER 2022

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

This document constitutes a securities note dated 2 November 2022 (the "**Securities Notes**") issued by Thames Ventures VCT 2 plc (the "**Company**") and has been prepared in compliance with Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). The Securities Note has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation. Additional information relating to the Company is contained in a registration document (the "**Registration Document**") issued by the Company on 13 October 2022. A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and Ventures Shares of 0.1p each in the capital of the Company (ISIN: GBO0BMYXV611) (the "**Ventures Shares**") which are being offered for subscription (the "**Ventures Offer**", the "**Offer**") is contained in a summary issued by the Company of even date herewith (the "**Summary**").

The Summary, the Securities Note and the Registration Document together comprise a prospectus (the "**Prospectus**") and you are advised to read the Prospectus in full. The Prospectus has been approved by the Financial Conduct Authority ("**FCA**"), as competent authority for the purposes of the UK Prospectus Regulation, in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the Financial Services and Markets Act 2000 ("**FSMA**"). The FCA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by UK Prospectus Regulation. Such approval should not be considered an endorsement of the issuer that is the subject of the Prospectus or of the quality of the securities that are the subject of the Prospectus and investors should make their own assessment as to the suitability of investing in those securities.

The Company and the Directors (whose names are set out on page 14) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in the Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Application will be made to the FCA for the Ventures Shares offered for subscription pursuant to the Prospectus to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for such Ventures Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that trading in the Ventures Shares will commence three Business Days following allotment.

Securities Note related to an Offer for Subscription by Thames Ventures VCT 2 plc

Registered in England and Wales under company number 06789187

**to raise up to £10 million (with an over-allotment facility of up to an additional £10 million)
by way of issues of Ventures Shares of 0.1p each in the capital of the Company**

SPARK Advisory Partners Limited ("**SPARK**"), which is authorised and regulated in the UK by the FCA, is acting as sponsor for the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of SPARK or for providing advice (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder). In connection with the Ventures Offer, Foresight Group Promoter LLP ("**Foresight Promoter**"), the promoter of the Offer, and Foresight Group LLP, the investment adviser to the Company ("**Foresight**") are each acting for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Foresight or Foresight Promoter or for providing advice in relation to the Offer (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder). Foresight is authorised and regulated in the UK by the FCA with firm reference number 198020 and Foresight Promoter is an appointed representative of Foresight with firm reference number 806061.

Copies of this document, the Registration Document and the Summary are available (and any supplementary prospectus published by the Company will be available) free of charge from the Company's registered office St. Magnus House, 3 Lower Thames Street, London EC3R 6HD, from the offices of Foresight Group LLP at The Shard, 32 London Bridge Street, London SE1 9SG; from the Foresight website at www.foresightgroup.eu and from the offices of SPARK, the Company's sponsor, at 5 St John's Lane, London EC1M 4BH.

The procedure for, and the terms and conditions of, application under this Offer are set out at the end of this document. Applications must be submitted to the Receiving Agent, The City Partnership (UK) Limited. The Offer opens at 3.00 p.m. on 2 November 2022 and will close on 31 May 2023 (or earlier at the discretion of the directors or if Full Subscription is reached or later if extended).

Your attention is drawn to the risk factors set out on pages 4 to 6 of this document. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise. If you are in doubt as to the action you should take, you should consult an independent financial intermediary authorised under FSMA.

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RISK FACTORS

Although the tax benefits available to investors in Ventures Shares are significant, there are a number of risks which investors should consider carefully in addition to the other information presented in the Prospectus as a whole. The risks related to the Company, as opposed specifically to the Ventures Shares, are set out in the Registration 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 investors in the Ventures Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of Ventures Shares could decline due to any of these risk factors, and investors could lose part or all of their investment. Investors who are in doubt should consult their independent financial adviser authorised under FSMA.

GENERAL INVESTMENT RISKS

- The value of the Ventures Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Ventures Shares will fully reflect their underlying net asset value or that Ventures Shareholders will be able to realise their shareholding. Investment in the Company should be seen as a long-term investment.
- There can be no guarantee that dividends will be paid in respect of the Ventures Shares. If dividends are paid in respect of the Ventures Shares, the timing of such payments and the amount of the dividends cannot be guaranteed, particularly as the Company's portfolio becomes increasingly weighted towards growth investments which rarely pay regular dividends and where returns to the Company are generated primarily by more irregular realisations.
- The past performance of the Company and other Foresight Funds are not a reliable indication of the future performance of the Ventures Shares class.
- The net asset value of the Ventures Shares and the return received by investors will be dependent on the values and performance of the underlying investments in the Ventures Shares fund portfolio. The value of the investments and income derived from them can rise and fall. It should be noted that the Company has particular exposure to the technology sector which has seen significant falling valuations during 2022. While this can afford opportunities for investors such as the Company to make new investments at attractive valuations, there is also the risk that, in the event this trend continues, the Company's own portfolio may fall in value.
- The Investee Companies will typically be small, unquoted companies. Realisation of investments in unquoted companies can be difficult and may take considerable time. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment in such companies by its nature is illiquid and uncertain and consequently involves a higher degree of risk than a portfolio of quoted shares.
- The level of returns from investments may be less than expected if there is delay in the investment programme, such that all or part of the net proceeds of the Offer are held in cash or near cash investments for longer than expected, or if the returns obtained on investments are less than planned, or if investments cannot be realised at the expected time and values. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.
- The performance of the Ventures Shares class is dependent on the ability of the Investment Adviser to identify appropriate Investee Companies and on the ability of the Investee Companies to perform in line with their respective business plans. Early-stage businesses will be dependent on the skills of a small group of individuals, the loss of any of whom may be particularly detrimental to those companies. Moreover, products and technologies developed by Investee Companies may prove not to be commercially or technically successful. While investments in these companies may present greater opportunities for growth, such investments may also entail greater risks than are customarily associated with investments in large companies. Commensurate with the nature of venture capital investing it should be expected that some companies, and the investments in those companies, may fail.

- Although it is anticipated that the Ventures Shares will be admitted to the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities, it is likely that there will not be a liquid market as there is a limited secondary market for VCT shares, due in part to the holding period required to maintain up-front income tax reliefs, and investors may find it difficult to realise their investments.
- Where more than one Foresight Fund wishes to participate in an investment opportunity, allocations will generally be made in proportion to the cash available to each fund, other than where investments are proposed to be made in a company where one or more Foresight Fund has a pre-existing investment in which case the incumbent investor will have priority. Implementation of this policy will also be subject to the availability of monies in each Foresight Fund to make the investment and other portfolio considerations such as portfolio diversity and regulatory or legislative requirements with respect to the Company's portfolio of Qualifying Companies. This might mean that the Ventures Shares class could receive a greater or lesser allocation, for instance when co-investing with another Foresight Fund, than would otherwise be the case.
- Economic and global political uncertainty, including the continuing impact of the war in Ukraine, the energy crisis and potential low levels of economic growth relating to the falling pound and inflation, continue to present significant challenges and are adversely affecting, and may continue to adversely affect, the performance of companies in which the Company has invested or may invest, which in turn may adversely affect the performance of the Company. This may also negatively impact the number or quality of investment opportunities available to the Company and prices that may be achieved on exit. It is possible that currently unknown and unanticipated events, either domestic or international, may occur and have a negative effect on economic activity and adversely affect the future viability of the Company and/or the performance of companies in which the Company has invested or may invest which in turn may adversely affect the performance of the Company.

VCT AND TAXATION RISKS

- If an investor who subscribes for Ventures Shares disposes of those Ventures Shares within five years, the investor is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Changes to the VCT Rules in respect of investments made on or after 15 March 2018 have meant that VCTs may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company irrespective of whether the return takes the form of income, capital growth, fees, other payments or anything else. This new test inherently increases the risk profile of companies in which the Company can invest going forward and stands in contrast to those in which the Company has historically invested, many of which may not have passed this gateway test due to their ownership of significant assets or their enjoyment of secured income streams.
- Further recent changes to the VCT Rules have prohibited the making of secured loans by VCTs. Future loan capital held by the Company will therefore be unsecured and will rank behind secured creditors of the investee company in question. As loan capital investments by a VCT are separately restricted to a maximum of 30% of any new investment, and Investee Companies which meet the above noted "risk to capital" test tend not to be able to provide significant assets against which to secure loans in any case, the Board does not consider that this restriction further materially increases the risk profile of new investments made by the Company.
- Venture capital trusts are now required to invest 30% of new funds raised within 12 months of the end of the accounting period in which they were raised. While the Company and the Investment Adviser believe this investment time horizon is achievable based on the Investment Adviser's existing pipeline of investment opportunities without impacting the quality of potential investments, this added pressure on the Company to complete investments in a timely fashion could result in the less attractive investments being prioritised in order to meet the statutory requirement.
- The Finance (No.2) Act 2015 introduced changes to the VCT Rules which have placed greater restrictions on the range of investments into which the Company can deploy funds. As a result, the Company is required to invest in businesses which are less than seven years old (less

than ten years for 'knowledge intensive' companies) and VCT funds cannot be used to finance acquisitions by investee companies. The penalty for breaching these new rules is the loss of VCT status, so the Company and its investors may face a higher risk of the loss of tax benefits than under the previous rules. Qualifying investee companies are also now subject to a lifetime risk finance investment limit of £12 million (£20 million for 'knowledge intensive' companies), which may restrict the Company's ability to make follow on investments.

- The Finance Act 2014 amended the VCT Rules, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.
- Current UK legislation does not automatically provide for income tax relief for investors on new investments in VCTs to extend beyond 5 April 2025 (sometimes known as the "VCT Sunset Clause"). The current UK Government has recently announced its intention to extend the VCT scheme beyond 2025. However, should the amendments to the legislation to allow income tax relief for investors after that date not be made for any reason, the ability of the Company to raise further funds after that date may be severely negatively impacted and the Company may suffer constraints on liquidity which may impact its ability to support portfolio companies, pay dividends and support share buybacks.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.

EXPECTED TIMETABLE, STATISTICS AND COSTS

INDICATIVE OFFER TIMETABLE

Offer opens	2 November 2022
Closing Date, tax year 2022/23	5 April 2023
Closing Date, tax year 2023/24	31 May 2023 ¹
Allotments	Monthly ²
Effective date for the listing allowing allotment of the Offer Shares and commencement of dealings	Three Business Days following allotment
Share certificates dispatched	Within ten Business Days of allotment

¹ The Offer will close earlier than the date stated above if it is fully subscribed or otherwise closed early or extended, to no later than 12 October 2023, at the Directors' discretion.

² Or otherwise at the discretion of the Board.

OFFER STATISTICS

Most recent unaudited NAV per Ventures Share (as at 31 August 2022)	70.0p
Maximum number of Ventures Shares in issue following the Offer ¹	approximately 85 million
Estimated net proceeds of the Offer, after issue costs, at Full Subscription ²	£9,450,000

¹ Based on an aggregate amount subscribed for Ventures Shares of £10 million; number is approximate due to the operation of the Pricing Formula. Includes the Management Shares.

² Based on an aggregate amount subscribed for Ventures Shares of £10 million less approximate expenses of the Offer of 5.5%.

OFFER COSTS

Investors with an agreed Adviser Charge

Promoter's Fee ¹	2.5%
<i>Initial Adviser Charges</i>	Variable
Such charges as are agreed between each investor and their authorised financial intermediary	

Note: Initial adviser charges may be facilitated up to a maximum of 4.5% of the amount subscribed and ongoing adviser charges will not be facilitated by the Company.

Commission-Eligible Investors

Promoter's Fee ¹	2.5%
Initial commission to Intermediaries ²	3.0%
Annual commission to Intermediaries ³	0.5%

Direct Investors

Promoter's Fee ¹	5.5%
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¹ The Promoter's Fee may be reduced at the sole discretion of the Promoter and will be reduced by any applicable discounts (see below).

² Only payable where permissible under FCA Rules and may be waived for additional shares.

³ Only payable where permissible under FCA Rules. Calculated by reference to net asset base value and subject to a cumulative maximum of 3.0%.

The Promoter's Fee (and applicable initial commission and adviser charges) will be expressed as a percentage of the Net Asset Value per Ventures Share and included in the Pricing Formula to determine the number of Ventures Shares to be allotted in each case. Annual commission will be paid by the Company and not taken into account when applying the Pricing Formula.

DISCOUNTS¹

Promoter's Fee waiver for existing investors in Foresight VCTs (including the Company and Thames Ventures VCT 1 plc)

The Promoter will waive its fee entirely in respect of applications by existing Shareholders in the Company itself and in any of the following funds: Thames Ventures VCT 1 plc, Foresight VCT plc, Foresight Enterprise VCT plc and Foresight Solar & Technology VCT plc.

Accordingly, investors who are already invested in one or more of the above funds will be able to participate in the Offer at no additional cost to NAV other than any charges they agree with their own advisers (or applicable commission in rare cases).

Early Applications

Investors who do not already benefit from the Promoter's fee waiver for existing investors in the VCTs named above, and who submit valid Application Forms that are received and accepted by 3.00 p.m. on 31 December 2022, will benefit from the offer costs being reduced by 1.0% of the amount subscribed under the Offer.

Where such Investors submit valid Application Forms that are received and accepted between 1 January 2023 and 3.00 p.m. on 15 February 2023 will benefit from their offer costs being reduced by 0.5% of the amount subscribed under the Offer.

These reduced offer costs will be met by the Promoter through an equivalent reduction in its Promoter's Fee.

¹ Expressed as a percentage of an Investor's subscription.

2 November 2022

Dear Investor

Ventures Share Offer

Thames Ventures VCT 2 plc is the new name for Downing FOUR VCT plc following the transfer of the management of the Company (with the exception of the Healthcare Share class) to Foresight Group LLP ("**Foresight**") which took place earlier this year.

I am now pleased to present a new Offer for Subscription for the Ventures Shares for the new VCT fundraising season.

Background to Thames Ventures VCT 2 plc

The Company was originally created by the merger of four VCTs managed by Downing in 2015, all of which operated planned exit strategies. In 2016, the Company created two new "evergreen" share classes, Ventures and Healthcare, which, in line with the current VCT Regulations, focus on investing in younger growth businesses. Further offers for subscription in respect of the Ventures and Healthcare share classes were undertaken in 2018 and 2021. In 2021, a further evergreen class, the AIM Share Class was also added.

In July 2022, Downing sold its technology ventures division to Foresight and the management of the Ventures, AIM and planned exit shares class moved to Foresight. In September 2022, the Company changed its name to Thames Ventures VCT 2 plc.

Foresight reports that there continues to be a good flow of attractive potential investment opportunities in this sector. The Directors have therefore decided to launch a new offer for subscription to raise further funds for the Ventures Share class in order that the Company is able to take advantage of such opportunities and give existing Shareholders and new investors the opportunity to participate.

A New Manager in Foresight Group LLP

Foresight is a well-respected fund manager, and the Board believes that Foresight's recent appointment will be in the best interests of Shareholders who will benefit from the substantial resources of Foresight, as well as the continued availability of the key investment executives from Downing.

Further details on Foresight Group LLP's history, track record and investment approach are set out in Part Two of this document.

Key Elements of the Offer

- **Running costs capped:** the Company's annual running costs in respect of the Ventures Shares are capped by the Investment Adviser at 3.0% of net assets per annum.
- **Share buyback policy:** The Company's policy is to buy back its own Shares in the market at a price approximately equal to its latest published Net Asset Value, subject to liquidity, market conditions and applicable rules and regulations, so investors may be able to realise their shareholding if required
- **Loyalty Bonus:** Foresight has agreed to entirely waive its promoter's fee in respect of this Offer for any existing Shareholders of the Company, as well as for existing investors in other Foresight VCTs.
- **Investment Strategy:** Key differentiators to the Company's investment strategy under Foresight can be summarised as follows:
 - In addition to UK-wide coverage, Foresight's well-established network of international introducers gives the Company potential access to best-in-class technology companies from the world's leading technology hubs, predominantly in Silicon Valley, USA. This can unlock opportunities to invest in businesses that are at the cutting edge of technology with high growth potential as they expand into the UK and become eligible for VCT investment.
 - Foresight's substantial network of top tier venture capital partners provide co-investment opportunities alongside leading names in venture capital including Founders Fund and

Andreessen Horowitz, who both made the top 10 of the Midas List, The World's Best Venture Capital Investors in 2022. Foresight's international venture partners can help unlock investment opportunities typically reserved for these much larger institutional investors.

- The investment team who have joined Foresight from Downing, and retain primary responsibility for the Ventures Shares portfolio, have a successful investment track record in the technology sector having backed a number of technology companies which have gone on to be multi-billion-dollar businesses. They join a large and well-resourced Foresight private equity team with significant collective experience.

If you wish to invest, please read the Prospectus (comprising this Securities Note, the Registration Document and the Summary) and follow the instructions to apply for shares set out on Foresight's website at <https://www.foresightgroup.eu/products/thames-ventures-vct-2-plc>.

If you have any questions regarding an investment in the Ventures Shares, you should contact your financial intermediary. For questions relating to an application or the process for investing in the Ventures Share class, please contact Foresight by telephone on 020 3667 8199 or by email to sales@foresightgroup.eu.

Investors should note that no investment advice can be given by Foresight and your attention is drawn to the risk factors set out on pages 4 to 6 of this document.

Yours sincerely

Sir Aubrey Brocklebank

Chairman

PART ONE: THE OFFER

INTRODUCTION

VCTs were introduced in 1995 to encourage individuals to invest indirectly in a range of small higher risk UK trading companies. VCTs are investment companies whose shares are listed on the Official List and traded on the London Stock Exchange. To date, over £9 billion has been raised by over 100 VCTs (source: <https://www.gov.uk/government/statistics/venture-capital-trusts-2021/venture-capital-trusts-statistics-2021>).

The Company was created by the merger of four VCTs managed or advised by Downing LLP in July 2015 (the “**Merger**”) and, at that time, had net assets of approximately £60 million. In 2022, Foresight Group LLP took over as the Company’s Investment Manager from Downing LLP with Downing LLP continuing to manage the Company’s Healthcare Share class. Following the change in management arrangements, the Company changed its name, on 2 September 2022, from Downing FOUR VCT plc to Thames Ventures VCT 2 plc.

The Company now has three evergreen share classes (Ventures, Healthcare and AIM) as well as two planned exit share classes which are now realising their investments and returning funds to investors and are expected to be cancelled once that task is complete.

REASONS FOR THE OFFER

The Ventures Offer has been designed for Investors seeking a portfolio of young growth investments, whilst taking advantage of the VCT tax reliefs. The Company is seeking to raise additional gross proceeds of approximately £10 million in respect of the Ventures Share class, together with an over-allotment facility of up to an additional £10 million.

The new funds raised will allow new and existing shareholders to benefit from the Company being able to participate in attractive investment opportunities in well managed businesses that need capital to expand and also support existing portfolio companies as they develop. By raising more capital, the running costs per Share in the Company for existing Shareholders will be reduced as the fixed costs are spread over a larger asset base.

For further details on how Foresight sources deal flow in order to deploy invested capital, please see Part Two of this document (headed “The Investment Adviser”).

THE VENTURES SHARES

The Ventures Shares were also first issued by the Company in February 2017 with an evergreen strategy focussing on long term returns to Shareholders and ongoing tax-free dividends. The returns will be generated from a portfolio of young growth businesses with no particular sector focus.

Investments and cash attributable to the Ventures Share pool are kept separate from that of the other share pools, and each pool is administered separately.

The holders of New Ventures Shares have the right to participate (by way of dividends and returns of capital) in those assets attributable to the Ventures Shares but not in those assets attributable to the other share classes. The Ventures Shares are freely transferable.

DIVIDENDS

The Board is mindful that dividends are attractive to many VCT investors and seeks to pay dividends at an appropriate level while also taking into account liquidity considerations and compliance with VCT and other regulations.

The stated objective Ventures Share pool is to target an annual tax-free dividend of at least 4% of the pool’s NAV, subject to the availability of sufficient distributable profits, capital resources and compliance with the VCT Regulations. There is no guarantee that this objective will be met.

The level of any dividends paid will be largely dependent on the performance of the investments in Ventures Share pool.

The Company does not currently offer a dividend reinvestment scheme, however, the Directors review this policy from time to time and will consider introducing such a scheme if appropriate and believed to be cost effective.

TAXATION BENEFITS TO INVESTORS

The principal VCT tax reliefs, which are available on a maximum investment of £200,000 per individual in each of the 2022/23 and 2023/24 tax years, are set out below:

- **Income tax relief at 30%** of the amount subscribed provided the VCT shares are held for at least five years and provided the Investor has not sold any shares in the VCT six months either side of the issue of the new shares. Relief is restricted to the amount which reduces the Investor's income tax liability to nil.
- **Tax-free dividends and capital distributions** from a VCT.
- **Capital gains tax exemption** on any gains arising on the disposal of VCT shares.

The table below shows the effect of the initial income tax relief using an assumed investment of £10,000.

Effect of initial 30% VCT income tax relief

Cost of investment	£
30% VCT income tax relief	(3,000)
Net of tax cost of investment	7,000
Initial value of investment	
Gross subscription by Investor	10,000
Assumed issue costs of 2.5%	(250)
Initial Net Asset Value	9,750
Initial "uplift" (pounds)	+2,750
Initial "uplift" (%)	+39.3%

The above table shows that, based on an illustrative investment of £10,000 and income tax relief at 30%, an Investor's net of tax cost of investment is £7,000 and the net assets initially attributable to the investment are £9,750, an "uplift" of £2,750 or +39.3%. The table ignores the effect of Adviser Charges paid or early application discounts (see page 8) received. **Investors should note that they are required to hold the Shares for at least five years in order to retain the full amount of income tax relief and, as such, this initial uplift cannot be immediately realised.**

This is only a very brief summary of the UK tax position of investors in VCTs, based on the Company's understanding of current law and practice. Further details are set out in Part Three of this document. Prospective Investors are recommended to consult their own appropriate professional advisers as to the taxation consequences of their investing in a VCT. In addition, the availability of tax reliefs depends on the Company maintaining its VCT qualifying status.

INVESTMENT POLICY

The Company's formal Investment Policy, which covers all share classes, is as follows:

Asset allocation

It is intended that at least 80% of each share pools' funds are invested in VCT Qualifying Investments within 3 years of the close of the relevant share offer with 30% of new funds raised so invested within 12 months of the end of accounting period in which they were raised. The remainder of the funds will be held in cash or other Non-Qualifying Investments.

The DSO D and DP67 share pools operate a "planned exit" strategy. The Investment Adviser is seeking realisations of the remaining investments in these pools such that funds can be returned to Shareholders.

VCT Qualifying Investments

New VCT Qualifying Investments will normally comprise investments in businesses that are less than seven years old and require funding to support the growth of the business. Investments may be in a range of sectors which are allowable under the VCT Regulations.

The Company will focus on development and expansion funding for quoted and unquoted businesses and will not usually undertake very early stage or start up investments.

Specific share pools may have a generalist focus or may focus on certain sectors according to the strategy of that specific share pool.

Non-Qualifying Investments

The funds not employed in VCT Qualifying Investments will be invested in Non-Qualifying Investments as allowed by the VCT Regulations. These will typically be cash deposits and investments in quoted securities, investment trusts or OEICs.

Liquidity investments will be made with the aim of producing capital appreciation, rather than income. Therefore, the profit arising from the disposal or maturity of the liquidity investments typically gives rise to capital gains, which are tax-free for the Company and can be distributed tax-free to Shareholders.

Risk diversification

The Directors control the overall risk of the Company. The Investment Advisers ensure that, for each share pool, the Company has exposure to a diversified range of VCT Investments from different sectors and adheres to the holding limit that no investment in a company may represent more than 15% by value of the Company's total investments at the time of investment.

Listing Rules

As a company whose shares have been admitted to the Official List, the Company conducts its business in accordance with the Listing Rules.

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007.

Borrowing policy

It is not the Company's intention to have any borrowings, but it reserves the right to enter into such an arrangement should the need arise. The Company does, however, have the ability to borrow a maximum amount equal to 15% of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon).

Trading Activity

The Company does not carry out any trading activity which is significant in the context of the Company.

INVESTMENT STRATEGY

Ventures Share Pool

The Ventures Share pool invests in young businesses seeking funds to finance their growth, with no specific sector focus. The allocations of newly raised funds to particular Qualifying Companies will be determined by Foresight's deal flow during the period when funds are being invested.

Non-qualifying funds

Funds not invested in VCT Qualifying Investments will be held as cash deposits or invested in OEICs, Investment Trusts and other securities in line with the investment policy and the VCT Regulations.

SHARE BUYBACK POLICY

The Board will seek to ensure that there is liquidity in the Ventures Shares and, accordingly, it intends to pursue an active Share buyback policy. Throughout its life, the Company will seek to buy back in the market those Ventures Shares that Shareholders wish to sell, at **no discount** to the latest published Net Asset Value (after allowing for stamp duty that may be incurred by the Company), subject to applicable regulations, market conditions at the time and the Company having both the necessary funds and distributable reserves available for the purpose. This buyback policy aims to provide liquidity and limit the discount to Net Asset Value at which Shares trade. The making and timing of any Share buybacks will remain at the absolute discretion of the Board.

Under the current Listing Rules, the price paid for the Shares cannot be more than the higher of: (i) the amount equal to 105% of the average of the middle market quotations for the five Business Days immediately preceding the date on which the Shares are purchased; (ii) the price of the last independent trade; and (iii) the highest then current independent bid on the London Stock Exchange.

CO-INVESTMENT POLICY

Foresight currently manages other funds which may invest alongside the Company's Ventures Shares, including other VCT and EIS funds ("**Foresight Funds**"). Investment opportunities will normally be offered initially to the Company on a basis which is pro rata to the net cash available for investment by each of the Foresight Funds, other than where investments are proposed to be made in a company where one or more Foresight Funds has a pre-existing investment, where the incumbent investor will have priority. Implementation of this policy will be subject to other portfolio considerations, such as portfolio diversity and the need to maintain VCT status.

Where the Ventures Shares fund invests in companies in which Foresight Funds have invested or subsequently invest, conflicts of interest may arise and the Board will exercise its independent judgement to manage any such conflicts. In such circumstances, Foresight will apply its conflicts policy in order to reconcile the conflict in the first instance and thereafter, if required, the Board will exercise its independent judgement, so far as it is able, to protect the interests of the Company. It may not, in such circumstances, be possible to fully protect the interests of the Company.

DIRECTORS

The Company has a Board, comprising four Directors, all of whom are non-executive and independent of Foresight. Additionally, none of the Directors are related to Foresight, other funds managed by Foresight, any investment manager of Foresight or any company in which Foresight has invested.

Sir Aubrey Brocklebank (Chairman) assumed his first role within the VCT industry in 1997, following a career in accountancy, corporate finance and venture capital. Since then, he has gone on to become one of the industry's most experienced directors. Sir Aubrey maintains a wide range of business interests and has been a director of six AIM quoted companies. He is currently also a non-executive director of Edge Performance VCT plc and has been chairman of a number of other VCTs.

Chris Allner has over 35 years of venture capital and private equity experience and is currently a partner of Downing LLP and chairs their investment committee. Prior to joining Downing, he was the head of private equity at Octopus Investments as well as a director at Beringea and Bridgepoint with previous experience at 3i and Charterhouse. He has previously sat on the boards of a number of unquoted and quoted companies across a variety of commercial sectors.

Steven Clarke has 30 years' experience of investing in technology and data businesses including 21 years as a private equity investor with 3i, August Equity and ICG. Steven now supports founders through fundraising, international growth and exit as an investing non-executive director usually alongside a growth equity fund. Steven is also chair of the investment committee for Bethnal Green Ventures, a Tech for Good impact investor.

Andrew Mackintosh has had a distinguished career in industry and investment as a former CEO of FTSE 250 company, Oxford Instruments, before later leading the creation of the Royal Society Enterprise Fund, a pioneering initiative in bringing together scientific expertise and early-stage investment. He was a board member of the Intellectual Property Office and a trustee of the Design Council. He is also chairman of UKI2S, a government-backed venture capital fund supporting companies from the UK's scientific research base.

Andrew has a longstanding interest in enhancing the commercialisation and wider economic impact of UK research and is the author of a report ('The Mackintosh Report') commissioned by HM Treasury and published in April 2021.

CHARGES

Costs of the Offer

The Company will pay the Promoter a fee equal to 2.5% of the amount subscribed under the Offer by those Investors who apply through an authorised financial intermediary and 5.5% of the amount subscribed under the Offer by those Investors who apply direct. In respect of each investor, the Promoter's fees will be reduced by any applicable existing investor discount (as referred to on page 8)

and any other discount the Promoter may agree to offer any particular investor or group of investors. From its fees the Promoter will meet all of the costs of the Offer other than intermediary commissions and adviser charges.

The costs of the Promoter's fees and any applicable up-front intermediary commissions and adviser charges applicable to a particular investor will be borne by that Investor through the application of the Pricing Formula set out on page 16.

Annual management and administration fees

Foresight receives an annual investment management fee of 2.0% of the net assets of the Ventures Share class.

In respect of administration fees, Foresight is paid a formula-based fee comprising three elements: (i) a basic fee of £47,550 (plus annual RPI adjustment); (ii) a fee of 0.1% per annum on funds in excess of £10 million; (iii) £5,000 per additional share pool (excluding the DSO D Shares). Administration services are currently subcontracted by Foresight to Downing.

Assuming Full Subscription by Investors in respect of whose applications commission is payable, the Company's assets would be approximately £72 million, resulting in an annual administration fee of approximately £130,000.

Annual Running Costs in respect of the Ventures Shares are capped at 3.0% of net assets per annum.

Any excess will be paid by Foresight or refunded by way of a reduction in its fees. Annual Running Costs include, inter alia, Directors' fees, fees for audit and taxation advice, registrar's fees, costs of communicating with Shareholders, irrecoverable VAT and investment management fees.

Foresight will receive no carried interest or other performance-related fees, save pursuant to the holding of Management Shares described below.

Where the Company invests in other Foresight managed funds, Foresight will arrange for one of the fees to be rebated to the Company to ensure that there is no "double charging".

The Company shall also be responsible for paying 0.5% per annum of the Net Asset Value of the Ventures Offer Shares to Foresight Promoter for a maximum of six years, from which Foresight Promoter will pay annual trail commission to those Intermediaries who remain eligible to receive it. If the total sum due to eligible intermediaries is less than the above amount, Foresight will reimburse the Company for the difference.

Costs payable by Investee Companies

Foresight will receive arrangement fees (capped at 3.0% of the sums invested by the Company, with any excess paid to the Company) and monitoring fees (capped at the higher of £10,000 per annum or 0.5% per annum of the cost of the investment, including any director's fees for sitting on the companies' boards) from Investee Companies. Costs incurred on abortive investment proposals will be borne by Foresight.

Performance Incentive

As is customary in the venture capital industry, members of the management team will be entitled to receive a performance incentive fee in the event that returns to Ventures Shareholders respectively exceed a hurdle described below (the "**Hurdle**"). This fee is set at 20% of dividends paid when total returns are above the Hurdle, with effect from 2021 onwards.

For the Hurdle to be met, the Ventures Shares must achieve a Total Return (based on audited year end results) in excess of £1.06 for the year ended 31 March 2022. For subsequent years, the Total Return hurdle increases by 3p per annum such that for the year ended 31 March 2023 the Total Return hurdle will be £1.09, for the year ending 31 March 2024 the hurdle will be £1.12, and for the year ending 31 March 2025 the hurdle will be £1.15 etc.

The Performance Incentive in respect of the Ventures Shares will have no impact on shareholders of other share classes. The performance incentive arrangements in respect of the Ventures Share pool are assessed on just that share pool.

The Company gives effect to the performance incentive through the issue of Management Shares in the Company. From time to time, Management Shares will be issued to certain members of the Management at a lower price of 0.1p per share and immediately thereafter transferred to the Management’s nominee company (the “**Nominee**”), such that 20% of the total Ventures Shares in issue are Management Shares. Accordingly, if the Offer is fully subscribed (ignoring the over-allotment facility), approximately 3 million additional Ventures Shares will be issued to Management at 0.1p per share and transferred to the Nominee to hold on behalf of Management.

Whilst these Management Shares will rank pari passu with the other issued shares, the Nominee has agreed with the Company that, so long as the Management Shares are in issue, it will (a) neither exercise any voting rights attaching to the Management Shares, nor transfer or dispose of any of the Management Shares, and (b) waive any of their entitlement to distributions payable on the Management Shares unless, and to the extent that, the Hurdle is met. The effect of this arrangement will be to allow the individuals concerned to receive dividends on the Management Shares equal to 20% of the aggregate dividends payable; this dividend will represent their performance incentive payment. If the payment of the full dividend on the Management Shares would result in the Hurdle no longer being met, the Nominee as holder of the Management Shares will waive dividends to the extent to ensure that the Hurdle continues to be met.

For example, the Total Return per Share might stand at 106.5p as at 31 March 2022, at which time the Hurdle will be 106.0p. Based on 20 million shares in issue, if a dividend of £1,000,000 (5p per share) is declared in respect of the year ended 31 March 2022, Management would normally be entitled to dividends equivalent to £200,000 (20% of aggregate dividends payable, equivalent to 1p per share in issue). However, as this would result in the Hurdle not being met, the Nominee will waive 50% of the dividend, which will result in net dividends of £100,000 (equivalent to 0.5p per share in issue) being paid on the Management Shares. The Hurdle for the following year ending 31 March 2023 will then stand at 109p.

PRICING OF THE OFFER

The number of Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Share):

$$\text{Number of Offer Shares}^1 = \left[\begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) initial Promoter’s Fee}^1 \text{ and} \\ \text{(ii) Initial Adviser Charge/} \\ \text{Commission (if any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest published} \\ \text{NAV per} \\ \text{Offer Share}^2 \end{array} \right]$$

¹ less any reduction for existing investors and early applications (see page 8) and/or commission waived by Intermediaries (where applicable)
² adjusted for any dividends declared and ex-dividend since the NAV date, as appropriate.

Unless the Promoter’s Fee is discounted or waived, applications made directly (not through an Intermediary) will attract a Promoter’s Fee of 5.5%. In all other cases, a Promoter Fee of 2.5% will be charged. The Promoter will waive the Promoter Fee entirely for investments from existing Shareholders in the Company itself as well as shareholders in Thames Ventures VCT 1 plc, Foresight VCT plc, Foresight Enterprise VCT plc and Foresight Solar & Technology VCT plc.

Income tax relief should be available on the total amount subscribed (including any initial Adviser Charges and Promoter Fee), subject to VCT Rules and personal circumstances.

The number of Shares issued under the Offer will be affected by a “blended” Issue Price, because Applicants will have a different Issue Price attributable to their application for Offer Shares depending upon whether their Application is received directly, through an Intermediary where commission is payable or through an Intermediary who is remunerated by way of an Initial Adviser Charge (defined below).

The Company’s Net Asset Value shall be announced from time to time through a regulatory information service provider.

OTHER INFORMATION

Taxation and HM Revenue & Customs approval

The Directors intend to conduct the affairs of the Company so it continues to satisfy the conditions for approval as a VCT and that such approval will be maintained. HM Revenue & Customs has granted the Company provisional approval under the ITA. The Company intends to continue complying with the VCT Regulations and has retained Philip Hare & Associates LLP to advise it on VCT taxation matters.

The Offer and minimum and maximum subscription

Assuming Full Subscription by Investors in respect of whose applications commission is payable and where no Promoter's Fee discounts are applicable, maximum net proceeds (after the costs of the Offer) of £9.45 million will be raised under the Offer. The maximum amount payable by the Company in respect of the costs of the Ventures Offer will be 5.5% although such costs, other than trail commission, will be borne by subscribers through the application of the Pricing Formula. In the event that applications are received in excess of the Full Subscription (or in excess of the amount of the over-allotment facility if utilised to any degree), the Directors and the Sponsor reserve the right to use their absolute discretion in the allocation of successful applications. Applicants are encouraged to submit their Application Form early in order to be confident that their applications will be successful. There is no minimum number of New Ventures Shares required to be subscribed for in order for the Offer to proceed.

The minimum investment per Applicant is £5,000 including any initial adviser charges for facilitation (or such lower amount at the Board's discretion). The maximum investment, on which tax reliefs in VCTs are available, is £200,000 per Applicant in each of the 2022/23 and 2023/24 tax years. Spouses can each invest up to £200,000 in each tax year. The subscription list for the Offer will open at 3.00 p.m. on 2 November 2022 and may close at any time thereafter, but in any event, not later than 3.00 p.m. on 5 April 2023 (in respect of the 2022/23 tax year) and 3.00 p.m. on 31 May 2023 (in respect of the 2023/24 tax year), unless fully subscribed earlier or previously extended by the Directors (but to no later than 12 October 2023).

The Offer is not underwritten. No convertible securities, exchangeable securities or securities with warrants will be issued with the Offer. The result of the Offer will be announced through a regulatory information service provider authorised by the FCA.

The New Ventures Shares will be allotted and issued in respect of valid applications received by the Closing Date. In respect of the 2022/2023 Offer, the first allotment will take place at a date no later than 5 April 2023, although may take place on an earlier date which the Directors may decide. Application has been made to the FCA on behalf of the Company for the Admission of all of the New Ventures Shares. It is anticipated that dealings in the first allotment of New Ventures Shares will commence no later than 10 Business Days after allotment. Dealings may not begin before notification of allotments is made. Revocation of the Offer cannot occur after dealings in the Ventures Shares have commenced.

Settlement of transactions in the Ventures Shares following Admission may take place within the CREST system if Ventures Shareholders wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Share certificates (where applicable) and certificates to enable a claim for income tax relief to be made in respect of Ventures Shares will be posted to Ventures Shareholders as applicable within 30 days of each allotment. No notification will be made to successful Applicants prior to despatch of definitive share certificates.

Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register. No temporary documents of title will be issued.

Availability of this Securities Note and other documents

Copies of this document, the Registration Document and the Summary are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of Foresight Group LLP at The Shard, 32 London Bridge Street, London SE1 9SG; from the Foresight website at <https://www.foresightgroup.eu/products/thames-ventures-vct-2-plc>.

PART TWO: THE INVESTMENT ADVISER

The Company's investment adviser in relation to the Ventures Share class is Foresight Group LLP ("**Foresight**"), which is authorised and regulated by the Financial Conduct Authority and specialises in structuring, promoting, managing and administering tax efficient products. In June 2022, it was announced that Downing LLP ("**Downing**"), the previous investment adviser, had agreed to sell its non-healthcare ventures division to Foresight. As part of this transaction, the Board has consented to a novation of the investment advisory agreement from Downing to Foresight. The whole of the Downing non-healthcare ventures team, including support staff, moved to Foresight when the deal completed on 4 July 2022.

Downing will continue to provide investment advisory services in respect of the Company's Healthcare Share pool, AIM portfolio and asset-backed investments as well as administration services for a transitional period. As part of the arrangement, the Board and Downing have agreed to reduce the investment advisory fee for the quarter periods ended 31 March 2022 and 30 June 2022 by 50% (equivalent to approximately £311k). Foresight is a substantial and well-respected fund manager, and the Board believes that the transaction is in the best interests of Shareholders who will benefit from the substantial resources of Foresight, as well as the continuity of the key investment executives from Downing.

Foresight is a leading private equity and infrastructure investment manager with its parent company, Foresight Group Holdings Limited, listed on the London Stock Exchange. Established in 1984, Foresight is proud of its track record of over 35 years of investing into and growing small companies. Foresight and companies and undertakings within the same group (together, Foresight Group) now have more than £12.6 billion of assets under management and a wide and varied investor base of private and institutional investors. Foresight strives to generate healthy returns for its investors over the long-term alongside the additional benefit to UK taxpayers of tax reliefs available through Venture Capital Trusts, the Enterprise Investment Scheme and Business Property Relief. Foresight Group's vision is to be a leader in investing in trends ahead of the curve through its dynamic and entrepreneurial values of flexibility, innovation, problem solving and a commitment to attracting and retaining high quality and experienced staff.

Strength of the Team

Foresight's Private Equity Team comprises more than 45 investment professionals with a wide range of experience - from venture capital at Inflexion and Advent Venture Partners, to hands-on operational experience at Manchester Airports Group and Centrica, as well as corporate finance experience at Rothschild, Mazars and E&Y together with strategic consulting experience at Accenture and Deloitte.

Foresight's Private Equity team and wider Executive Committee together has over 300 years of investment experience and combines investors' capital and its own hands-on expertise with the intention of creating long-term shareholder value and generating attractive returns for shareholders. Foresight benefits from having a large team of private equity executives with a mix of backgrounds and significant collective experience that can share resources.

The team generally reviews more than 2,000 investment opportunities each year across all funds in the UK at various stages of the growth cycle, reflecting the benefits of a larger team with greater regional presence and a continued significant level of activity in the SME market. Foresight's UK regional coverage is supplemented by the international advisors ("**Venture Partners**") strategically located in recognised innovation and investment hubs (e.g. Silicon Valley, Israel) who joined as part of the Downing transaction. The International Venture Partners are an integral part of the investment team and generate deal flow while providing overseas support to portfolio companies.

With regards to portfolio management, Foresight takes a particularly active, hands-on approach and, on its unquoted investments, typically has board representation whether as a director or observer and is able to introduce respected non-executive and financial directors. Foresight works particularly closely with the investee companies in the following areas:

- definition and review of strategy and its implementation;
- recruitment and incentivisation of key management and board members;
- planning for growth, international expansion and new product/service introduction;

- fundraising from banks and other external sources;
- mergers, acquisitions and exit planning; and
- environmental, social and governance factors.

Venture Capital Trusts

Foresight Group manages five VCTs (including the Company) and has one of the largest VCT investment teams in the industry.

In addition to the Company, Foresight Group is manager to Foresight VCT plc, Foresight Enterprise VCT plc (formerly Foresight 4 VCT plc), Foresight Solar & Technology VCT plc and Thames Ventures VCT 1 plc.

Foresight VCT plc was launched in 1997 and had net assets of £197.9 million as at 30 June 2022 (unaudited). It has a portfolio of over 40 companies across a range of sectors, focusing on growth capital for later stage, VCT-qualifying companies.

Foresight Enterprise VCT plc was launched in 1998 and had net assets of £134.8 million as at 30 June 2022 (unaudited). It has a current portfolio of over 35 companies across a range of sectors and seeks out innovative and fast-growing businesses with strong and proven leadership teams that are seeking an injection of capital to support their growth.

Foresight Solar & Technology VCT plc was launched in 2010 and, as at 31 March 2022, had audited net assets of £46.2 million across its Ordinary Share and Foresight Williams Technology Share classes. The Ordinary Share class was fully invested some years ago in unquoted companies that generate electricity from solar power systems and the more recently launched Foresight Williams Technology Share class has a focus on early-stage companies with high growth potential and the goal of developing innovative and occasionally transformational technologies across a range of industry sectors.

Thames Ventures VCT 1 plc was originally created by the merger of six VCTs managed by Downing in 2013 and had audited net assets of £109 million as at 31 March 2022. Its diversified portfolio includes around 90 companies across a wide range of sectors and it is a regular co-investor with the Company.

Foresight Group has won awards for its VCT expertise, having been named 'Best Generalist VCT' manager in respect of its family of VCTs at the Investment Week Tax Efficiency Awards in 2018/19, 'VCT Investment Manager of the Year' at the 2017 Growth Investor Awards and 'VCT House of the Year' in the 2016 Unquote British Private Equity Awards. More recently the team has won 'Venture/Growth Capital House of the Year' at the 2021 Unquote British Private Equity Awards, 'ESG Champion of the Year' at the 2021 Growth Investor Awards, VC / Private Equity Team of the Year and Exit of the Year for DA Languages at the North West Rainmaker Awards 2022, Most Innovative Fund Launch - Active' award at the first ever ESG Clarity Awards and Private Equity Team Partner Claire Alvarez featured in the Real Deals Future 40 Investment Leaders 2022.

Other funds

The same team within Foresight Group that manages the VCTs referred to above also manages several regional institutional funds and one Enterprise Investment Scheme fund. The funds cover a range of transaction types, from venture to growth and buyouts, as well as different investment sizes.

Foresight Nottingham Fund

In 2013, Foresight was appointed to manage a regional fund of £39 million on behalf of the British Business Bank, Nottingham City Council and the Nottinghamshire County Council Pension Fund to target investment in dynamic growth companies, with a focus on Nottinghamshire to stimulate enterprise, create jobs and to attract inward investment to the region.

Fully deployed, the Foresight Nottingham Fund has supported 22 businesses. The fund is in its realisation phase with a gross realised return thus far of 1.27x capital invested. Its most recent exits have returned, 16.1x, and 4.8x money.

Foresight Regional Investment Fund

In 2015, Foresight announced a second regional fund to invest in the North West of England, the £58 million Foresight Regional Investment Fund cornerstoned by the Greater Manchester Pension Fund, with a mandate to invest in entrepreneurial businesses in Cumbria, Cheshire, Lancashire, Manchester,

Merseyside, North East Wales and South Yorkshire.

From Foresight's office in Manchester, the Foresight Regional Investment Fund has invested over £51.9 million in 20 businesses. The fund is now fully deployed and in its realisation phase, with its first five exits returning 6.1x, 5.6x, 16.7x, 3.6x and 4.0x money, respectively.

Midlands Engine Investment Fund

In 2018, Foresight was appointed equity fund manager for the East Midlands and South East Midlands regions of the Midlands Engine Investment Fund, a Regional Development Fund supported by the European Investment Bank and the British Business Bank to help businesses in the Midlands region to start up, scale up and become significant local employers.

To date, Foresight has completed over £25.1 million of investments in 26 businesses for this fund. The first exit from the fund returned 3.4x money.

Foresight Scottish Growth Fund

The £20 million Foresight Scottish Growth Fund closed in April 2019. An additional £12 million was committed in February 2022. The Foresight Scottish Growth Fund is part of the Scottish Growth Scheme, a £500 million package of financial support for Scottish businesses backed by the Scottish Government, which aims to help businesses grow.

Under the Scottish Growth Scheme this fund contributes up to £2.0 million of equity to investment rounds of up to £10.0 million in growing Scottish SMEs. The target investments are similar to those made by the Midlands Engine Investment Fund, albeit in a different geography.

The fund has made over £14.9 million of investments in 13 businesses.

Foresight East of England Fund

In early 2020, Foresight opened an office in Cambridge to support the £100 million Foresight East of England Fund, which breaks new ground as an evergreen pool of patient capital targeted at the small company private equity sector in the east of England with the capability to invest nationally.

The fund replicates the Foresight Group's regional investment strategy and has invested £20.5 million in four businesses to date.

Foresight Regional Investment III

In May 2021 Foresight announced the first close of Foresight Regional Investment III at £65 million. A second close was completed in June 2022 bringing total committed capital to £84 million. The fund is the successor to the North West focused Foresight Regional Investment Fund and seeks to repeat its success in the region. The fund has invested £10.2 million into two investments.

NI Opportunities Fund I and II LP

NI Opportunities LP closed in February 2019. The Fund was focused on sourcing and making investments in companies headquartered, or with significant operations, in Northern Ireland and has now completed its investment phase. The Fund has invested £5.0 million into one company.

NI Opportunities II LP ("the Fund") held an initial closing on 14 June 2021. The Fund is focused on sourcing and making investments in companies headquartered, or with significant operations, in Northern Ireland. As at 30 June 2022, the Fund had invested £5.2 million in two portfolio companies.

Foresight Regional Investment IV

The Foresight Regional Investment IV LP held a first close at £38 million in June 2022, cornerstoned with funding from Durham County Council's Pension Fund and Teesside Pension Fund. The fund is the fourth in the regional strategy series and has a mandate to support the growth of smaller companies throughout the North East of England, North Yorkshire, West Yorkshire, the East Riding of Yorkshire and North Lincolnshire.

The fund has invested £5.2 million in two portfolio companies.

West Yorkshire SME Investment Fund

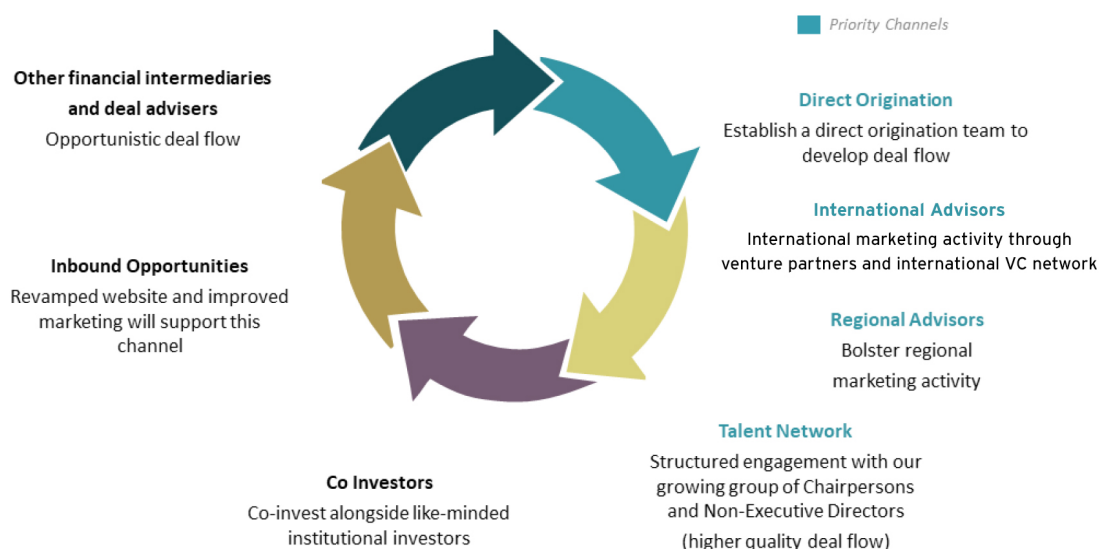
In June 2022, the West Yorkshire Combined Authority appointed Foresight to manage a new £20 million fund to support SMEs throughout West Yorkshire. The Foresight West Yorkshire SME Investment Fund will make a significant contribution to West Yorkshire's economy by supporting companies' growth plans and creating high-quality, local jobs.

The fund has invested £2 million in one portfolio company.

The AIB Foresight SME Impact Fund

In May 2022, Ireland's largest financial services provider, AIB, appointed Foresight to manage a new SME equity fund. The AIB Foresight SME Impact Fund, which is aiming to raise €75 million, will support small and medium enterprises in building a greener future for Ireland.

Multiple channels of deal flow with an emphasis on regional activity



Regional presence and adviser network

Through its expanding regional presence, Foresight has built up an extensive network of active corporate finance advisers and other professional SME advisers through investment teams based in its regional offices in Nottingham, Manchester, Leicester, Milton Keynes, Cambridge, Edinburgh and Foresight's head office in London. With the recent new fund launches, this regional footprint has expanded to Dublin and Leeds, with an office in Newcastle due to open in Q1 2023.

Each of Foresight's Private Equity Team executives is tasked with building relationships in discrete regions of the country. This entails regular meetings with professional advisers to build a mutual rapport and understanding of Foresight's investment criteria and process.

When the adviser has a fundraising opportunity which fits the criteria, Foresight expects to be in the position of being one of the few potential funding institutions, not only to be made aware of the opportunity, but with the financial capacity and investment remit to provide the appropriate finance.

International deal origination

Foresight's UK regional sourcing capabilities have been supplemented by the international Venture Partners strategically located in technology hubs and who transferred across as part of the Downing Ventures acquisition.

Silicon Valley is well established as the world's leading technology hub, headquartering thousands of start-ups and many of the world's largest technology companies. The amount of VC money invested into start-ups in Silicon Valley is greater than the next three cities combined—New York, Boston and Los Angeles - and America remains the world leader in building businesses that list with a \$1bn+ valuation (a unicorn), boasting more than double its nearest competitor, China.

Joe Raffa is a Venture Partner in Silicon Valley, USA. Joe is a deep tech specialist with a focus on quantum and high-performance computing, industrial AI, next-gen datacentre and Enterprise 4.0. He has an MBA from Harvard Business School and MSS Electrical Engineering/Computer Science from Stanford University. Joe has held senior positions at IBM Ventures, Boston Consulting Group Technology Ventures and currently sits on the Technology Advisory Board at IQM Quantum Computers. Joe's investment track record includes AutoESL, a US based deep tech business which delivered a strong return on invested capital. In addition, Joe has served as CEO of NuCORE Technology, developing semiconductors and software for digital camera, acquired by MediaTek, in addition to two interim CEO roles for Lightspeed Ventures and Adams Capital Management portfolio companies.

Tel Aviv is now home to 1,700 start-ups (more per capita than any other city on earth). According to Forbes it is now ranked first for number of engineers per capita and number of unicorns per capita. As a country, Israel was ranked second for innovation by the World Economic Forum.

Gideon Shmuel joined as a Venture Partner based in Israel where he has, for the last two years, been building presence, deal flow and relationships. Through many years as an operator in the CEO position of technology companies, he has built an extensive network in the VC community in Israel, USA, Europe and Asia. Gideon raised over \$70m for a variety of companies as CEO or as a board member. Gideon was the CEO or GM of companies such as LCR Telecom, Top Image Systems Europe, Eyesight Technologies, Eplane and Dotz. Gideon acts as a board member of or advisor to a number of leading technology companies of which some have already exited, including: Dataloop, Utrust, Sixsense.AI, AIQOO, and Viou. Gideon successfully exited Eyesight Technology delivering a c.10x return for early investors and delivered a successful outcome at ClayAir, a deep tech business sold to Qualcomm.

Direct origination

In addition, Foresight has developed a team responsible for direct origination, contacting companies directly to build presence and relationships to position Foresight in the local business community. This has led over the past three years to eleven successful investments for the funds it manages.

Strategy

The investment team responsible for the Ventures Shares portfolio, who now sit within Foresight, have developed an investment strategy that focuses predominantly on IP rich deep technology businesses which have the goal of solving complex problems. In addition, the Company will look to target investments in enterprise software businesses with annual recurring revenues of £500k or more from predictable, contracted sources and repeat customers. The Company will focus on businesses looking to solve large, global problems with commensurately large addressable markets, ideally where the market is growing and is not dominated by incumbents. In addition, target company growth rates should be in excess of 50% year on year.

Awards

Best ESG Investment Fund: Private Equity Runner up 2021	
Best Venture Capital Trust Provider Commended Investment Life & Pension Moneyfacts Awards 2020	
Private Equity/Venture Capital Team of the Year Shortlisted North West Dealmakers 2020	
Funder of the Year East Midlands Dealmaker 2019	
Fund Manager of the Year PLC Awards 2018	
Best Generalist VCT Investment Week Tax Efficiency Awards 2018/19	
Best VCT Investment Manager Growth Investor Awards 2017	
VCT House of the Year Unquote British Private Equity Awards 2016	

Investment Team

The main investment team responsible for the Company's portfolio, who joined Foresight from Downing as part of the recent acquisition of the Downing ventures division, will be as follows:

Jack Eadie

- Eight years' venture capital investment experience at Eight Roads Ventures, Next47 and Downing Ventures, where he worked as a Partner
- Degree in Economics from the University of Bath

Richard Lewis

- 20 years in venture capital at North West Equity, Mitsui Global Investment and Downing Ventures, where he worked as a Partner
- Degree in Economics and Politics from Durham University and an MBA from Manchester Business School.

Noor Xarmina

- Investment Analyst internship at Nauta Capital
- One years' experience as an Investment Associate at Downing Ventures
- Degree in Biology from Imperial College London and a Masters in Management from London Business School

Gideon Shmuel (Venture Partner - Israel)

- Nine years' experience as CEO at Dotz Nano, Eplane and Eyesight Technologies
- Two years' experience as Venture Partner at Downing Ventures
- Masters in Marketing Management from Middlesex University

Joe Raffa (Venture Partner - USA)

- Two years' experience on the Technology Advisory Board at IQM Quantum Computers
- Two years' experience as Venture Partner at Downing Ventures
- MBA in General Management from Harvard Business School with a degree from Applied Physics and Electrical Engineering from Case Western Reserve University, and a Masters in Electrical Engineering and Artificial Intelligence from Stanford University

Rekha Mehr (Venture Partner - UAE)

- 11 years' experience as Founder and CEO of Moonrekha Academy
- Two years' experience as UK Director of Partnership at Mass Challenging UK
- Two years' experience in strategy consulting at Just Eat Ventures
- Degree in Business Studies with Finance from the University of Brighton

In addition, the following personnel in the wider Foresight private equity team will provide support to the Company:

Partners

James Livingston

- 16 years' venture capital investment experience
- Three years' strategy consulting and commercial due diligence experience at Deloitte
- First class MA in Natural Sciences and Management Studies from the University of Cambridge

Matt Smith

- 16 years' venture capital investment experience
- Six years' investment banking experience at Rothschilds
- MA in Biological Sciences and diploma with distinction in Physiology, both from the University of Oxford

Claire Alvarez

- Over 11 years' experience advising banks and company directors on returning value from distressed SMEs
- Degree in Management (first class) from the University of Lancaster, MBA (distinction) from Manchester Business School

Managing Directors

Mike Quinn

- 22 years' SME corporate finance experience, latterly as Head of East Midlands CF team at RSM
- Advised on many private equity transactions and spent a year on secondment with Catapult Venture Managers covering the UK from their Leicester base
- Fellow of the ICA and holds a degree in Business Economics and Finance from the University of Loughborough

Chris Wardle

- Eight years' private equity and venture capital experience
- Four years' M&A experience at Accenture
- Degree in Natural Sciences from Cambridge University

Directors

Amy Crofton

- 13 years' investment banking and corporate finance expertise
- Five years' experience structuring equity and debt investments in UKSMEs
- Degree in Materials, Economics and Management (first class) from the University of Oxford

Matt Pomroy

- Six years' private equity and venture capital experience
- Nine years' auditing and corporate finance expertise
- Degree in Economics and Social Policy from the University of Sheffield

Dan Halliday

- Six years' private equity and venture capital experience
- Three years' experience founding an SME and seven years' consultancy experience at KPMG
- Degree in Mathematics from the University of Edinburgh

Andrew Bloxam

- 3 years' private equity and venture capital experience
- Five years' investment banking and tech finance experience
- Degree in Economics from St. John's College, Cambridge University

Matt McLoughlin

- 18 years' private equity and venture capital transaction experience at Deloitte and Grant Thornton
- Degree in Mathematics from the University of Warwick

Ray Harris

- 25 year's SME and corporate finance experience
- Degree in Economics from the University of East Anglia

Barclay Clibborn

- 20 years' of experience in corporate finance, energy and M&A
- Degree in Comp Science from University College Cork
- MBA from Trinity College, Dublin

Investment Directors**Stephan Gueorgiuv**

- 14 years' experience in private equity and venture capital experience with a focus on the technology sector
- MBA in Business Administration from INSEAD
- Degree in Engineering (Electrical and Information Sciences Tripos) from the University of Cambridge

John Cordrey

- Six years' private equity and venture capital experience
- Chartered accountant at PWC, working in M&A
- Degree in Business from the University of Durham

Rob Jones

- Eight years' mergers and acquisitions experience with RSM and Ernst & Young, latterly focused on advising mid-market private equity
- ACA qualified with a degree in Business and Economics from the University of Manchester and a master's degree in Global Business from Manchester Business School

Hugh Minnock

- Six years' experience focusing on lower mid-market transactions at FFCM Group
- Seven years' investment banking experience at Goldman Sachs and Barclays
- Degree in History from University of Exeter

Philip Gardiner

- Two years' experience at Ernst & Young
- Two years' experience at PWC
- One year's experience at BNP Paribas
- Degree in Economics and Finance from University of Limerick

Senior Investment Managers

David Miles

- Five years' private equity experience
- Five years' experience in accounting and operations
- ACA qualified with a degree in History from the University of Exeter

Graeme McKinstry

- Five years' private equity experience at Par Equity LLP
- Five years' experience in corporate finance at Deloitte
- ACA qualified with a degree in Accountancy and Finance from the University of Glasgow

Lindsay Duebendorfer

- Four years' experience in investment banking at Moelis & Company
- Five years' experience in deal advisory for KPMG LLP
- Certified public accountant with a BA in Accounting from the George Washington University School of Business and a MBA from the London Business School & The George Washington University School of Business

Tavia Sparks

- 18 years' experience in banking and growth capital at Santander and Barclays
- Certified public accountant with a BSc in Economics from the University of York

Fiona Hatch

- Seven years' corporate finance experience at Manchester Airport Group
- Eight years' transaction services experiences at Deloitte
- Degree in Economics with French from Nottingham University

Nick Mettyear

- Five years' private equity experience including Duke Street and FPE Private Equity
- Six years' consultancy experience at Capco and Cognizant

Francesca Dickinson

- Five years' private equity experience including LDC and a family office
- Four years' at Lloyds Banking Group
- Degree in Geography with Economics from Loughborough University

Chris Wiles

- Two years' experience at Centrica
- Three years' experience at PWC
- Two years' experience at McLaren
- Degree in Engineering from Southampton University
- MBA from the University of Warwick

Bill Yost

- Two years' experience at Mercia Asset Management
- 18 years' commercial experience
- Degree in Physics from Cornell University
- MSc Management & Regulation of Risk from LSE
- MSc Electrical Engineering from University of Pittsburgh

Oliver Bates

- Two years' experience at Société Générale
- 10 years' experience Bank of Tokyo
- Three years' experience at Bank of Tokyo Mitsubishi
- Four years' experience at Bank of America
- Degree in Industrial Economics from University of Nottingham

Investment Managers

Jonathan Rose

- Two years' experience as an Analyst at Investec
- Two years' experience as an Associate at Kreos Capital
- One year' experience as Senior Associate at Downing Ventures
- Degree in Politics, Philosophy and Economics from The University of Exeter

Georgie Newton

- Five years' accountancy experience
- Degree in Economics from Manchester University

Jordan Lavender

- Six years' experience at West Virginia Jobs Investment Trust
- MBA from University of Charleston
- Degree in Finance and Business from University of Charleston

Anastasia Sagaidachna

- Nine years' experience at PWC
- Degree in Economics from the University of Liverpool

Charles O'Riordan

- Two years' experience at KPMG
- Three years' experience at PWC
- Five years' experience banking experience including Lloyds and Clydesdale and Yorkshire Bank
- Degree in Economics with European Studies from Exeter University

Irfan Ashfak

- Seven years' experience at Mazars
- Three years' experience at Magma
- Degree in International Relations and Business from Aston University

Line Gauteplass

- Two years' experience Grant Thornton
- Three years' experience at Mazars
- Two years' experience at BNP Paribas
- Degree in Corporate Finance from Bayes Business School

Robert Gallagher

- Ten years' experience at H2 Equity Partners, Bain and Skadden Arps
- Degree in Law from Oxford University

Richard Ralph

- Nine years' experience at Deloitte
- Degree in Geography from Oxford University

Case Studies



Ayar Labs	Sector: DeepTech / High Performance Computing
Investment type	Venture Capital
Initial investment date	August 2020
Aggregate investment by Foresight funds	£3.1m
Aggregate amount returned to all Foresight funds	n/a
Aggregate valuation of remaining investment by all Foresight funds	£6.2m (30 June 2022)

Company background

Ayar Labs, based out of California and London, has developed a novel component for the next generation of semiconductors, to improve speed and increase bandwidth in new products. Ayar Labs can improve bandwidth over the existing technology by 1000x whilst only using 10% of the energy. The company is seeking to overcome the significant bottlenecks that are emerging as we continue to drive innovation within semiconductors where legacy technologies such as copper wire are not able to provide the next generation interconnect.

The company was founded in 2015 out of MIT, developed by globally renowned leaders in optical interconnect computing. The team has been further strengthened over time with a senior commercial team from Intel and Penguin Computing. The company expanded into the UK in 2020 setting up Ayar Labs UK Ltd and opening a London office.

Investment

The Company, alongside Thames Ventures VCT 1 plc first invested into the business in August 2020, co-leading the Series B financing with Blu-Sky Labs. In aggregate, the Company and Thames Ventures VCT 1 plc has invested £3.1m into the company. In addition to this investment, the Company and Thames Ventures VCT 1 plc have also introduced further investors to Ayar Labs to help provide further funding to the business. The Company and Thames Ventures VCT 1 plc first sourced Ayar Labs through its thematic research into the High Performance Computing (HPC) sector. Ayar Labs continues to scale and has subsequently raised a round at a valuation which has increased by over 100% in 18 months. Ayar Labs is backed by some of the best VC funds globally including Playground Global, Intel Capital and Founders Fund.

Exit Options

Ayar Labs has significant potential to exit in the next few years, most likely by acquisition from a strategic partner in the sector as their technology could provide a superior semiconductor technology long term, which would be a significant differentiator. If successful the Company and Thames Ventures VCT 1 plc would expect a multi-billion dollar exit and potentially as much as a 10x return on invested capital.

e.fundamentals	Sector: Software
Investment type	Venture Capital
Initial investment date	December 2017
Aggregate investment by Foresight funds	£3.571m
Aggregate amount returned to all Foresight funds	£3.97m
Aggregate valuation of remaining investment by all Foresight funds	£4.86m

Company background

e.fundamentals has developed a digital shelf analytics tool that is sold to international to consumer brands to allow them to understand how their products are performing when being sold through third party e-commerce platforms, e.g. Amazon and Tesco.com. The technology provides rich, actionable data allowing users to make decisions that will drive sales, margin and improve customer loyalty. The SaaS tool developed provides brands with the analytics required to succeed at speed and scale by capturing complex data from more than 350 e-commerce retailers and marketplaces in 40+ international markets. By acting on e.fundamentals' Digital Shelf Analytics insights, brand owners gain a competitive advantage at speed and scale by optimizing their online retailer search visibility and ranking, shopper feedback, pricing and promotion performance and executing their category strategy with real-time insight.

e.fundamentals was founded by John Maltman 2014, who identified the issues faced by international brands when trying to transfer high street market share and profitability to an online environment. John had accumulated a deep understanding of the how brands operate and think further to a 30 year career in senior management at international FMCG brands including Proctor & Gamble, PepsiCo and Asda Walmart. John was quick to realise that brands were not well placed to win online and that they were unable to solve this problem in isolation

Investment

The Company first invested in the business in 2017 and continued to provide financial support over a series of follow on funding rounds, alongside and Thames Ventures VCT 1 plc and certain EIS investors. In aggregate £3.6m has been deployed by the Company, Thames Ventures VCT 1 plc and the EIS investors. In addition, the investment team introduced additional institutional investors (such as Maven and Scottish Investment Bank) who invested in subsequent investment rounds. At the time of the original investment, e.fundamentals had a small number of customers and limited evidence of product market fit. In the following 5 years, customers and the average order value increased significantly as the company established itself as one of the leading providers of digital shelf analytics and won a number of leading FMCG customers including Mars Pepsico, Molson Coors and Edgewell.

Exit

In July 2022, e.fundamentals was acquired by US based CommerceIQ that generated a 2.5x return for the Company. Proceeds from the sale are via a combination of cash and rolled equity into the buyer. CommerceIQ recently raised a \$115m funding round and the purchase of e.fundamentals is integral to their plans to build the world's pre-eminent company supporting brands in the retail environment across areas including inventory planning, pricing and search optimisation.

Parsable	Sector: Business/productivity software
Investment type	Venture Capital
Initial investment date	August 2020
Aggregate investment by Foresight funds	£2.3m
Aggregate amount returned to all Foresight funds	n/a
Aggregate valuation of remaining investment by all Foresight funds	£2.1m (31 March 2022)

Company background

Parsable has developed technology to help manufacturers track, trend and optimise their operational activities and is used in over 800 facilities globally. The company looks to provide a solution to the problem whereby historically, factory workers' operating procedures were managed through archaic systems, still often relying on pen and paper on the factory floor to ensure the safety and correct delivery of workflows. This often leads to sub-optimal productivity and poor safety outcomes for factory workers. Parsable's digital tools can now track workflows, improve workforce output, monitor, and maintain high standards of safety and allow new procedures to be swiftly rolled out.

Parsable's digital tools has allowed Scientific Drilling (a company that repairs industrial drills used in the mining industry) to go paperless and monitor its workflows electronically, which has dramatically improved its productivity and reduced its costs. The company noted that this resulted in a 10% reduction in repair cost, 95% reduction in inaccurate reporting and reduced the time taken to complete repair tasks from 30 days to 2.

Parsable have already secured big name customers including Heineken and Shell and has over 100k users worldwide.

Investment

The Company and Thames Ventures VCT 1 plc first invested in the business in August 2020 and in total £2.3m was deployed by the Company and Thames Ventures VCT 1 plc, as part of a round that included Activate Capital and Glade Brook Capital Partners and broad support from existing financial investors and is intended to continue the company's recent growth by accelerating its growth including Asia, EMEA and Latin America; investing in its rapidly expanding network of global partners and integrations; and further deepening the enterprise depth and capabilities of its platform, with the ultimate goal of increasing safety, productivity and quality output for essential industrial frontline workers.

Exit Options

The most likely exit option for Parsable is an acquisition and, in Foresight's view, there are a number of blue chip industrial workflow and software players which might look to acquire the business in due course. The expected exit time horizon would be 2-3 years.

Bulbshare	Sector: Market research
Investment type	Venture Capital
Initial investment date	December 2021
Aggregate investment by Foresight funds	£998,000
Aggregate amount returned to all Foresight funds	n/a
Aggregate valuation of remaining investment by all Foresight funds	£998m (31 March 2022)

Company background

Bulbshare completes surveys and market research for large consumer goods companies, such as Nestle, Loreal and Samsung. The founders identified that large companies need detailed customer insights to guide strategy and that customer feedback helps companies design new products, test new geographies, and better understand issues like product pricing. Bulbshare has already successfully worked with some of the world's leading consumer brands for example: Loreal, Nestle, Listerine, Durex, Samsung and Ebay.

The company operates through three core principles that define its work: co-creation (developing tools to enable brands to listed to its customers), social good (fostering a sense of brand democracy) and collaboration (reacting to the thoughts, ideas and insights of its customers).

By way of example of its work, Bulbshare worked with Listerine, leading provider of oral care products, to gather feedback from customers in key segments across Thailand, Indonesia, and Australia to help build a strategy for its key product launches. This provided Listerine with a 1,000 strong sample that shaped their product launches and sales campaigns in key locations.

Investment

The Company and Thames Ventures VCT 1 plc first invested in the business in December 2021. In total £998,000 was deployed across the Company and Thames Ventures VCT 1 plc.

Exit Options

An acquisition by a private equity player or an IPO, as has been the route taken by other similar companies, are the main exit options for Bulbshare. The expected exit time horizon would be 4-5 years.

PART THREE: TAXATION

VCTs: Summary of the applicable legislation in respect of Investors

1. Taxation of a VCT

VCTs are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. The Company will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

2. Tax reliefs for individual investors

Individuals who subscribe for Offer Shares must be aged 18 or over to qualify for the tax reliefs outlined below.

Relief from income tax

A qualifying investor subscribing up to £200,000 in the 2022/23 and/or 2023/24 tax years for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. Relief is restricted to the amount which reduces the investor's income tax liability to nil. Shareholders should note that if they have sold, or if they sell, any shares in the Company within six months either side of the subscription for the Offer Shares, then for the purposes of calculating tax relief on the Offer Shares the subscribed amount must be reduced by the amount received from the sale.

Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in each of the 2022/23 and 2023/24 tax years) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source.

Capital gains tax relief

A disposal by an individual investor of his/her shares in a VCT will neither give rise to a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is also limited to disposals of shares acquired within the £200,000 limit described above.

Loss of tax reliefs

- (i) If a company which has been granted approval or provisional approval as a VCT subsequently fails to comply with the conditions for approval, VCT status may be withdrawn or treated as never having been given. The exemptions from corporation tax on capital gains will not apply to any gain realised after VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).
- (ii) For investors, the withdrawal of VCT status may (depending upon the timing of such withdrawal) result in:
 - repayment of the 30% income tax relief on subscription for new VCT shares;
 - income tax becoming payable on subsequent payments of dividends by the VCT; and
 - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the VCT, except that any part of the gain attributable to the period for which the VCT was approved would remain exempt.
- (iii) The consequences for investors in a company which never obtains full unconditional approval as a VCT are as follows:

- repayment of the 30% income tax relief on subscriptions for new VCT shares and interest on overdue tax may arise;
- income tax becoming payable on all payments of dividends by the company; and
- any gain arising on a disposal of the shares would be liable to capital gains tax and losses on the shares would be allowable losses for capital gains tax purposes.

3. Consequences of an investor dying or a transfer of shares between spouses

(i) Initial income tax

If an investor dies at any time after making an investment in a VCT, the transfer of shares on death is not treated as a disposal and, therefore, the initial income tax relief is not withdrawn. However, the shares will become part of the deceased's estate for inheritance tax purposes.

(ii) Tax implications for the beneficiary

Provided a number of conditions are met, the beneficiary of any VCT shares will be entitled to taxfree dividends and will not pay capital gains tax on any disposal but will not be entitled to any initial income tax relief.

(iii) Transfer of shares between spouses

Transfers of shares in a VCT between spouses is not deemed to be a disposal and, therefore, all tax reliefs will be retained.

4. General

(i) Investors who are not resident in the UK

Non-resident investors, or investors who may become non-resident, should seek their own professional advice as to the consequences of making an investment in a VCT, because they may be subject to tax in other jurisdictions.

(ii) Stamp duty and stamp duty reserve tax

No stamp duty or (unless shares in a VCT are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax will be payable on the issue of VCT shares. The transfer on the sale of shares would normally be subject to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within four months) stamp duty reserve tax generally, in each case at the rate of 50p for every £100 or part of £100 of the consideration paid where the total consideration exceeds £1,000 or if it forms part of a series of transactions where the total consideration exceeds £1,000. Such duties would be payable by a person who purchases such shares from the original subscriber.

(iii) Purchases in the market after listing

Any subsequent purchaser of existing VCT shares, as opposed to a subscriber for new VCT shares, will not qualify for income tax relief on investment but may benefit from dividend relief and from capital gains tax relief on the disposal of his/her VCT shares.

(iv) The VCT Regulations 2004

Under the VCT Regulations 2004, monies raised by any further issue of shares by an existing VCT must be applied by that VCT for qualifying purposes. If any of the money raised (except for amounts which HM Revenue & Customs agrees are insignificant in the context of the whole issued ordinary share capital of the VCT) is used by the VCT to purchase its own shares, then the funds may be deemed to not have been used for a qualifying purpose.

The above is only a summary of the tax position of individual investors in VCTs and is based on the Company's understanding of current law and practice. Investors are recommended to consult a professional adviser as to the taxation consequences of their investing in a VCT. The tax legislation of the investor's home country and of the Company's country of incorporation may have an impact on the income received from

the securities. All tax reliefs referred to in this document are UK tax reliefs and are dependent on the Company maintaining its VCT qualifying status.

5. VCT approval

To obtain VCT status a company must be approved by HM Revenue & Customs as a VCT. HM Revenue & Customs has granted the Company approval under Section 274 ITA as a VCT and the Company intends to continue complying with the requirements of such section.

For a VCT to obtain full unconditional approval, the conditions summarised below must be satisfied in relation to the accounting period of the company which is current when the application for approval is made, or in any event must be satisfied by no later than the beginning of the VCT's next accounting period and must continue to be satisfied throughout the life of the VCT:

- (i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);
- (ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15% by value of the VCT's total investments at the time of investment; and
- (iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period; and
- (iv) the VCT must not make an investment into a company which causes that company to have received more than £5 million of state aided risk finance in a rolling 12-month period (£10 million for a 'knowledge intensive' company), or more than £12 million in total (£20 million for a 'knowledge intensive' company);
- (v) no investment can be made by the VCT in a company whose first commercial sale was more than 7 years prior to the date of investment, except where previous State aid Risk Finance was received by the company within 7 years (10 years for a 'knowledge intensive' company) or where a turnover test is satisfied and the investment is used to enter a new product or geographical market;
- (vi) no funds received from an investment by the VCT into a company can be used to acquire another existing business or trade; and
- (vii) the VCT must not make any investments other than qualifying investments or certain non-qualifying investment specified in section 274 Income Tax Act 2007.

Additionally, the VCT must not be a close company and its ordinary share capital must be quoted on a regulated market in the EU or European Economic Area.

The VCT must not, in respect of any share capital created on or after 6 April 2014, and any reserves created from the cancellation thereof, make any payment or distribution out of such share capital and reserves to shareholders within three years from the end of the accounting period in which that share capital was created.

The following conditions also have to be satisfied by no later than the beginning of the VCT's accounting period which commences no later than three years after provisional approval takes effect and must continue to be satisfied throughout the life of the VCT:

- (i) at least 80% by value of its investments is represented by shares or securities comprising qualifying investments; and
- (ii) for funds raised on or after 6 April 2011, and for investments made on or after 6 April 2018 from funds raised prior to 6 April 2011, at least 70% by value of its qualifying investments is represented by "eligible shares" which are ordinary shares which carry no present or future preferential rights to a return or capital on a winding up or any redemption rights but may have certain preferential rights to dividends.

Furthermore, VCTs are required to invest 30% of funds raised in an accounting period in qualifying investments within 12 months from the end of that accounting period.

Disposals of qualifying holdings (which have been so qualifying throughout the six months prior to disposal) are disregarded for the purposes of the 80% test for a period of twelve months.

“Qualifying investments” comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies which exist wholly or mainly for the purpose of carrying on one or more qualifying trades and which meet a principles based ‘risk to capital’ gateway test. This test requires the company to have genuine plans to grow and develop in the long term and that there be a significant risk that the capital invested could be lost as to an amount greater than the net investment return. The trade must be carried on by, or be intended to be carried on by, the investee company or a 90% held qualifying subsidiary (directly held or in the third tier within the group) at the time of the issue of the shares or securities to the VCT and at all times thereafter. The Qualifying Company must have a permanent establishment in the UK.

A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter. The definition of a qualifying trade excludes certain activities, including dealing in property, shares, securities, commodities or futures. It also excludes banking, insurance, receiving royalties or licence fees in certain circumstances, leasing, the provision of legal and accounting services, farming and market gardening, forestry and timber production, property development and operating or managing hotels, guest houses, nursing and residential care homes, coal production, steel production, ship building or the generation of electricity. The funds raised by the investment must be used for the purposes of the qualifying trade within certain time limits.

A qualifying investment can be made in a company which is a parent company of a trading group where the activities of the group, taken as a whole, consist of carrying on one or more qualifying trades. The subsidiary carrying on the qualifying trade in question must be at least 90% owned by the parent company. The investee company’s gross assets, or those of the group if it is a parent company, must not exceed £15 million immediately prior to the investment and £16 million thereafter. Neither the VCT nor any other company may control the investee company. At least 10% of the VCT’s total investment in the investee company must be in “eligible shares” as defined above. Qualifying Companies or groups must have fewer than 250 employees. Companies are permitted to receive a maximum of £5 million from investments made under the European Commission’s Risk Finance Guidelines in the 12 months ending on the date of the VCT’s investment, and a total maximum of £12 million of such investment (£10 million and £20 million respectively for a “knowledge intensive company”). The company’s first commercial sale must be no more than seven years before the date of the VCT’s investment (10 years for a “knowledge intensive company”), except where previous State Aided risk finance investment was received by the company in that seven or 10 year period, or where a turnover test is satisfied and the money is used to enter a new product or geographic market. There is also a disqualifying purpose test designed to exclude companies set up for the purpose of accessing the tax reliefs. There is an exclusion on the use of VCT funds for the acquisition of a trade, business, or of shares in another company.

Companies whose shares are traded on AIM, or on the AQUIS growth market, are treated as unquoted companies for the purposes of calculating qualifying investments. Shares in an unquoted company which subsequently become listed may still be regarded as a qualifying investment for a further five years following listing, provided all other conditions are met.

VCTs may only use the non-qualifying portion of their portfolio to make a limited range of investments for the purposes of liquidity management, specifically in listed shares, shares or units in alternative investments funds and UCITS (each of which must be redeemable on seven days’ notice by the investor) and short-term cash deposits.

The Company will notify through a Regulatory Information Service provider any action that will be taken in the event of a breach of any of the VCT conditions.

PART FOUR: DEFINITIONS

Where used in this document, the following words and expressions will, unless the context otherwise requires, have the following meanings:

2006 Act	Companies Act 2006, as amended from time to time
Admission	admission of the New Ventures Shares to the premium segment of the Official List and to trading on the London Stock Exchange
Advisers	financial advisers and Intermediaries
Adviser Charge	fee, payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in Ventures Shares and detailed on the Application Form
AIM Shares	AIM Shares of 0.1p each in the capital of the Company (ISIN: GB00BMYXV611)
Annual Running Costs	annual running costs incurred by the Company in the ordinary course of its business (including irrecoverable VAT but excluding any amount payable in respect of the Performance Incentive)
Applicant	a person who completes and submits an Application Form
Application Form(s)	form of application for Ventures Shares under the Offer
Articles	articles of association of the Company, as amended from time to time
Board of Directors	the board of directors of the Company
Business Days	any day, other than a Saturday, Sunday or public holiday, on which clearing banks in London are open for all normal banking business
Closing Date	5 April 2023 (in respect of the 2022/23 tax year) and 31 May 2023, unless previously extended by the Directors (but to no later than 12 October 2023)
Company or Thames Ventures 2	Thames Ventures VCT 2 plc (registered number 06789187, formerly Downing FOUR VCT plc)
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of Shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)
CREST Regulations	Uncertificated Securities Regulations 1995 (SI 1995/3272)
Downing	Downing LLP, which is authorised and regulated by the Financial Conduct Authority (registered number OC341575; FCA number 545025)
DP67 Shares	DP67 shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53D91)
DTR	the Disclosure Guidance and Transparency Rules, made by the FCA under part VII of FSMA and relating to the disclosure of information in respect of financial instruments
FCA	Financial Conduct Authority

FSMA	Financial Services and Markets Act 2000, as amended from time to time
Foresight	Foresight Group LLP
Full Subscription	approximately 16.6 million New Ventures Shares issued under the Offer, ignoring the over-allotment facility and including the Management Shares
Healthcare Share(s)	Healthcare Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GBO0BDHF5D62)
Hurdle	as described on page 15 of this document
Initial Adviser Charge	a one-off Adviser Charge to be paid at the time of, or shortly after, the investment being made
Intermediary	firm who signs the Application Form and whose details are set out in the Application Form
Investment Adviser	Foresight
Investment Advisers	Foresight and Downing
Investor	a subscriber for Ventures Shares under the Offer
ITA	Income Tax Act 2007, as amended from time to time
Listed	admitted to the premium segment of the Official List and to trading on the London Stock Exchange
Listing Rules	listing rules issued by the FCA, acting as the UK Listing Authority, pursuant to Part VII of the FSMA
London Stock Exchange or LSE	main market for listed securities of the London Stock Exchange plc (registered number 02075721)
Management	individuals engaged in the business of the Company and/or Foresight and/or Downing
Management Shares	those Ventures Shares held, from time to time, by members of the Management to give effect to the existing arrangements for implementing the Performance Incentive
Merger	the transaction pursuant to section 110 of the Insolvency Act 1986 which took place on 20 July 2015, under which Downing FOUR acquired the assets and liabilities of Downing Planned Exit VCT 2011 plc, Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc
ML Regulations	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
NAV or Net Asset Value	net asset value per Share (in the case of the Ventures Shares, calculated without including the Management Shares)
Net Assets	gross assets less all liabilities (excluding contingent liabilities) of the Company
New Ventures Shares	Ventures Shares issued under the Offer
Offer Price	price per New Ventures Share under the Offer as determined by the Pricing Formula from time to time

Offer Shares	New Ventures Shares (as the context dictates) subscribed for under the Offer
Offer	the offer for subscription of New Ventures Shares being made on the terms set out in the Prospectus
Official List	official list of the FCA
Performance Incentive	performance-related benefits accruing to the Management through their holdings of Management Shares in the event that the Hurdle is achieved, as described on pages 15 and 16 of this document
Pricing Formula	mechanism by which the pricing of the Offer is set by reference to the latest published NAV, the level of the Promoter's Fee and Adviser Charge payable by a particular Applicant and any applicable discounts (as set out on page 8), as described on page 16 of this document
Promoter's Agreement	the agreement dated on or around the date of this Securities Note between the Company (1), the Directors (2), Foresight (3) and the Ventures Promoter (4), a summary of which is set out in the Registration Document
Promoter's Fee	fee payable by the Company to the Ventures Promoter, calculated as a percentage of each Applicant's gross subscription in the Offer in return for which the Ventures Promoter will pay the launch costs of the Offer
Prospectus	together this Securities Note, the Registration Document and the Summary
Prospectus Rules	prospectus rules issued by the FCA pursuant to Part VI of the FSMA
Qualifying Company/ies	unquoted company carrying on qualifying trades wholly or mainly in the United Kingdom and which satisfy certain other conditions as defined in Chapter 4, Part 6, of the ITA
Qualifying Investment	an investment in a Qualifying Company
Registrar and/or Receiving Agent	The City Partnership (UK) Limited (registered number SC269164)
Registration Document	the registration document issued by the Company on 13 October 2023
Securities Note	this document
Shareholders	holders of Shares
Share(s)	shares in the capital of the Company being Ventures Shares, Healthcare Shares, AIM Shares, DP67 Shares and DSO D Shares
Sponsor	SPARK Advisory Partners Limited
Spouse	spouse or civil partner
Summary	the summary issued by the Company, of even date with this document, in connection with the Offer and which forms part of the Prospectus
Total Return	NAV, together with cumulative dividends paid or proposed
Ventures Promoter	Foresight Group Promoter LLP

Ventures Share(s)	Ventures Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GBO0BDHF5B49)
Ventures Shareholders	holders of Ventures Shares
VCT or Venture Capital Trust	venture capital trust as defined in Section 259 of the ITA
VCT Regulations or VCT Rules	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs as amended from time to time

PART FIVE: ADDITIONAL INFORMATION

1. The Company

1.1 Cancellation of the share premium account

The Directors are aware of the possibility that the Company's Shares may trade at a discount to their net asset value at some point. The Directors consider that the Company should have the ability to purchase its Shares in the market (such Shares to be automatically cancelled) with the aim of reducing any discount and increasing the liquidity in the Company's Shares. In the view of the Directors, the awareness of Investors that the Company has such a capability may tend to moderate the scale of any discount which may emerge and the action of buying in Shares should enable any such discount to be narrowed.

The 2006 Act provides that a public company may only purchase its own shares out of distributable profits or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. Subject to confirmation from HM Revenue & Customs that such proposals will not adversely affect the Company's VCT status and Court approval, the Company may decide to reduce and/or cancel the share premium account (created on the issue of the Offer Shares) and to transfer the balance of the special reserve, which is established by the cancellation of a previous share premium account, which may be treated as a distributable profit, out of which purchases of Shares can be made, subject to regulations, VCT Rules and company legislation. The Company intends to cancel the share premium account in due course.

Following changes in Finance Act 2014 for shares issued after 5 April 2014, the Company may not return the capital raised by a share issue to its investors for a period of three years from the end of the accounting period in which the shares were issued. There is no restriction on dividends funded out of income received attributable to the Ventures Shares.

1.2 Material interests

Foresight will be paid an annual investment management fee 2.0% of the Net Assets attributable to the Ventures Shares. In line with normal VCT practice, Foresight will also be entitled to receive the Performance Incentive in respect of the Ventures Shares through the holding of Management Shares. Further details of these arrangements are set out on pages 15 and 16 of this document.

1.3 Results of the Offer

The results of the Offer together with the relevant information regarding the offer price will be announced through a regulatory information service provider.

2. Working capital and capitalisation and indebtedness statements

2.1 Working capital

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

2.2 Statement of capitalisation and indebtedness

The table below shows the capitalisation of the Company as at 31 August 2022.

	£'000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	119
Other reserves	62,162
	<u>62,281</u>

The following table shows the Company's net indebtedness as at 31 August 2022.

	£'000
A Cash	12,587
B Cash equivalent	-
C Trading Securities	8,620
D Liquidity (A+B+C)	21,207
E Current financial receivables	2,050
F Current bank debt	-
G Current position of non-current debt	-
H Other current financial debt	-
I Current financial debt (F+G+H)	-
J Net current financial indebtedness (I-E-D)	(23,257)
K Non-current bank loans	-
L Bonds issued	-
M Other non-current loans	-
N Non-current financial indebtedness (K+L+M)	-
O Net financial indebtedness (J+N)	(23,257)

The Company does not have any contingent or indirect indebtedness.

There has been no material change in the capitalisation or indebtedness of the Company since 31 August 2022.

3. Issued Share Capital and Dilution

The Shareholders of the Company as at the date of this document hold the rights to a total of 81,771,742,692 votes. If the maximum of approximately 13.5 million Offer Shares are issued pursuant to the Offer (ignoring the over-allotment facility and excluding Management Shares), then the existing Shares would represent approximately 88% of the voting rights of the enlarged Company. There will be no dilution in terms of net asset value for any Existing Shareholder as a result of the Offer due to the application of the Pricing Formula.

Rights attaching to the Company's Shares

Dividends and Capital

The share capital of the Company comprises DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares.

The holders of DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares shall be entitled, in their respective capacities, to receive dividends and any other distributions or a return of capital (otherwise than on a market purchase by the Company of any of its shares) including on a liquidation of the Company, out of the residual assets attributable to those respective share classes and pro-rata between such Shareholders to the respective number of shares they hold in the relevant share class.

None of the DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares or AIM Shares are redeemable or convertible.

Voting

Every Shareholder shall have the right to receive notice of, to attend, speak and vote at any General Meeting of the Company.

Shareholders who are present at a General Meeting and duly appointed proxies present at a General Meeting can vote on a show of hands. They will have one vote each.

On a poll each Shareholder present in person or by proxy shall be entitled to the number of votes per share of which he is the registered holder which is attributed to shares of that class as set out in the second column opposite each class of share named in the table below, as this number may be adjusted from time to time.

Class of share	Number of votes per share ("Base Votes")	Original net asset value per share at the date of the launch or merger of share class ("Base Value")	Current Net Asset Value (unaudited 31 August 2022)
Ventures Shares	1,146*	100.0p	70.0p
Healthcare Shares	1,146	100.0p	78.4p
AIM Shares	1,146	100.0p	99.3p
DSO D Shares	925*	80.7p	2.6p
DP67 Shares	750*	63.8p (DP6), 63.5p (DP7)	27.9p

* As at 30 September 2022, the Ventures Shares had voting rights per share of 860, the DSO D Shares had voting rights per share of 232 per share and the DP67 Shares had voting rights of 375 per share.

If the net asset value of any class of share, as announced prior to a General Meeting of the Company, adjusted by the deduction of the amount of any dividends declared in or since the announcement or paid since the announcement, is less than or greater than the Base Value in the third column set opposite that class of share in the table above by at least 25% or more of its Base Value then the number of Base Votes per share which each holder of shares of that class may cast upon a poll as set out in the second column of the table above shall correspondingly increase or decrease as set out in the table below:

Net Asset Value, adjusted as required, expressed as a % of the Base Value of a Class of Share	Adjusted Base Votes per share
Up to 25%	0.25 x Base Votes
Over 25% and less than 50%	0.50 x Base Votes
Over 50% and up to 75%	0.75 x Base Votes
Over 75% and up to 125%	Base Votes
Over 125% and up to 150%	1.25 x Base Votes

4. Overseas Investors

- (a) No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an offer or invitation to him/her to subscribe for or purchase Ventures Shares unless, in such territory, such offer or invitation could lawfully be made.
- (b) No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All Applicants will be required to warrant that they are not a US person as defined in paragraph 5(y) of Part VIII of this document or a resident of Canada.

5. Information sourced from third parties

Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

6. Takeovers

The Company and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and the 2006 Act, which require shares to be acquired/transferred in certain circumstances.

7. Maximum number of New Ventures Shares to be issued

The maximum number of New Ventures Shares that may be issued under the Prospectus pursuant to the Offer is 40 million New Ventures Shares (including Management Shares).

8. Shareholder authority for the issue of the New Ventures Shares

The following resolutions, inter alia, were passed at the Annual General Meeting that took place on 27 September 2022, authorising the issue of the New Ventures Shares:

9. *That, in addition to any existing authority (to the extent unused), the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £172,555, being up to 58,651,026 Ventures Shares (plus Ventures Management Shares of up to 14,662,757) (representing approximately 105% of the Ventures Share capital in issue at today's date), up to 47,393,365 Healthcare Shares (plus Healthcare Management Shares of up to 11,848,341) (representing approximately 207% of the Healthcare Share capital in issue at today's date) and up to 40,000,000 AIM Shares (representing approximately 1,484% of the AIM Share capital in issue at today's date), during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted to subscribe for or to convert any security into shares in the Company after such expiry and all previous authorities given by the Directors in accordance with section 551 of the Act be and are hereby revoked, provided that such revocation shall not have retrospective effect.*
10. *That, in addition to any existing authority (to the extent unused), the Directors be and are hereby empowered, during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of this resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), pursuant to section 570 of the Act, to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act, pursuant to Resolution 9 above, as if section 561(1) of the Act did not apply to any such allotment but so that this authority shall allow the Company to make offers or agreements before the expiry*

and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

Use of the Prospectus by financial intermediaries

The Company and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus for subsequent resale or final placement of the securities in the Company by financial intermediaries in the UK. The period in which such consent to use the Prospectus is given begins with the date of the Prospectus and ends on the close of the Offer, for the purpose of introducing subscribers for New Ventures Shares. The Offer is expected to finally close on or before 31 May 2023, unless previously extended by the Directors to a date not being later than 12 October 2023.

Financial intermediaries must give Investors information on the terms and conditions of the Offer at the time the Offer is introduced to them by the financial intermediary. Any financial intermediary using the Prospectus must state on its website that it uses the Prospectus in accordance with the above consent and the conditions attached thereto.

Forward-Looking Statements

You should not place undue reliance on forward-looking statements. The Prospectus includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in the Prospectus or based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to qualify the Company's working capital statement.

The information contained in this document will be updated if required by the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, as appropriate.

PART SIX: TERMS AND CONDITIONS OF APPLICATION

1. In these Terms and Conditions of Application, the expression "Prospectus" means this document together with the Summary and the Registration Document. The expression "Application Form" means the online application form for use in accordance with these Terms and Conditions of Application. Save where the content otherwise requires, the terms used in the Application Form bear the same meaning as in the Prospectus.
2. The right is reserved to reject any application or to accept any application in part only and to allot Offer Shares notwithstanding that the Offer is not fully subscribed. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Offer Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the Applicant. In the meantime, application monies will be retained in the Company's bank account.
3. You may pay for your application for Offer Shares by cheque or banker's draft submitted with the Application Form or direct bank transfer (CHAPS/BACS).
4. The contract created by the acceptance of applications in respect of the first allotment of Offer Shares will be conditional on admission of the Offer Shares (in respect of such first allotment of Shares) being granted not later than 3:00 p.m. on 31 May 2023. If the conditions are not met, the Offer will be withdrawn and subscription monies will be returned to Investors within seven days of 31 May 2023, at their own risk, without interest. The Offer is not underwritten.
5. By completing and submitting an Application Form, you:
 - (a) offer to subscribe for the amount specified on your Application Form plus any commission waived for extra shares or any smaller sum for which such application is accepted at the Offer Price;
 - (b) acknowledge that, if your subscription is accepted, you will be allocated such number of Offer Shares as determined by the Pricing Formula;
 - (c) authorise your financial adviser, or whoever he or she may direct, the Registrar or the Company to send a document of title for, or credit your CREST account in respect of, the number of Offer Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - (d) in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any Offer Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked once made and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon submission of your duly completed Application Form to the Company or to your financial adviser;
 - (e) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive share certificates for the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Company (such acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such Offer Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than return of such late payment at your risk and without interest);

- (f) agree that all cheques and banker's drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
- (g) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the ML Regulations;
- (h) agree that, in respect of those Offer Shares for which your application has been received and processed and not rejected, acceptance of your application shall be constituted by the Company instructing Foresight (or Downing as administrator) or the Registrar to enter your name on the share register;
- (i) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent to you at your address as set out in the Application Form;
- (j) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations including the risk factors contained therein;
- (k) confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
- (l) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (m) irrevocably authorise the Company, the Registrar, Foresight or Downing (as administrator) or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Offer Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Registrar, Foresight or Downing (as administrator) to execute any documents required therefore and to enter your name on the register of members of the Company;
- (n) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT Regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
- (o) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Foresight, Downing or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
- (p) confirm that you have read and complied with paragraph 6 below;
- (q) confirm that you have reviewed the restrictions contained in paragraph 7 below;
- (r) confirm that you understand that if you sell (or have sold) any other Shares in the Company within six months either side of your subscription for Offer Shares then, for the purposes of calculating the tax relief on the Offer Shares, the subscribed amount must be reduced by the amount received from the sale;
- (s) warrant that you are not under the age of 18 years;

- (t) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Company, Foresight, Downing or the Sponsor or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
 - (u) agree that Foresight and the Sponsor are acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Offer Shares or concerning the suitability of Offer Shares for you or be responsible to you for the protections afforded to their customers;
 - (v) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
 - (w) warrant that you are not subscribing for the Offer Shares using a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the Offer Shares;
 - (x) warrant that the Offer Shares are being acquired by you for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not of itself tax avoidance;
 - (y) warrant that you are not a "US person" as defined in the United States Securities Act of 1933 (as amended) nor a resident of Canada and that you are not applying for any Offer Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US person or resident of Canada; and
 - (z) warrant that the information contained in the Application Form is accurate.
6. No person receiving a copy of the Prospectus, or an Application Form, in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any of the formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
 7. The Offer Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
 8. This application is addressed to the Company, the Receiving Agent and the Sponsor. The rights and remedies of the Company and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
 9. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company with the agreement of the Sponsor.
 10. The Offer will be suspended if at any time the Company is prohibited by statute or other regulations from issuing Ventures Shares.

11. The Company has taken advantage of the provisions of the 2006 Act to allow annual reports and other statutory shareholder communications to be made available in electronic form on its website as the default means of publication. This will have a positive environmental impact and save the Company some costs compared to providing all communications in hard copy form by post. By default, applicants who provide an email address on the Application Form and do not select any alternative notification methods, will receive notification of shareholder communications by email. Investors can elect to receive notifications by post and to receive all shareholder communications in paper form by ticking the appropriate box on the Application Form. Should you subsequently wish to change your election, you can do so at any time by contacting the Registrar, The City Partnership (UK) Limited of The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. Notwithstanding any election, the Company may in its sole discretion send any notification or information to Shareholders in paper form.
12. Authorised financial intermediaries who, acting on behalf of their clients where those clients are non-advised Investors (and an enhanced service has been provided in accordance with the extended prohibition on inducements under FCA rules) or where their client is a 'professional client' under the FCA Rules who has received only restricted advice, return valid Application Forms bearing their stamp and FCA number may be entitled to commission on the amount payable in respect of the Offer Shares allocated for each such Application Form at the rates specified on page 7. Intermediaries may agree to waive part or all of their initial commission in respect of an application for Offer Shares. If this is the case, then the offer charges will be adjusted, in accordance with the Pricing Formula. Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.
13. The section headed "Application Procedures" forms part of these Terms and Conditions of Application.
14. It is a condition of the Offer to ensure compliance with the ML Regulations. Foresight is therefore entitled to require, at its absolute discretion, verification of identity from any Applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to Foresight to be acting on behalf of some other person. Pending the provision of evidence satisfactory to Foresight as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, Foresight may, in its absolute discretion, retain an Application Form lodged by an Applicant and/or the cheque or other remittance relating thereto and/or the Registrar may not enter the Applicant on the register of members or issue any share certificates in respect of such application. If verification of identity is required, this may result in delay in dealing with an application and in rejection of the application. The Company reserves the right, in its absolute discretion, for it or Foresight to reject any application in respect of which Foresight considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Offer Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to Foresight such information as may be specified by it as being required for the purpose of the ML Regulations.
15. The right is also reserved to treat as valid and binding any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Notes on Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed, in some other manner acceptable to the Company, to apply in accordance with these Terms and Conditions of Application.

16. The Company and Foresight Group LLP respect your privacy and are committed to protecting your personal information. If you would like to find out more about how the Company and Foresight Group LLP use and look after your personal information, please refer to their privacy notices, which can be found at <https://www.foresightgroup.eu/privacy-policy/> and <https://www.foresightgroup.eu/cookie-policy/>.
17. The minimum subscription is £5,000 (including any initial adviser charges for facilitation) subject to the Board's discretion. There is no maximum subscription by an individual subscriber subject to the overall maximum amount to be raised pursuant to the Offer although applicants should have regard to the maximum amount on which VCT income tax relief can be claimed in any tax year.
18. The application of the subscription proceeds is subject to the absolute discretion of the Directors.

APPLICATION PROCEDURES

You may complete and submit your application using the Receiving Agent's online application service. Please refer to the instructions at:

<https://www.foresightgroup.eu/products/thames-ventures-vct-2-plc>

or contact the Receiving Agent on 01484 240 910 or by email at ThamesVenturesVCT2@city.uk.com.

The Offers will open for applications at 3.00 p.m. on 2 November 2022 and will close for applications (unless fully subscribed earlier or otherwise at the discretion of the Board) at 3.00 p.m. on 31 May 2023. Applications in respect of the 2022/23 tax year will need to be submitted and funds cleared by 12 noon on 5 April 2023.

Please note that applications under the Offers will be accepted on a 'first-come, first-served' basis, subject always to the discretion of the Board. An application may not be considered as 'complete' until identity verification is completed and/or, where relevant, information or supporting evidence required for the application remains outstanding.

Before making an application, please ensure you have read the Prospectus in full, in particular the Risk Factors and the Terms and Conditions of Application. The Company, the Investment Adviser and the Receiving Agent cannot accept responsibility if any details provided by you are incorrect.

If you are a nominee applying on behalf of beneficial owner applicants, please complete and submit an application form for each applicant with the relevant nominee details (CREST or otherwise) in Section 4 of the application form. Subject to the number of beneficial owner applicants, the Receiving Agent may configure an online application form pre-filled with the nominee's details to expedite the application process. Nominees should contact the Receiving Agent regarding the remittance of the associated application monies to ensure compliance with the relevant Money Laundering Regulations.

Bank transfers should be made to:

Bank name: **The Bank of Scotland plc**
Account name: **City-Thames Ventures VCT 2-Segregated**
Account number: **22031661**
Sort Code: **802260**

Please reference your transfer with your initials and telephone number (alphanumeric, no spaces) from Section 1 of the Application Form.

Cheques/banker's drafts should be made payable to: **City-Thames Ventures VCT 2-Segregated**

Please reference the back of the cheque/banker's draft with your initials and telephone number (alphanumeric, no spaces) from Section 1 of the Application Form.

Please send your cheque/banker's draft to:

**Thames Ventures VCT 2 - Ventures Offer
The City Partnership (UK) Limited
The Mending Rooms
Park Valley Mills
Meltham Road
Huddersfield
HD4 7BH**

If you have any questions relating to the completion and return of the application form, please contact the Receiving Agent on 01484 240 910 or ThamesVenturesVCT2@city.uk.com. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. - 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes.

If you are a private investor and would like more information concerning the Offer, please contact Foresight's investor relations team on +44 (0)20 3667 8181 or at investorrelations@foresight.eu.

If you are a financial intermediary and would like more information concerning the Offer, please contact Foresight's sales team on +44 (0) 20 3667 8199 or at sales@foresightgroup.eu.

The Company, the Investment Advisers and the Receiving Agent respect your privacy and are committed to protecting your personal information. If you would like to find out more about how the Company, Foresight, Downing and the Receiving Agent use and look after your personal information, please refer to their privacy notices, which can be found at www.foresightgroup.eu/privacy-policy/, www.downing.co.uk/privacy-and-cookie-policy and city.uk.com/privacy.html.

Foresight

FOR A SMARTER FUTURE

Thames Ventures VCT 2 plc

The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu/products/thames-ventures-vct-2-plc

Thames Ventures VCT 2 plc
(formerly Downing FOUR VCT plc)

Registration Document

13 OCTOBER 2022

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

This document is a registration document (the "**Registration Document**") issued by Thames Ventures VCT 2 plc (the "**Company**") dated 13 October 2022 and has been prepared in compliance with Regulation (EU) 2017/1129 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**").

This Registration Document has been approved by the Financial Conduct Authority ("**FCA**") as competent authority under the UK Prospectus Regulation. The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by UK Prospectus Regulation. Such approval should not be considered an endorsement of the issuer that is the subject of this Registration Document. This Registration Document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation.

The Company and the Directors (whose names are set out on page 6) accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and the Directors, the information contained in this Registration Document is in accordance with the facts and makes no omission likely to affect its import.

Thames Ventures VCT 2 plc

(registered in England and Wales with registered number 06789187)

SPARK Advisory Partners Limited ("**SPARK**"), which is authorised and regulated in the UK by the FCA, is acting as sponsor for the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of SPARK or for providing advice (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder).

Where information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Copies of this document are available free of charge from the Company's registered office St. Magnus House, 3 Lower Thames Street, London EC3R 6HD and at the website of Foresight Group LLP at www.foresightgroup.eu and the website of Downing LLP at www.downing.co.uk and from the offices of SPARK, the Company's sponsor, at 5 St John's Lane, London EC1M 4BH.

Your attention is drawn to the risk factors set out on pages 4 and 5 of this document. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise. If you are in doubt as to the action you should take, you should consult an independent financial intermediary authorised under FSMA.

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PART ONE

RISK FACTORS

Investors should consider carefully the following risk factors in addition to the other information presented in the Registration Document. If any of the risks described below were to occur, it could have a material effect on the Company's businesses, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or current and prospective 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 businesses, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and Investors could lose part or all of their investment. Investors who are in any doubt about what to do should consult their independent financial adviser. The attention of prospective Investors is drawn to the following risks:

Valuation and sale of Shares

The value of the Shares and the income from them can fluctuate and Investors may not get back the amount invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value or that Shareholders will be able to realise their shareholding or that dividends will be paid. Existing and prospective Shareholders should be aware that the sale of Shares within five years of their subscription will require the repayment of some or all of the 30% VCT income tax relief obtained upon investment. Accordingly, an investment in the Company is not suitable as a short- or medium-term investment. The past performance of the Company or of other funds managed or advised by Downing LLP, the investment adviser to the Company in respect of the Healthcare Share pool, or Foresight Group LLP, the investment adviser to the Company in respect of its other share pools, is not necessarily an indication of the future performance of the Company.

Value of underlying assets

The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in small unquoted companies can be difficult and may take considerable time.

VCT Rules and the impact on the portfolio

There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of Investee Companies which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. For example, the Company must maintain at least 80% of its portfolio in VCT Qualifying Investments and must invest at least 30% of new funds raised within 12 months of the end of the financial year in which they were raised.

Investment opportunities

There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.

Minority interest

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

Nature of smaller companies

Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. To be qualifying holdings, VCT funds must be invested in smaller companies with gross assets of not more than £15 million prior to the investment and £16 million post investment. In addition, to be qualifying holdings, VCT funds must be invested in companies which have fewer than 250 full time (equivalent) employees and do not, in most cases, receive more than £5 million of investment from state aided risk capital sources in the 12 months ending on the date of

the VCT's investment. Smaller companies who meet these criteria generally have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

General Investment Risks

Economic and global political uncertainty, including the continuing impact of Brexit, the COVID-19 pandemic, the Ukraine conflict, inflation and potential low levels of economic growth, continues to present significant challenges and is adversely affecting, and may continue to adversely affect, the performance of companies in which the Company has invested or may invest, which in turn may adversely affect the performance of the Company. This may also negatively impact the number or quality of investment opportunities available to the Company. It is possible that currently unknown and unanticipated events, either domestic or international, may occur and have a negative effect on economic activity and adversely affect the future viability of the Company and/or the performance of companies in which the Company has invested or may invest which in turn may adversely affect the performance of the Company.

VCT legislation

The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective. Whilst it is the intention of the Directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains and its ability to pay tax-free dividends to Investors.

VCTs such as the Company may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company irrespective of whether the return takes the form of income, capital growth, fees, other payments or anything else. This prevents the making of VCT Qualifying investments which focus on capital preservation and ensures that VCTs may only invest in order to fuel the growth of genuine trading companies with the attendant higher risk to investor capital that that entails.

VCTs are also subject to other restrictions on the range of investments into which they can deploy funds and which have the effect of increasing investment risk. The Company is required to invest in businesses which are less than seven years old (less than 10 years for 'knowledge intensive' companies) and VCT funds cannot be used to finance acquisitions by investee companies. The penalty for breaching these rules is the loss of VCT status, so the Company and its investors may face a higher risk of the loss of tax benefits than under the previous rules. Qualifying investee companies are also subject to a lifetime risk finance investment limit of £12 million (£20 million for 'knowledge intensive' companies), which may restrict the Company's ability to make follow on investments. Further, more recent, changes to the VCT Rules have also prohibited the making of secured loans by VCTs. Loan capital held by the Company will therefore be unsecured and will rank behind secured creditors of the Investee Company in question. As loan capital investments by a VCT are separately restricted by the requirement that at least 70% of any new investments must be in eligible shares, and as Investee Companies which meet the above noted "risk to capital" test tend not to be able to provide significant assets against which to secure loans in any case, the Board do not consider that this restriction materially increases the risk profile of new investments made by the Company.

Although the current UK Government has signalled its intention to extend the VCT scheme, current UK legislation does not automatically provide for income tax relief for investors on new investments in VCTs to extend beyond 5 April 2025 (sometimes known as the "VCT Sunset Clause"). Should the UK Government not make amendments to the legislation to allow income tax relief for investors after that date, the ability of the Company to raise further funds after that date may be severely negatively impacted and the Company may suffer constraints on liquidity which may impact its ability to support portfolio companies, pay dividends and support share buybacks.

CORPORATE INFORMATION

Directors (all non-executive)	Sir Aubrey Brocklebank (Chairman) Chris Allner Steven Clarke Dr Andrew Mackintosh	all of: 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Secretary and Registered Office	Grant Whitehouse 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD	
Investment Managers	Ventures, AIM, DP67 and DSO D Share Classes ("Ventures Manager") Foresight Group LLP The Shard 32 London Bridge Street London SE1 9SG	Healthcare Share Class ("Healthcare Manager") Downing LLP 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD
Administrator	Downing LLP 6 th Floor, St. Magnus House 3 Lower Thames Street London EC3R 6HD	
Solicitors to the Company	RW Blears LLP 70 Colombo Street London SE1 8PB	
Sponsor	SPARK Advisory Partners Limited 5 St John's Lane London EC1M 4BH	
Auditors	BDO LLP 55 Baker Street London W1U 7EU	
Bankers	Royal Bank of Scotland Liverpool Csc Stephenson Way Wavertree Liverpool L13, 1HE	
Registrar and Receiving Agent	The City Partnership (UK) Limited The Mending Rooms Park Valley Mills Meltham Road Huddersfield HD4 7BH	
VCT Taxation Advisers	Philip Hare & Associates LLP 6 Snow Hill London EC1A 2AY	

There is no family relationship between any of the Directors, the Company Secretary or any member of Management.

DEFINITIONS

Where used in this document, the following words and expressions will, unless the context otherwise requires, have the following meanings:

2006 Act	Companies Act 2006, as amended from time to time
2021 Offers	the offers for subscription made by the Company pursuant to the 2021 Prospectus
2021 Prospectus	the prospectus issued by the Company on 12 August 2021
2022 Healthcare Offer	the public offer for New Healthcare Shares constituted by the 2022 Healthcare Prospectus
2022 Healthcare Prospectus	the prospectus constituted by this Registration Document, the Healthcare Summary and the Healthcare Securities Note
2022 Ventures Offer	the proposed public offer for New Ventures Shares constituted by the 2022 Ventures Prospectus
2022 Ventures Prospectus	the prospectus constituted by this Registration Document, the Ventures Summary and the Ventures Securities Note
Admission	Admission, from time to time, of new Shares issued by the Company to the premium segment of the Official List and to trading on the London Stock Exchange
AIM Shareholders	holders of AIM Shares
AIM Shares	AIM Shares of 0.1p each in the capital of the Company (ISIN: GB00BMYXV611)
Annual Running Costs	annual running costs incurred by the Company in the ordinary course of its business (including irrecoverable VAT but excluding any amount payable in respect of the Performance Incentive)
Articles	articles of association of the Company, as amended from time to time
Board of Directors	the board of directors of the Company
Business Days	any day, other than a Saturday, Sunday or public holiday, on which clearing banks in London are open for all normal banking business
Company or Thames Ventures 2	Thames Ventures VCT 2 plc (registered number 06789187, formerly Downing FOUR VCT plc)
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of Shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)
CREST Regulations	Uncertificated Securities Regulations 1995 (SI 1995/3272)
Downing	Downing LLP, a limited liability partnership registered in England and Wales with registration number OC341575, authorised and regulated by the FCA with firm reference number 545025
DP67 Shares	DP67 shares of 0.1p each in the capital of the Company (ISIN: GB00BWX53D91)
DTR	the Disclosure Guidance and Transparency Rules, made by the FCA under part VII of FSMA and relating to the disclosure of information in respect of financial instruments
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000, as amended from time to time
Foresight	Foresight Group LLP, a limited liability partnership registered in England and Wales with registration number OC300878, authorised and regulated by the FCA with firm reference number 198020
Foresight Promoter	Foresight Group Promoter LLP, a limited liability partnership registered in England and Wales with registered number OC421343 which is an appointed representative of Foresight Group LLP with FCA reference number 806061
Healthcare Securities Note	the securities note published on the same day as this Registration Document which forms part of the 2022 Healthcare Prospectus

Healthcare Promoter	Downing
Healthcare Share(s)	Healthcare Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GB00BDHF5D62)
Healthcare Shareholders	holders of Healthcare Shares
Healthcare Summary	the summary published on the same day as this Registration Document which forms part of the 2022 Healthcare Prospectus
Hurdle	achievement, calculated on a per Ventures or Healthcare Share basis, of (a) a Total Return in excess of £1 per share for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 (b) subsequent annual Total Returns increasing by 3p per annum
Initial Adviser Charge	a one-off Adviser Charge to be paid at the time of, or shortly after, the investment being made
Intermediary	firm who signs the Application Form and whose details are set out in the Application Form
Investment Managers	Downing in respect of the Healthcare Share class, and Foresight in respect of the Shares other than the Healthcare Share class
Investor	a subscriber for, or purchaser of, Shares issued by the Company
IRR	internal rate of return, which, when applied to the relevant cash flows, produces a net present value of zero (expressed as a percentage)
ITA	Income Tax Act 2007, as amended from time to time
Listed	admitted to the premium segment of the Official List and to trading on the London Stock Exchange
Listing Rules	listing rules issued by the FCA, acting as the UK Listing Authority, pursuant to Part VII of the FSMA
London Stock Exchange or LSE	main market for listed securities of the London Stock Exchange plc (registered number 02075721)
Management	individuals engaged in the business of the Company and/or Downing (in respect of the Healthcare Shares) and/or Foresight (in respect of the Shares other than the Healthcare Shares)
Management Shares	those Ventures Shares and Healthcare Shares held, from time to time, by members of the Management to give effect to the existing arrangements for implementing the Performance Incentive
Merger	the transaction pursuant to section 110 of the Insolvency Act 1986 which took place on 20 July 2015, under which the Company acquired the assets and liabilities of Downing Planned Exit VCT 2011 plc, Downing Planned Exit VCT 6 plc and Downing Planned Exit VCT 7 plc
NAV or Net Asset Value	net asset value per Share (in the case of the Ventures and Healthcare Shares, calculated without including the Management Shares)
Net Assets	gross assets less all liabilities (excluding contingent liabilities) of the Company
New Healthcare Shares	Healthcare Shares issued under the 2022 Healthcare Offer
New Ventures Shares	Ventures Shares issued under the 2022 Ventures Offer
Official List	official list of the FCA
Performance Incentive	performance-related benefits accruing to the Management through their holdings of Management Shares in the event that the Hurdle is achieved
Prospectus Regulation Rules	prospectus rules issued by the FCA pursuant to Part VI of the FSMA
Qualifying Company/ies	unquoted company carrying on qualifying trades wholly or mainly in the United Kingdom and which satisfy certain other conditions as defined in Chapter 4, Part 6, of the ITA
Qualifying Investment	an investment in a Qualifying Company
Registrar and/or Receiving Agent	The City Partnership (UK) Limited (registered number SC269164)
Registration Document	this document

Shareholder Proceeds	amounts paid by way of dividends or other distributions, share buybacks, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by Ventures Shareholders or Healthcare Shareholders in the Company, excluding any income tax relief on subscription
Shareholders	holders of Shares
Share(s)	Existing Share(s) and/or Offer Share(s), as the context requires
Sponsor	SPARK Advisory Partners Limited
Spouse	spouse or civil partner
Total Return	NAV, together with cumulative dividends paid or proposed
Ventures Promoter	Foresight Promoter
Ventures Securities Note	the securities note expected, subject to the discretion of the Board, to be published shortly after this Registration Document and which will, if and when so published, form part of the 2022 Ventures Prospectus
Ventures Share(s)	Ventures Ordinary Shares of 0.1p each in the capital of the Company (ISIN: GB00BDHF5B49)
Ventures Shareholders	holders of Ventures Shares
Ventures Summary	the summary expected, subject to the discretion of the Board, to be published shortly after this Registration Document and which will, if and when so published, form part of the 2022 Ventures Prospectus
VCT or Venture Capital Trust	venture capital trust as defined in Section 259 of the ITA
VCT Regulations or VCT Rules	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs as amended from time to time

THE DIRECTORS

The Company has a Board, comprising four Directors, all of whom are non-executive and three of whom are independent of the Investment Managers within the meaning of Listing Rule 15.2, the exception being Chris Allner who is a partner of Downing LLP, the Company's investment manager in respect of its Healthcare Share pool.

Sir Aubrey Brocklebank (Chairman) assumed his first role within the VCT industry in 1997, following a career in accountancy, corporate finance and venture capital. Since then, he has gone on to become one of the industry's most experienced directors. Sir Aubrey maintains a wide range of business interests and has been a director of six AIM quoted companies. He is currently also a non-executive director of Edge Performance VCT plc and has been chairman of a number of other VCTs.

Chris Allner has over 35 years of venture capital and private equity experience and is currently a partner of Downing LLP and chairs their investment committee. Prior to joining Downing, he was the head of private equity at Octopus Investments as well as a director at Beringea and Bridgepoint with previous experience at 3i and Charterhouse. He has previously sat on the boards of a number of unquoted and quoted companies across a variety of commercial sectors.

Steven Clarke has 30 years' experience of investing in technology and data businesses including 21 years as a private equity investor with 3i, August Equity and ICG. Steven now supports founders through fundraising, international growth and exit as an investing non-executive director usually alongside a growth equity fund. Steven is also chair of the investment committee for Bethnal Green Ventures, a Tech for Good impact investor.

Dr Andrew Mackintosh has had a distinguished career in industry and investment as a former CEO of FTSE 250 company, Oxford Instruments, before later leading the creation of the Royal Society Enterprise Fund, a pioneering initiative in bringing together scientific expertise and early-stage investment. He was a board member of the Intellectual Property Office and a trustee of the Design Council. He is also chairman of UKI2S, a government-backed venture capital fund supporting companies from the UK's scientific research base.

Andrew has a longstanding interest in enhancing the commercialisation and wider economic impact of UK research and is the author of a report ('The Mackintosh Report') commissioned by HM Treasury and published in April 2021.

The following are directorships (unless otherwise stated) and partnerships held by the Directors in the five years prior to the date of this document and the principal activities of the Directors outside the Company where these are significant with respect to the Company:

Current and Past Directorships

Sir Aubrey Brocklebank	Current	Past 5 Years
	Appy Zebra Limited	Downing Planned Exit VCT 2011 plc*
	Edge Performance VCT plc	Hargreave Hale AIM VCT plc
	Evoque Claims & Appraisals Limited	Harrogate Group plc
	Evoque Group Limited	Mast Investment Holdings Ltd (Guernsey)
	Talent Recognition Limited	NGS Corporation plc (in liquidation)
	Thos. & Jno. Brocklebank Limited	Puma VCT 8 plc*
	Toners & Cartridges Limited	Salt International Ltd
	TR Miner Limited	The Classic 2CV Racing Club Limited
		The Media Vehicle Group Limited*

Chris Allner	Current Downing Group LLP Downing LLP Thames Ventures VCT 1 plc	Past 5 Years Claresys Limited Curo Compensation Limited Firefly Learning Limited Xupes Handbags & Jewellery Ltd
Steven Clarke	Current Ellmorsa Limited Planixs Grp Limited Quotevine Limited Reactive Technologies Limited Wiserfunding Limited	Past 5 Years Pixelpin Ltd LNT Chemicals Research Limited
Dr Andrew Mackintosh	Current Angel Cofund	Past 5 Years Oxford Quantum Circuits Limited Ploughshare Innovations Ltd Sphere Fluidics Limited

** This company has been dissolved*

Save as disclosed in this paragraph none of the Directors nor any member of Downing has for at least the previous five years:

- (i) had any convictions in relation to fraudulent offences; or
- (ii) been associated with bankruptcies, receiverships or liquidations in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or
- (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issuer.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's principal object is to carry on the business of an investment company and a VCT. The Memorandum and the Articles of Association are available for inspection at the address specified in paragraph 8 of Part Two below.

The Company's Articles, including certain changes to be proposed at the General Meeting, are summarised below:

(a) *Voting rights*

Every Shareholder shall have the right to receive notice of, to attend, speak and vote at any General Meeting of the Company.

Shareholders who are present at a General Meeting and duly appointed proxies present at a General Meeting can vote on a show of hands. They will have one vote each.

On a poll each Shareholder present in person or by proxy shall be entitled to the number of votes per share of which he is the registered holder which is attributed to shares of that class as set out in the second column opposite each class of share named in the table below, as this number may be adjusted from time to time.

Class of share	Number of votes per share ("Base Votes")	Original net asset value per share at the date of the launch or merger of share class ("Base Value")	Current Net Asset Value (unaudited 31 August 2022)
Ventures Shares	1,146	100.0p	70.0p
Healthcare Shares	1,146	100.0p	78.4p
AIM Shares	1,146	100.0p	99.3p
DSO D Shares	925	80.7p	2.6p
DP67 Shares	750	63.8p (DP6), 63.5p (DP7)	27.9p

If the net asset value of any class of share, as announced prior to a General Meeting of the Company, adjusted by the deduction of the amount of any dividends declared in or since the announcement or paid since the announcement, is less than or greater than the Base Value in the third column set opposite that class of share in the table above by at least 25% or more of its Base Value then the number of Base Votes per share which each holder of shares of that class may cast upon a poll as set out in the second column of the table above shall correspondingly increase or decrease as set out in the table below:

Net Asset Value, adjusted as required, expressed as a % of the Base Value of a Class of Share	Adjusted Base Votes per share
Up to 25%	0.25 x Base Votes
Over 25% and less than 50%	0.50 x Base Votes
Over 50% and up to 75%	0.75 x Base Votes
Over 75% and up to 125%	Base Votes
Over 125% and up to 150%	1.25 x Base Votes

(b) *Transfer of shares*

The instrument of transfer of any share in the Company shall be in usual form or in such other form as shall be approved by the Directors, and shall be signed by or on behalf of the transferor (and in the case of a transfer of a partly paid share by the transferee) and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof, and when registered, the instrument of transfer shall be retained by the Company.

Title to any share in the Company in issue or to be issued (not including any shares referred to in Regulation 17 of the CREST Regulations), may be transferred by means of a relevant system (as defined in the CREST Regulations) such system to include CREST; any provision of these Articles shall accordingly not apply to the extent that it is inconsistent with the holding of any shares in the capital of the Company in uncertificated form, or the requirements of CREST and the provisions of the CREST Regulations.

Subject to the Statutes, the Directors may, in their absolute discretion and without assigning any further reason therefor, refuse to register any share transfer unless: -

- it is in respect of a fully paid share;
- it is in respect of a share on which the Company does not have a lien;
- it is in respect of only one class of shares;
- it is in favour of not more than four joint holders as transferees; and
- the conditions referred to in the next succeeding Article have been satisfied in respect thereof.

(c) *Distributions of income and capital*

The share capital of the Company comprises (or will comprise) DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares.

The holders of DSO D Shares, DP67 Shares, Ventures Shares, Healthcare Shares and AIM Shares shall be entitled, in their respective capacities, to receive dividends and any other distributions or a return of capital (otherwise than on a market purchase by the Company of any of its shares) only out of the assets attributable to those respective share classes and pro-rata between such Shareholders to the respective number of shares they hold in the relevant share class.

(d) *Disclosure of interests in shares*

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 14 days after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 793 of the 2006 Act, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares. The restrictions available are the suspension of voting and rights of attendance at meetings of the Company in respect of the relevant shares and, additionally, in the case of a Shareholder representing at least 0.25% by nominal value of any class of shares of the Company then in issue the withholding of payment of any dividends on and the restriction of transfer of the relevant shares.

(e) *Changes in share capital*

- (i) Without prejudice to any rights attached to any existing shares, any share may be issued with such rights or conditions as the Company may by ordinary resolution determine or, in the absence of such determination, as the Directors may determine. Subject to the Acts, the Company may issue shares which are, or at the option of the Company or the holder are, liable to be redeemed.
- (ii) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide its shares or any of them into shares of smaller amounts, cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.
- (iii) Subject to the Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account and may also, subject to the Acts, purchase its own shares.

(f) *Class consents and variation of rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

Inter alia, the Company shall not without the previous sanction of a Special Resolution passed at a separate General Meeting:

(A) create or issue any further shares or securities which would lead to NAV dilution on issue, conversion or exchange carry; or

(B) pass a future resolution to reduce the capital or share premium account of the Company attributable to the relevant class of shares save where such redemption is at a premium to the prevailing NAV of that class; or

(C) alter any objects set out in the Articles of Association of the Company; or

(D) increase the borrowing limit stated in these Articles or permit such limit to be exceeded; or

(E) pass any resolution to vary, modify or abrogate any of the special rights or privileges attached to the relevant class of shares.

(g) *Directors' interests*

(i) Subject to the provisions of the Acts and save as set out in the Articles, no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, shall be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established subject to the nature and extent of the Director's direct or indirect interest having been disclosed by him to the other Directors and authorisation being obtained from the Directors for the above in accordance with the provisions of the Acts.

(ii) Save as set out in the Articles, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has any direct or indirect interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company unless the Director has made a declaration disclosing the nature and extent of such interests and has obtained from the other Directors their authorisation for the above in accordance with the provisions of the Acts. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(iii) A Director shall (in the absence of some other material interest than is as indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning, inter alia, the following matters:

(a) the giving of any security or indemnity to him or to a third party in respect of monies lent or obligations incurred at the request of or for the benefit of the Company;

(b) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company (or of a third company through which his interest is derived) or of the voting rights available to members of the Company;

- (c) any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiary's insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.
- (iv) A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested including fixing or varying the terms of his appointment or the termination thereof.
- (v) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (h) *Remuneration of Directors*
- (i) The ordinary remuneration of the Directors (other than an executive director appointed under the Articles) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting, the aggregate of the ordinary remuneration of the Directors of the Company shall not exceed £150,000 per year (excluding any performance incentive fees), to be divided among them in such proportion and manner as the Directors may determine). The Directors shall also be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- (ii) Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purpose may be paid such extra remuneration as the Directors may determine.
- (iii) The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependant on or after retirement or death.
- (i) *Retirement of Directors*
- At the next annual general meeting of the Company following the first appointment of a Director he shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. At all times a retiring Director shall be eligible for re-election.
- (j) *Borrowing powers*
- The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital. The Directors shall restrict the borrowings of the Company and, by the exercise of the Company's voting and other rights or powers of control over its subsidiary undertakings (if any), secure that they restrict their borrowings, so that the aggregate amount at any time outstanding in respect of money borrowed by the group, being the Company and its subsidiary undertakings for the time being (excluding intra-group borrowings), shall not, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to 15% of the aggregate total amount received from time to time on the subscription of shares to the Company.

(k) *Uncertificated Shares*

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The Articles are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the CREST Regulations.

(l) *Calling of General Meetings*

- (i) The Company shall within six months of the financial year end hold a general meeting as its Annual General Meeting, in addition to any other meetings in that year, and shall specify the meeting as such in the notice convening it. The Annual General Meeting shall be held at such time and place as the Directors may appoint.
- (ii) The Directors shall determine in relation to each general meeting the means of attendance and participation in the meeting, including whether the persons entitled to attend and participate in the general meeting shall be enabled to do so by simultaneous attendance and participation at a physical place anywhere in the world determined by it, or by means of electronic facility or facilities determined by it, or partly in one way and partly in another. A meeting (whether electronic or otherwise) is deemed to take place at the place at which the Chairman of the meeting is present.
- (iii) An Annual General Meeting shall be called by not less than twenty-one days' notice and all other General Meetings of the Company, shall, subject to the statutes, be called by not less than 21 days' notice unless it is proposed to pass a resolution of which special notice is required by the Statutes, in which case 28 days' notice is required. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall, inter alia, specify the place, the day and hour of the meeting, and in case of special business the general nature of such business.

The business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and reports of the Directors and of the Auditors, and the documents required by law to be annexed to the balance sheet, to elect Directors and officers in the place of those retiring or ceasing to hold office pursuant to the Articles and to fix their remuneration if required, to declare dividends, to appoint the Auditors and to fix, or determine the manner of the fixing of, their remuneration. All other business transacted at an Annual General Meeting and all business transacted at a General Meeting shall be deemed special.

PART TWO

THAMES VENTURES VCT 2 PLC

(A) GENERAL INFORMATION ON THE COMPANY

1. INCORPORATION AND ADMINISTRATION

- (a) The Company was incorporated and registered in England and Wales as a public company with limited liability on 12 January 2009 with registered number 06789187, under the name Downing Protected Opportunities VCT 1 plc. The Company's name was changed to Downing Structured Opportunities VCT 1 plc on 12 November 2009 and was changed again to Downing FOUR VCT plc on 20 July 2015. On 2 September 2022 the Company's name was changed again to Thames Ventures VCT 2 plc.
- (b) The Company was issued with a trading certificate under section 117 of the CA 1985 on 23 January 2009 and, on the same date, gave notice of its intention to carry on business as an investment company. The Company revoked its status as an investment company under section 266 of the CA 1985 (now section 833 of 2006 Act) on 27 July 2009 and does not intend to re-apply for such status.
- (c) The Company's registered office and principal place of business is at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD. The Company is domiciled in England. The Company's LEI number is 21380035MV1VRYEXPR95. The Company does not have, nor has it had since incorporation, any subsidiaries or employees (other than its Directors). The Company has no parent company and is owned by individuals, none of whom owns more than 3% of its ordinary share capital. The Company is not part of a group.
- (d) HM Revenue & Customs has granted approval of the Company as a VCT under section 274 of the Tax Act. The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- (e) The Company is not authorised and/or regulated by the FCA or an equivalent overseas regulator. The Company is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the FCA from time to time. The Company is not otherwise regulated.

2. SHARE CAPITAL

- (a) The Company has the following classes of shares in issue:
 - Ventures Shares (ISIN: GB00BDHF5B49)
 - Healthcare Shares (ISIN: GB00BDHF5D62)
 - AIM Shares (ISIN: GB00BMYXV611)
 - DSO D Shares (ISIN: GB00B6QPQ463)
 - DP67 Shares (ISIN: GB00BWX53D91)
- (b) As at 12 October 2022, being the most recent practicable date prior to publication of this document, the issued fully paid share capital of the Company was as follows:

Share Class	Issued	
	No. of Shares	Nominal Value
Ventures Shares (including Management Shares)	68,677,599	£68,677.60
Healthcare Shares (including Management Shares)	28,065,339	£28,065.34
AIM Shares	2,695,803	£2,695.80
DSO D Shares	7,867,247	£7,867.25
DP67 Shares	11,192,136	£11,192.14

- (c) The entire issued ordinary share capital of the Company is admitted to the premium segment of the Official List and the Shares are freely transferable. Each Share issued has been fully paid and is free from all liens and from any restriction on the right of transfer (except to the extent that any restriction is imposed for failure to comply with a notice under section 793 of the Companies Act 2006).
- (d) Each of the Company's Shares are denominated in sterling and created under the 2006 Act. The Company's Shares conform with the law of England and Wales and are duly authorised according to the requirements of the Company's Articles. There are no restrictions on the free transferability of any of the Company's Shares. The Company's Shares are in registered form and may be held in certified or uncertificated form.
- (e) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. No shares of the Company are held by or on behalf of the Company itself. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company and there exist no acquisition rights and/or obligations over authorised but unissued capital of the Company or any undertakings to increase the Company's capital.

3. DIRECTORS' AND OTHERS' INTERESTS IN THE COMPANY

- (a) The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies, who, as at the date of this document, is directly or indirectly interested in 3% or more of the issued share capital of the Company and is required to notify such interest in accordance with the DTR.
- (b) As at 12 October 2022 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which: (i) have been notified by each Director to the Company; (ii) are required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein; or (iii) are interests of a connected person of the Director which would, if the connected person, within the meaning of section 252 of the 2006 Act, were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

Directors

	Ventures Shares	Healthcare Shares	AIM Shares	DSO D Shares	DP67 Shares
Number of Shares					
Sir Aubrey Brocklebank	32,679	5,000	-	-	-
Chris Allner	8,000	2,000	-	-	-
Steven Clarke	-	-	-	-	-
Andrew Mackintosh	-	-	-	-	-
Percentage of Issued Share Capital					
Sir Aubrey Brocklebank	0.06%	0.02%	-	-	-
Chris Allner	0.01%	0.01%	-	-	-
Steven Clarke	-	-	-	-	-
Andrew Mackintosh	-	-	-	-	-

The interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company and (so far as is known or could with reasonable diligence be ascertained by the relevant Director) the interests of a person connected (within the meaning of section 252 of the 2006 Act) with a Director and which would be disclosed if they were interests of that Director following the close of the Offers (assuming Full Subscription under the Offers) are expected to be as follows::

Directors

	Ventures	Healthcare	AIM	DSO D	DP67
Number of Shares	Shares	Shares	Shares	Shares	Shares
Sir Aubrey Brocklebank	32,679	5,000	-	-	-
Chris Allner	8,000	2,000	-	-	-
Steven Clarke	-	-	-	-	-
Andrew Mackintosh	-	-	-	-	-
Percentage of Issued Share Capital					
Sir Aubrey Brocklebank	0.06%	0.02%	-	-	-
Chris Allner	0.01%	0.01%	-	-	-
Steven Clarke	-	-	-	-	-
Andrew Mackintosh	-	-	-	-	-

Save as disclosed in this paragraph, no Director nor any person (to the extent the same is known to, or could with reasonable diligence be ascertained by, that Director) connected with any Director (within the meaning of the DTR) has any interest in the share capital of the Company which is required to be notified pursuant to the DTR or which is required to be entered in the register maintained under section 809 of the 2006 Act.

- (c) Each of the Directors has entered into an agreement with the Company, whereby they are required to devote such time to the Company as the Board reasonably requires consistent with their respective roles as non-executive directors. Sir Aubrey Brocklebank was appointed as a director on 21 July 2015.

The Directors' agreements with the Company are terminable on three months' notice by either party. Remuneration paid to the Directors for the past three years ended 31 March 2022, along with the rates for the current year ending 31 March 2023, are summarised as follows:

Name	Remuneration			
	<i>(excluding VAT, if applicable)</i>			
	Year ending	Year ended	Year ended	Year ended
	31 March	31 March	31 March	31 March
	2023	2022	2021	2020
	£	£	£	£
Sir Aubrey Brocklebank (Chairman)	30,000	20,000	20,000	20,000
Chris Allner (appointed 8 Sept 2021)	20,000**	-	n/a	n/a
Steven Clarke (appointed 8 Sept 2021)	24,000	12,000	n/a	n/a
Andrew Mackintosh (appointed 8 Sept 2021)	24,000	12,000	n/a	n/a
Lord Flight (SID) (resigned 27 Sept 2022)	12,500*	20,000	20,000	20,000
Russell Catley (resigned 8 Sept 2021)	-	8,000*	18,000	18,000

* to date of resignation

** Chris Allner's remuneration will be reimbursed to the Company by Downing LLP until 4 July 2024

No benefits are payable on termination of these agreements. None of the Directors have entered into any service contracts with the Company.

- (d) No loan or guarantee has been granted or provided by the Company to any Director.

Save as disclosed in paragraph (c) above, this paragraph and paragraph (i) below, no Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company.

The Company has taken out directors' and officers' liability insurance for the benefit of its Directors and the Company Secretary.

- (e) The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company and the Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- (f) There are no material potential conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have. All of the Company's Directors will be independent of Downing throughout its life.
- (g) None of the Company's major holders of Shares, under the Articles, have voting rights different from other holders of Shares. Under the Performance Incentive agreement which is in effect as at the date of this document, the Nominee has agreed to waive its right to vote in respect of the Management Shares.
- (h) No amounts have been set aside by the Company or Downing for pensions, retirement or similar benefits.
- (i) Other than with respect to the shareholdings in the Company held by the Directors as set out in paragraph 3(b) of this Part Two and the agreements referred to at (a) – (c) of paragraph 4 below the Company has not entered into any related party transactions since the date of its respective incorporation and up to the date of this document.
- (j) There are no service contracts with the Company or the Company's subsidiary providing for benefits upon termination of employment.
- (k) DTR5 requires a Shareholder to notify the Company of the percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds.

4. MATERIAL CONTRACTS

The following are the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company within the two years immediately preceding publication of this document and which are or may be material to the Company which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- (a) Under a Sponsor and Promotion Agreement, dated on or around the date of this Registration Document, between (1) the Company (2) the Sponsor (3) the Directors and (4) Downing (the "**2022 Healthcare Offer Agreement**"), the Sponsor has agreed to act as sponsor to the Company in relation to the Healthcare Offer and Downing has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers for the New Healthcare Shares to be offered pursuant to the 2022 Healthcare Prospectus. Neither the Sponsor nor Downing is obliged to subscribe for New Healthcare Shares.

Under the 2022 Healthcare Offer Agreement, the Company will pay Downing 3.0% of the monies subscribed under the 2022 Healthcare Offer where Adviser commission is payable or the application is direct or 0% of the monies subscribed under the 2022 Healthcare Offer where no Adviser commission is payable (either because the investment is made direct and not through an Intermediary or because an Adviser Charge has been agreed).

The Company shall also be responsible for paying 0.25% per annum of the Net Asset Value of the New Healthcare Shares to Downing for a maximum of five years, from which Downing will pay annual trail commission to those intermediaries entitled to receive it. If the total sum due to intermediaries is less than the amount paid to Downing, Downing will reimburse the Company for the difference. Intermediaries will be paid commission, where permissible, by Downing, in respect of all applications accepted which bear their stamp. Downing will also pay all other costs and expenses of, or incidental to, the 2022 Healthcare Offer and the Admission of the New Healthcare Shares.

Under the 2022 Healthcare Offer Agreement, the Company has given certain warranties to, and agreed to indemnify, the Sponsor and Downing in respect of their roles as Sponsor and Promoter respectively. The warranties and indemnity are in usual form for a contract of this type. The 2022 Healthcare Offer Agreement may be terminated by the Sponsor if any statement in the Healthcare Offer Prospectus is untrue, any material omission from the Healthcare Offer Prospectus arises or any breach of warranty occurs.

If and when the 2022 Ventures Offer is launched, it is expected that an equivalent agreement in respect of the promotion of the 2022 Ventures Offer will be entered into by the Company with, *inter alios*, Foresight Group LLP and details of this agreement will be included in the 2022 Ventures Prospectus.

- (b) Under a Sponsor and Promotion Agreement, dated 12 August 2021, between (1) the Company (2) the Directors (3) the Sponsor and (4) Downing (the "**2021 Offers Agreement**"), the Sponsor agreed to act as sponsor in relation to the 2021 Offers and Downing undertook as agent of the Company to use its reasonable endeavours to procure subscribers for shares offered pursuant to the 2021 Offers.

Under the 2021 Offers Agreement, subject to shareholders' approval, the Company agreed to pay Downing a fee of 4.5% of the monies subscribed under the 2021 Offers where Adviser commission is payable or 2.5% of the monies subscribed under the 2021 Offers where no Adviser commission is payable (either because the investment is made direct and not through an Intermediary or because an Adviser Charge has been agreed). The Company is also responsible for paying 0.25% per annum of the Net Asset Value of the Shares subscribed under the 2021 Offers to Downing for a maximum of five years, from which Downing will pay annual trail commission to those intermediaries entitled to receive it. If the total sum due to intermediaries is less than the amount paid to Downing, Downing will reimburse the Company for the difference. Intermediaries will be paid commission, where permissible, by Downing, in respect of all applications accepted in respect of the 2021 Offers which bear their stamp. Downing also agreed to pay all other costs and expenses of, or incidental to, the 2021 Offers and the admission of the Shares issued thereunder to the premium segment of the Official List and to trading on the London Stock Exchange.

Under the 2021 Offers Agreement, the Company gave certain warranties to, and agreed to indemnify, the Sponsor and Downing in respect of their roles as sponsor and promoter in respect of the 2021 Offers respectively. The warranties and indemnity were in the usual form for a contract of this type. The 2021 Offers Agreement may be terminated by the Sponsor if any statement in the 2021 Prospectus is untrue, any material omission from the 2021 Prospectus arises or any breach of warranty occurs.

- (c) Under an investment management and administration agreement, dated 4 July 2022, between (1) the Company and (2) Downing, Downing has been appointed as the investment manager of the Healthcare Share Class to the Company.

The appointment may be terminated by either side giving not less than 12 months' notice in writing. Downing receives an annual fee and pays the Company's running costs above a cost-cap calculated in relation to the Company's NAV in its various share classes, each as set out in the following table:

Share Class	Investment Management Fee (p/a)	Running Cost Cap
Healthcare Shares	2.5%	3.3%

Downing is entitled to charge arrangement fees to investee companies under this agreement, subject that any such fee in excess of 3.0% of the funds invested must be accounted for to the Company. (Downing has subsequently agreed to also restrict arrangement fees so that total arrangement fees do not exceed more than 1% of all funds invested over a year.) Downing may also charge monitoring fees to investee companies under this agreement, capped at £10,000 per annum.

- (d) Under an investment management and administration agreement, dated 27 January 2009 and amended from time to time, between (1) the Company (2) Downing, Downing was appointed as the investment manager and administrator to the Company. This agreement was further amended and restated on 4 July 2022 in order to exclude the management of the Healthcare share class (which is now covered by the separate agreement described at paragraph (c) above) and, on the same date, novated from Downing LLP to Foresight Group LLP.

The appointment may be terminated by either side giving not less than 12 months' notice in writing. Foresight receives an annual fee and pays the Company's running costs above a cost-cap calculated in relation to the Company's NAV in its various share classes, each as set out in the following table:

Share Class	Investment Management Fee (p/a)	Running Cost Cap
DSO D Shares	1.5%	3.0%
DP67 Shares	1.35%	2.9%
Ventures Shares	2.0%	3.0%
AIM Shares	1.75%	3.0%

In respect of administration fees, Foresight is paid a formula-based fee comprising three elements: (i) a basic fee of £47,550 (adjusted for RPI); (ii) a fee of 0.1% of NAV per annum on funds in excess of £10 million; (iii) £5,000 per share pool (excluding the DSO D Shares).

Foresight is entitled to charge arrangement fees to investee companies under this agreement, subject that any such fee in excess of 3.0% of the funds invested must be accounted for to the Company. Foresight may also charge monitoring fees to investee companies under this agreement, capped at £10,000 per annum.

Foresight has subcontracted certain of the administration and management services to be provided under this agreement to Downing for a transitional period.

5. INVESTMENT POLICY

The Company's Investment Policy is as follows:

Asset allocation

It is intended that at least 80% of each share pools' funds are invested in VCT Qualifying Investments within three years of the close of the relevant share offer with 30% of new funds raised so invested within 12 months of the end of accounting period in which they were raised. The remainder of the funds will be held in cash or other Non-Qualifying Investments.

The DSO D and DP67 share pools operate a "planned exit" strategy. Downing is seeking realisations of the remaining investments in these pools such that funds can be returned to Shareholders.

VCT Qualifying Investments

New VCT Qualifying Investments will normally comprise investments in businesses that are less than seven years old and require funding to support the growth of the business. Investments may be in a range of sectors which are allowable under the VCT Regulations.

The Company will focus on development and expansion funding for quoted and unquoted businesses and will not usually undertake very early stage or start up investments.

Specific share pools may have a generalist focus or may focus on certain sectors according to the strategy of that specific share pool.

Non-Qualifying Investments

The funds not employed in VCT Qualifying Investments will be invested in Non-Qualifying Investments as allowed by the VCT Regulations. These will typically be cash deposits and investments in quoted securities, investment trusts or OEICs.

Liquidity investments will be made with the aim of producing capital appreciation, rather than income. Therefore, the profit arising from the disposal or maturity of the liquidity investments typically gives rise to capital gains, which are tax-free for the Company and can be distributed tax-free to Shareholders.

Risk diversification

The Directors control the overall risk of the Company. Downing ensures that, for each share pool, the Company has exposure to a diversified range of VCT Investments from different sectors and adheres to the holding limit that no investment in a company may represent more than 15% by value of the Company's total investments at the time of investment.

Listing Rules

As a company whose shares have been admitted to the Official List, the Company conducts its business in accordance with the Listing Rules.

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007.

Borrowing policy

It is not the Company's intention to have any borrowings, but it reserves the right to enter into such an arrangement should the need arise. The Company does, however, have the ability to borrow a maximum amount equal to 15% of the aggregate amount paid on any shares issued by the Company (together with any share premium thereon).

6. DIVIDEND POLICY

The Board is mindful that dividends are attractive to many VCT investors and seeks to pay dividends at an appropriate level while also taking into account liquidity considerations and compliance with VCT and other regulations.

The stated objective for the Ventures and Healthcare Share pools is to target an annual tax-free dividend of at least 4% of each pool's respective NAV, subject to the availability of sufficient distributable profits, capital resources and compliance with the VCT Regulations. There is no guarantee that this objective will be met.

The level of any dividends paid will be largely dependent on the performance of the investments in the Ventures and Healthcare Share pools.

The Company does not currently offer a dividend reinvestment scheme, however, the Directors review this policy from time to time and will consider introducing such a scheme if appropriate and believed to be cost effective.

7. GENERAL

- (a) The registered office of the Company is at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD (telephone no: 020 7416 7780). The principal place of business of the Company is Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG. The Company has not, nor has had since incorporation, any employees other than its directors.
- (b) Foresight Group LLP, the Ventures Manager, is UK domiciled and was incorporated in England and Wales under the Limited Liability Partnerships Act 2000 on 25 October 2001 with registered number OC300878. Foresight Group LLP's legal identity identifier is 213800WOK59EEP4B4Q11. Foresight Group LLP is authorised and regulated by the Financial Conduct Authority with registered number 198020. Foresight Group LLP provides investment advice and management services to the Company pursuant to the agreement set out at paragraph (d) on page 22.
- (c) Downing LLP, the Healthcare Manager, is UK domiciled and was incorporated in England and Wales under the Limited Liability Partnerships Act 2000 on 20 November 2008 with registered number OC341575. Downing LLP's legal identity identifier is 213800G3X76VBG9SB504. Downing LLP is authorised and regulated by the Financial Conduct Authority with registered number 545025. Downing LLP provides investment advice and management services to Foresight Group LLP pursuant to the agreement set out at paragraph (c) on page 21.
- (d) The Board is responsible for the determination and calculation of the Company's net asset value and announces it at least half-yearly, through a regulatory information service.
- (e) The Company does not intend to appoint an external custodian. The Company's assets will be held by the Company in certificated form.
- (f) All investments are designated as "fair value through profit or loss" assets and are measured at fair value.

Listed fixed income investments are measured using bid prices in accordance with the IPEV Guidelines.

In respect of unquoted instruments, fair value is established by using the IPEV Guidelines. The valuation methodologies used by the Company to ascertain the fair value of an investment in an unquoted entity are as follows: Price of recent investment; Earnings multiple; Net assets; Discounted cash flows or earnings (of underlying business); and Discounted cash flows (from the investment).

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment expensed.

- (g) The Company's annual report and accounts are made up to 31 March in each year and are normally sent to Shareholders in July. The Company's next accounting period will end on 31 March 2023. The Company's unaudited half-yearly reports are made up to 30 September each year and are normally published in December.
- (h) All material contracts of the Company will be in English and the Company and/or Downing will communicate with Investors and/or Shareholders in English.
- (i) Complaints about the Company, Foresight or Downing should be referred to the chairman of the Board of Directors of the Company at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD, Investor Relations, Foresight Group, The Shard, 32 London Bridge Street, London SE1 9SG or Complaints, Downing at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD as appropriate. Any such complaint may subsequently be referred to the Financial Ombudsman Service. Compensation will not be available from the Financial Services Compensation Scheme in the event of default by Foresight or Downing.
- (j) A typical investor in the Company will be a UK higher-rate income taxpayer, over 18 years of age and with an investment range of between £3,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
- (k) There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months prior to the date of this Prospectus which may have or have had in the recent past significant effects on the Company's financial position or profitability.
- (l) The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT. In addition, under the rules relating to Admission, the Company must manage and invest its assets in accordance with the investment policy set out in the section headed "Investment Policy" set out on pages 22-23, which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes a maximum exposure. Material changes to the Company's investment policy may only be made with the approval of Shareholders in general meeting and the FCA. Investors will be informed through a regulatory information service of the action that the Board proposes to take in the event that any of these investment restrictions is breached. The Company was registered with the FCA as a Small Registered UK AIFM with effect from 9 July 2014.
- (m) The Company's auditors are BDO LLP of 55 Baker Street, London W1U 7EU. BDO LLP are registered to carry on audit work and is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.

(B) ANALYSIS OF THE INVESTMENT PORTFOLIO

The following table of unaudited information is a summary of the main investments of the Company as at the date of this document. Information as to costs and valuations is unaudited and is stated as at 31 August 2022.

Ventures Shares Pool			
	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	portfolio
Venture Capital investments			
Cornelis Networks, Inc.	1,402	2,431	6.3%
Virtual Class Limited (Third Space Learning)	1,053	2,302	6.0%
Rated People Limited	1,382	1,895	5.0%
Hackajob Limited	784	1,787	4.7%
Imagen Limited	1,000	1,763	4.6%
CommercelQ Limited	1,749	1,749	4.6%
Ayar Labs, Inc.	764	1,646	4.3%
Trinny London Limited	219	1,374	3.6%
Cambridge Touch Technologies Limited	959	1,353	3.5%
Ecstase Limited (t/a ADAY)	1,000	1,203	3.1%
Upp Technologies Group Limited	1,136	1,136	3.0%
Firefly Learning Limited	1,047	1,047	2.7%
Limitless Technology Limited	757	920	2.4%
Arecor Therapeutics plc^	418	888	2.3%
FVRVS Limited (t/a Fundamental VR)	777	861	2.3%
Parsable, Inc.	766	802	2.1%
Congenica Limited	734	746	2.0%
FundingXchange Limited	1,050	740	1.9%
Carbice Corporation	656	721	1.9%
Masters of Pie Limited	667	667	1.7%
Vivacity Labs Limited	493	493	1.3%
Maverick Pubs (Holdings) Limited	1,000	450	1.2%
Fenkle Street LLP*	301	411	1.1%
BBC Maestro Limited	340	340	0.9%
Channel Mum Limited	757	311	0.8%
MIP Diagnostics Limited	300	300	0.8%
Distributed Limited	275	275	0.7%
Bulbshare Limited	249	249	0.7%
Glisser Limited	200	200	0.5%
Destiny Pharma plc^	500	121	0.3%
Hummingbird Technologies Limited	750	-	
Live Better With Limited	1,211	-	0.0%
Ormsborough Limited	900	-	0.0%
Empiribox Holdings Limited	1,563	-	0.0%
Lignia Wood Company Limited	1,778	-	0.0%
Lineten Limited	400	-	0.0%
London and City Shopping Centre Limited	30	-	0.0%
	29,367	29,181	76.3%
Liquidity investments			
Downing Strategic Micro-Cap Investment Trust plc*^	4,269	2,640	6.9%
	33,636	31,821	83.2%
Cash at bank and in hand		6,408	16.8%
Total investments		38,229	100.0%

* non-qualifying investment

^ listed and traded on the Main Market of the London Stock Exchange

Healthcare Share Pool			
	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	portfolio
Venture Capital investments			
Arecor Therapeutics plc^	1,533	3,256	18.3%
Adaptix Limited	1,056	1,843	10.3%
Open Bionics Limited	1,000	1,630	9.2%
FVRVS Limited (t/a Fundamental VR)	1,305	1,472	8.3%
Congenica Limited	1,184	1,215	6.8%
GENinCode plc^	1,202	1,082	6.1%
Cambridge Respiratory Innovations Limited	800	800	4.5%
Closed Loop Medicine Limited	650	650	3.7%
The Electrospinning Company Limited	478	544	3.1%
Invizius Limited	500	500	2.8%
DiA Imaging Analysis Limited	415	484	2.7%
MIP Diagnostics Limited	300	300	1.7%
Destiny Pharma plc^	750	182	1.0%
Future Health Works Limited (t/a MyRecovery)	-	-	0.0%
Live Better With Limited	1,107	-	0.0%
	12,280	13,958	78.5%
Liquidity Investments			
Downing Strategic Micro-Cap Investment Trust plc*^	729	451	2.5%
	13,009	14,409	81.0%
Cash at bank and in hand		3,382	19.0%
Total investments		17,791	100.0%

* non-qualifying investment

^ listed and traded on the London Stock Exchange

AIM Share Pool			
	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	portfolio
Cash at bank and in hand		2,790	100.0%
Total investments		2,790	100.0%

DSO D Share Pool			
	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	portfolio
Venture Capital investments			
Pearce and Saunders Limited	255	25	18.1%
Pearce and Saunders DevCo Limited*	19	16	11.6%
	274	41	
Cash at bank and in hand		97	70.3%
Total investments		138	100.0%

* non-qualifying investment

DP67 Share pool	Cost	Valuation	% of
Portfolio of investments	£'000	£'000	portfolio
Venture Capital investments			
Cadbury House Holdings Limited	1,409	791	41.3%
Fenkle Street LLP**	405	771	40.2%
Gatewales Limited*	343	344	18.0%
Yamuna Renewables Limited	400	-	0.0%
London City Shopping Centre Limited**	99	-	0.0%
	2,656	1,906	99.5%
Cash at bank and in hand		10	0.5%
Total investments		1,916	100.0%

* non-qualifying investment

** partially qualifying investment

The Company's Fifteen Largest Holdings

As at 31 August 2022, the fifteen largest investments, representing in total approximately 68% of the net assets of the Company, are as follows:

1. Arecor Therapeutics plc[^]

Arecor is a leader in developing superior biopharmaceuticals through the application of its innovative formulation technology platform. The company also provides the use of its platform as a service to drug development customers. On 3 June 2021, Arecor admitted its shares to trading on AIM and raised a further £20 million via a new placing. The proceeds will be used to facilitate the development of its internal proprietary diabetes and specialty hospital products.

			Valuation	Percentage of
			£'000	equity held
Audited accounts date:	31/12/2021			
Turnover	1.7m	Equity	4,144	5.5%
Profit/(loss) before tax	6.9m			
Net asset/(liabilities)	18.5m			

2. Downing Strategic Micro-Cap Investment Trust plc

Downing Strategic Micro-Cap Investment Trust plc seeks to provide investors with long term growth through a concentrated portfolio of UK listed companies that typically have a market capitalisation of below £150 million.

			Valuation	Percentage of
			£'000	equity held
Audited accounts date:	28/02/2022			
Turnover	3.2m	Equity	3,091	5.5%
Profit/(loss) before tax	2.4m			
Net asset/(liabilities)	43.1m			

3. Cornelis Networks, Inc.

Cornelis Networks is a provider of purpose-built interconnects focused on high performance computing (HPC), high performance data analytics (HPDA), and artificial intelligence (AI). Cornelis Networks is an independent company spun out from Intel's Omni-Path Architecture Business. Omni-Path Architecture enables quicker processing and output with minimal lag and power consumption – a critical element with the increasing data requirements in next-gen technology.

			Valuation	Percentage of
			£'000	equity held
Audited accounts date:	31/12/2019			
Turnover	n/a	Equity	2,431	3.3%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	10.0m			

4. FVRVS Limited (t/a Fundamental VR)

FVRVS has developed a platform, Fundamental Surgery, which is the market leading medical education platform delivering multimodal simulation and education across tethered and all-in-one VR, mixed reality and mobile, harnessing the very latest AI techniques.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/12/2020			
Turnover	n/a	Equity	1,958	6.5%
Profit/(loss) before tax	n/a	Loan Notes	375	
Net asset/(liabilities)	1.3m			

5. Virtual Class Limited (Third Space Learning)

Third Space Learning has developed an online educational platform that provides mathematics tuition to pupils studying for their exams, offering online 1-to-1 maths intervention and high-quality resources that help develop the building blocks to success in maths.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/07/2021			
Turnover	n/a	Equity	2,302	4.5%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	1.8m			

6. Congenica Limited

Congenica has developed a genomics-based diagnostic decision support platform which helps doctors identify rare diseases in patients. The platform analyses DNA sequence data to suggest a diagnosis, speed up the time to diagnosis, and support clinical trials and drug development. Congenica has partnered with leading institutions and customers in the UK, US, China and Europe to better serve different patient populations and as a result is revenue generating

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/12/2021			
Turnover	1.2m	Equity	1,961	2.1%
Profit/(loss) before tax	14.9m			
Net asset/(liabilities)	23.0m			

7. Rated People Limited

Rated People is an online home services marketplace that aims to connect homeowners with high quality local tradespeople. The company offers access to more than 50,000 tradespeople, representing over 30 trades, and covering the whole of the UK.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/12/2020			
Turnover	11.6m	Equity	1,895	1.3%
Profit/(loss) before tax	0.1m			
Net asset/(liabilities)	4.4m			

8. Adaptix Limited

Adaptix has designed a flatpanel x-ray source to improve the accuracy and mobility of 3D imaging. The company's technology will make portable, low radiation-dose 3D imaging more accessible and less costly than systems currently available on the market. The technology will also allow hospitals to provide faster and more definitive diagnoses.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/03/2021			
Turnover	0.9m	Equity	1,843	5.1%
Profit/(loss) before tax	1.1m			
Net asset/(liabilities)	11.3m			

9. Hackajob Limited

Hackajob is an online recruitment platform for employers seeking developers and engineers. Potential employees take part in online technical challenges and are matched with relevant employers through Hackajob's automated testing features and algorithms.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/10/2021			
Turnover	n/a	Equity	1,787	4.7%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	2.6m			

10. Imagen Limited

Imagen is a SaaS video management platform which holds both current and archive footage for major sporting organisations and news outlets, including Premier League, World Tennis Association and the BBC. The platform helps sports, media and enterprise businesses to manage their expanding video and content libraries on its cloud-based technology.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/05/2021			
Turnover	n/a	Equity	1,763	4.9%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	1.9m			

11. CommerceIQ Limited

CommerceIQ is an intelligent automation tool for help consumer brands to analyse marketing, supply chains and sales operations in ecommerce.

			Valuation £'000	Percentage of equity held
Audited accounts date:	30/06/2021			
Turnover	n/a	Equity	1,749	0.2%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	23.4m			

12. Ayar Labs, Inc.

Ayar Labs is developing a solution to overcome the power/performance scaling challenges of semiconductors as well as the interconnect bandwidth bottleneck between those devices, through the use of its Optical I/O technology.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/07/2020			
Turnover	n/a	Equity	1,646	0.5%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	0.6m			

13. Open Bionics Limited

Open Bionics is a Bristol-based engineering start-up that designs and manufactures affordable bionic prosthetic hands by using 3D scanning and printing. Founded in 2014, their current focus is on becoming the market leader for bionic hands, before entering new higher-growth prosthetic/orthotic markets.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/12/2021			
Turnover	n/a	Equity	1,630	6.6%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	0.8m			

14. Trinny London Limited

Trinny London is a premium cosmetic and skincare brand launched in 2016 by Trinny Woodall and Mark McGuinness-Smith. The business' online platform can match customers with products suiting their complexion.

			Valuation £'000	Percentage of equity held
Audited accounts date:	31/03/2021			
Turnover	44.2m	Equity	1,374	0.5%
Profit/(loss) before tax	3.4m			
Net asset/(liabilities)	7.1m			

15. Cambridge Touch Technologies Limited

Cambridge Touch Technology is developing pressure sensitive multi touch technology that is cheaper and simpler to integrate in touch screen panels of mobile devices. UltraTouch will work in rain, with gloves and underwater on curved and foldable screens.

			Valuation	Percentage of
			£'000	equity held
Audited accounts date:	30/09/2021			
Turnover	n/a	Equity	1,353	1.7%
Profit/(loss) before tax	n/a			
Net asset/(liabilities)	2.6m			

Note: turnover and profit/(loss) before tax figures are only shown where this information is publicly available.

(C) FINANCIAL INFORMATION

1. Introduction

Audited statutory accounts of the Company for the periods ended 31 March 2020, 31 March 2021 and 31 March 2022, in respect of which the Company's auditors, BDO LLP, 55 Baker Street, London W1U 7EU, registered auditors under the Statutory Audit Directive (2006/43/EC) and members of the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at the Company's registered office at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD.

The audited statutory accounts of the Company are drawn up under the Financial Reporting Standard 102 ("FRS 102"), and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised February 2018 ("SORP") in respect of the 31 March 2020 and 31 March 2021 accounts and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised April 2021 ("SORP") in respect of the 31 March 2022 accounts. The Company and the Directors confirm that the Company's most recent financial information for the year ended 31 March 2022 (prepared under Financial Reporting Standard 102) and, prior to that, the audited results for the years to 31 March 2021 and 31 March 2020, have been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards, policies and legislation applicable to such annual financial statements.

The financial statements also contain a description of the Company's financial condition, changes in financial condition and results of operations for each financial period.

The most recent unaudited NAVs announced by the Company were as at 31 August 2022 and were 70.0p per Ventures Share, 78.4p per Healthcare Share, 99.3p per AIM Share, 2.6p per DSO D Share and 27.9p per DP67 Share.

2. Historical Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the following sections of the published annual report and audited statutory accounts of the Company for the periods stated (which are incorporated by reference into the Prospectus as noted in paragraph 5 below) as follows:

Description	2022	2021	2020
	Annual Report	Annual Report	Annual Report
	Page No.	Page No.	Page No.
Balance sheet	75	71	74
Income statement (or equivalent)	71	68	70
Statement showing all changes in equity (or equivalent)	79	74	77
Cash flow statement	80	75	78
Accounting policies and notes	82	77	80
Auditors' report	64	62	64

3. Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Manager's Report" in the published audited statutory accounts of the Company for the periods stated which are incorporated by reference into the Prospectus as noted in paragraph 5 below.

	2022	2021	2020
	Annual Report	Annual Report	Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	4	4	4
Investment Manager's report	9	9	9

4. Capital Resources

A description of cash flows, funding and treasury policies, covenants and liquidity is set out in the financial statements and notes to the financial statements published in the published audited statutory accounts of the Company for the periods stated which are incorporated by reference into the Prospectus as noted in paragraph 6 below. The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described on pages 22-23 and in accordance with the VCT Rules.

	2022	2021	2020
	Annual Report	Annual Report	Annual Report
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Balance sheet	75	71	74
Income statement (or equivalent)	71	68	70
Statement showing all changes in equity (or equivalent)	79	74	77
Cash flow statement	80	75	78
Accounting policies and notes	82	77	80

5. Significant Change

Since 31 March 2022, being the date of the last published financial information of the Company (its audited annual report and accounts), there has been no significant change in the financial performance or financial position of the Company, with the exception of those set out below.

Dividends

Following Shareholders' approval at the AGM that took place on 27 September 2022, dividends of 2.75p per Ventures Share and 3.5p per Healthcare Share were paid on 30 September 2022 to Shareholders on the register on 2 September 2022.

6. Historical Financial Information Incorporated by Reference

Those parts of the audited statutory accounts for the Company for the periods ended 31 March 2020, 31 March 2021 and 31 March 2022 which are referred to in paragraphs 2 and 3 above are being incorporated by reference in this Prospectus. These audited statutory accounts are available as set out in Part Three. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the audited statutory accounts not referred to in paragraphs 2 and 3 above, are not being incorporated into this document by reference and are either not relevant for Investors or are covered elsewhere in this Prospectus.

7. Comparable dividend per share

The Company has declared and paid the dividends per share for each financial year from 31 March 2020 until 31 March 2022 set out in the table at paragraph 7 (*Key Financial Information*) below.

8. Key Financial Information

Please note that this information has been extracted from the Company's audited financial statements without material adjustment.

	Audited year ended 31 March 2022	Audited year ended 31 March 2021	Audited year ended 31 March 2020
Ventures Shares			
Net Assets	£36,891,000	£32,000,000	£28,110,000
Number of Ventures Shares in issue (excluding Management Shares)	54,052,919	47,308,832	44,865,567
Net asset value per Ventures Share	68.2p	67.2p	61.7p
Dividends paid per Ventures Share in the year	2.75p	2.5p	-
Healthcare Shares			
Net Assets	£18,751,000	£13,184,000	£12,675,000
Number of Healthcare Shares in issue (excluding Management Shares)	22,191,549	19,230,091	18,421,889
Net asset value per Healthcare Share	84.4p	68.5p	68.1p
Dividends paid per Healthcare Share in the year	2.75p	2.5p	-
AIM Shares			
Net Assets	£2,029,000	n/a	n/a
Number of AIM Shares in issue	2,034,990	n/a	n/a
Net asset value per AIM Share	99.9p	n/a	n/a
Dividends paid per AIM Share in the year	-	n/a	n/a
DP67 Shares			
Net Assets	£2,029,000	£2,064,000	£2,096,000
Number of DP67 Shares in issue	11,192,136	11,192,136	11,192,136
Net asset value per DP67 Share	26.8p	18.4p	18.8p
Dividends paid per DP67 Share in the year	-	-	18.0p
DSO D Shares			
Net Assets	£208,000	£801,000	£944,000
Number of DSO D Shares in issue	7,867,247	7,867,247	7,867,247
Net asset value per DSO D Share	2.6p	10.2p	12.0p
Dividends paid per DSO D Share in the year	-	-	18.0p
DP2011 General Ord Shares\General A Shares			
Net Assets	n/a	n/a	n/a
Number DP2011 General Ord Shares in issue	n/a	n/a	-
Net asset value per DP2011 General Ord Share	n/a	n/a	-
Dividends paid per DP2011 General Ord Share in the year	n/a	n/a	-
Number of DP2011 General A Shares in issue	n/a	n/a	-
Net asset value per DP2011 General A Share	n/a	n/a	-
Dividends paid per DP2011 General A Share in the year	n/a	n/a	13.595p
DP2011 Structured Ord Shares\Structured A Shares			
Net Assets	n/a	n/a	-
Number of DP2011 Structured Ord Shares in issue	n/a	n/a	-
Net asset value per DP2011 Structured Ord Share	n/a	n/a	-
Dividends paid per DP2011 Structured Ord Share in the year	n/a	n/a	-
Number of DP2011 Structured A Shares in issue	n/a	n/a	-
Net asset value per DP2011 Structured A Share	n/a	n/a	-
Dividends paid per DP2011 Structured A in the year	n/a	n/a	10.059p

(D) OPERATION OF THE COMPANY AND BOARD PRACTICES

1. Board of Directors

The Company complies with the provisions of the AIC Code of Corporate Governance, with the exception of the following, for the reasons set out below:

- (i) The Company has no major Shareholders, so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than at an Annual General Meeting or General Meeting of the Company. (5.2.3);
- (ii) Due to the size of the Board and the nature of the Company's business, a formal and rigorous performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. (7.2.22, 8.2.29, 9.2.37,);
- (iii) The Board does not monitor the level of Share price discount or premium in respect of the DSO D Shares or DP67 Shares, as the Share pools to which these Share classes are in the process of returning funds to Shareholders. The Board monitors the discount or premium in respect of the Ventures and Healthcare Shares (and will do in respect of the AIM Shares) and will take appropriate action to manage this when required.

The Board comprises four members, all of whom are non-executive directors and three of whom are considered to be independent of Downing and all of whom are considered to be independent of Foresight.

The Board meets regularly throughout the year (normally at least quarterly) and all necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively including, but not limited to, monitoring and managing the performance of key service providers including Downing. Additionally, special meetings take place or other arrangements are made when Board decisions are required in advance of regular meetings. The Board is responsible for controlling the Company. Foresight and Downing are responsible for the determination and calculation of the Company's Net Asset Values, which will be undertaken in accordance with the Company's accounting policies and published on an appropriate regulatory information service provider (including in the announcement of annual and half-yearly results of the Company) following approval by the Board. The Board does not envisage any circumstances in which such calculations would be suspended but, were this to occur, such suspension would be communicated to Shareholders in a similar manner.

The Board delegates specific responsibilities to the committees described below.

2. Audit Committee

All Directors sit on the audit committee which is chaired by Dr Andrew Mackintosh. The audit committee meets not less than twice a year. The Company's auditors and the senior executives of Downing may attend and speak at audit committee meetings.

A summary of the terms of reference of the audit committee is as follows: the committee has responsibility for, among other things, the planning and reviewing of the Company's annual and half-yearly reports and the supervision of its auditors in the review of such financial statements. The audit committee focuses particularly on the Company's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules, Disclosure Guidance and Transparency Rules and the Prospectus Rules and ensuring that effective systems for internal financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and half-yearly financial reports remain with the Board.

3. Remuneration Committee

All Directors sit on the remuneration committee, which meets as and when required, and is chaired by Sir Aubrey Brocklebank.

A summary of the terms of reference of the remuneration committee is as follows: this committee has responsibility for determining the Company's policy on the remuneration of the Directors, and the committee refers to standard industry practice as well as comparative remuneration levels and structures prevalent in companies of a similar profile and size, and in similar industry sectors to the Company, taking account of any special circumstances that may be relevant in terms of the Directors' responsibilities and duties. The maximum Directors' remuneration will also be determined by reference to the Articles and/or ordinary resolutions of Shareholders from time to time.

4. Nomination Committee

All Directors sit on the nomination committee, which meets as and when required, and is chaired by Sir Aubrey Brocklebank. The committee has responsibility for considering the size, structure and composition of the Board, the retirement and appointment of Directors, and will make appropriate recommendations to the Board in relation to these matters.

As at the date of this document, the Company currently complies with the AIC Code of Corporate Governance in all respects other than those mentioned above.

PART THREE

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of during normal business hours on any weekday (public holidays excepted) from the date of this document for 12 months at the offices of RW Blears LLP at 70 Colombo Street, London SE1 8PB, offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG, at the registered office of the Company at 6th Floor, St. Magnus House, 3 Lower Thames Street, London, EC3R 6HD and available online at www.foresightgroup.eu and www.downing.co.uk/tvvct2.

- (a) the Memorandum and Articles of Association of the Company;
- (b) this Registration Document;
- (c) the Company's audited annual accounts for the years ended 31 March 2020, 31 March 2021 and 31 March 2022.

The Registration Document will also be available for download from the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>).

REGULATORY DISCLOSURES

The Company has made the following disclosures as required by the Market Abuse Regulation 596/2014 (as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018):

<i>Date</i>	<i>Title of Announcement</i>	<i>Disclosure</i>
13 June 2022	Novation of Investment Management Agreement	The Company announced that the Board had agreed to the novation of the Investment Management Agreement (with the exception of the management of the Healthcare Share pool) from Downing to Foresight.
5 July 2022	Completion of Sale of Downing non-healthcare ventures business to Foresight Group and Novation of Investment Management Agreement	The Company announced that Downing, the Company's investment manager, had now completed the sale of its non-healthcare ventures business to Foresight and the novation of the Company's Investment Management Agreement (with the exception of the management of the Healthcare Share pool) from Downing to Foresight had also now happened as planned.

Summary

SECTION 1: INTRODUCTION

This summary forms part of a prospectus dated 2 November 2022 (the "**Prospectus**") issued by Thames Ventures VCT 2 plc and which has been approved, on that date, by the Financial Conduct Authority (the "**FCA**"), the competent authority under Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Prospectus describes a public offer by the Company to raise up to £10 million (with an over-allotment facility for up to a further £10 million) in the Ventures Share class. The securities being offered pursuant to the Offer are Ventures Shares of 0.1 pence each (ISIN: GB00BDHF5B49) ("**New Ventures Shares**").

The FCA may be contacted at:
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

The Issuer's contact details are:

Address	St Magnus House, 3 Lower Thames Street, London EC3R 6HD
Email	investorrelations@foresightgroup.eu
Website	www.foresightgroup.eu/products/thames-ventures-vct2-plc
Telephone	020 3667 8181
LEI	21380035MV1VRYEXPR95

Warning: This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities described herein should be based on a consideration of the prospectus as a whole by the investor. Investors could lose all or part of the invested capital. Civil liability attaches to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in the New Ventures Shares.

SECTION 2: KEY INFORMATION ON THE ISSUER

Who is the Issuer of the securities?

The issuer of the securities which are the subject of this Prospectus is Thames Ventures VCT 2 plc (the "**Company**").

The Company is a public limited liability company which is registered in England and Wales with registered number 06789187. Its Legal Entity Identifier is: 21380035MV1VRYEXPR95. The Company is approved by HM Revenue & Customs as a venture capital trust (VCT) in accordance with the VCT Rules. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Company has no parent company and is owned by individuals, none of whom owns more than 3% of its ordinary share capital. The Company has no subsidiaries. The Company has four non-executive directors – Sir Aubrey Brocklebank (Chairman), Chris Allner, Steven Clarke and Dr Andrew Mackintosh.

The Company's auditors are BDO LLP of 55 Baker Street, London W1U 7EU.

What is the key financial information regarding the Issuer?

Certain key historical information of the Company is set out below:

Key Information	Audited year ended 31 March 2022	Audited year ended 31 March 2021	Audited year ended 31 March 2020
Ventures Shares			
Net Assets	£36,891,000	£32,000,000	£28,110,000
Number of Ventures Shares in issue (excluding Management Shares)	65,328,545	47,308,832	44,865,567
Net asset value per Ventures Share	68.2p	67.2p	61.7p
Dividends paid per Ventures Share in the year	2.75p	2.5p	-
Healthcare Shares			
Net Assets	£15,945,000	£13,184,000	£12,675,000
Number of Healthcare Shares in issue (excluding Management Shares)	26,811,908	19,230,091	18,421,889
Net asset value per Healthcare Share	84.4p	68.5p	68.1p
Dividends paid per Healthcare Share in the year	2.75p	2.5p	-
AIM Shares			
Net Assets	£2,029,000	n/a	n/a
Number of AIM Shares in issue	2,034,990	n/a	n/a
Net asset value per AIM Share	99.9p	n/a	n/a
Dividends paid per AIM Share in the year	-	n/a	n/a
DP67 Shares			
Net Assets	£1,894,000	£2,064,000	£2,096,000
Number of DP67 Shares in issue	11,192,136	11,192,136	11,192,136
Net asset value per DP67 Share	26.8p	18.4p	18.8p
Dividends paid per DP67 Share in the year	-	-	18.0p
DSO D Shares			
Net Assets	£208,000	£801,000	£944,000
Number of DSO D Shares in issue	7,867,247	7,867,247	7,867,247
Net asset value per DSO D Share	2.6p	10.2p	12.0p
Dividends paid per DSO D Share in the year	-	-	18.0p

Income statement	Audited year ended 31 March 2022	Audited year ended 31 March 2021	Audited year ended 31 March 2020
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Income	1,296	268	341
Gains/(losses) on investments	6,599	4,816	(11,837)
Investment management fees	(1,062)	(822)	(1,123)
Other expenses	(409)	(97)	(711)
Return/(loss) on ordinary activities after tax	6,424	4,096	(13,630)
Return/(loss) per share:			
Ventures Share	3.8p	8.0p	(24.0p)

Healthcare Share	18.3p	2.9p	(15.0p)
AIM Share	(2.3p)	n/a	n/a
DSO D Share	0.0p	(1.8p)	2.2p
DP67 Share	8.3p	(0.4p)	(11.8p)
Balance Sheet	Audited	Audited	Audited
	year ended	year ended	year ended
	31 March 2022	31 March 2021	31 March 2020
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Fixed assets			
Investments	49,141	40,743	34,464
Current assets			
Debtors	4,317	701	548
Cash at bank and in hand	8,384	6,986	9,614
Creditors: amounts falling due within one year	(965)	(381)	(801)
Net current assets	11,736	7,306	9,361
Net assets	60,877	48,049	43,825
Capital and reserves			
Called up share capital	113	102	98
Capital redemption reserve	58	58	58
Special reserve	24,063	29,417	39,433
Share premium account	29,284	20,010	17,971
Funds held in respect of shares not yet allotted	7	241	535
Revaluation reserve	6,995	(1,143)	(13,302)
Capital reserve – realised	3,769	3,132	2,483
Revenue reserve	(3,412)	(3,768)	(3,451)
Total equity shareholders' funds	60,877	48,049	43,825
Cash Flow Statement	Audited	Audited	Audited
	year ended	year ended	year ended
	31 March 2022	31 March 2021	31 March 2020
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Cash flow from operating activities			
Profit/(loss) on ordinary activities before taxation	6,424	4,165	(13,330)
(Gains)/loss on investments	(6,599)	(4,816)	11,837
(Decrease)/increase in creditors	538	(420)	326
(Increase) in debtors	(3,569)	(225)	(217)
Net cash from operating activities	(3,206)	(1,296)	(1,384)
Corporation tax paid	-	-	159
Net cash generated from operating activities	(3,206)	(1,296)	(1,225)
Cash flow from investing activities			
Purchase of investments	(6,834)	(10,468)	(12,801)
Proceeds from disposals	5,035	9,008	5,894
Net cash (outflow) from investing activities	(1,799)	(1,460)	(6,907)
Net cash (outflow) before financing	(5,005)	(2,756)	(8,132)
Cash flows from financing activities			
Repurchase of own shares	(195)	-	(77)
Issue of share capital	9,512	2,101	6,424

Share issue costs	(227)	(58)	(379)
Funds held in respect of shares not yet allotted	(234)	(294)	535
Equity dividends paid	(2,453)	(1,621)	(7,200)
Net cash inflow/(outflow) from financing activities	6,403	128	(697)
Net change in cash	1,398	(2,628)	(8,829)
Cash and cash equivalents at start of the year	6,986	9,614	18,443
Cash and cash equivalents at end of the year	8,384	6,986	9,614

On 12 October 2022, the Company announced that its unaudited NAVs per share for each class, as at 31 August 2022 were: 70.0p per Ventures Share, 78.4p per Healthcare Share, 99.3p per AIM Share, 2.6p per DSO D Share and 27.9p per DP67 Share.

The Company paid dividends of 2.75p per Ventures Share and 3.5p per Healthcare Shares, totalling £1.5 million and £789,000 respectively, on 30 September 2022.

Other than as noted above, there has been no significant change in the financial position or financial performance of the Company since the end of the last financial period for which financial information has been published to the date of this Prospectus (being the audited financial information to 31 March 2022).

What are the key risks that are specific to the Issuer?

- There can be no assurances that the Company will meet its objectives, identify suitable investment opportunities or be able to diversify its portfolio. The past performance of Foresight and other funds managed or advised by Foresight is not necessarily an indication of the future performance of the Company. The Shares may fall as well as rise and an investor may not receive back the full amount invested.
- There can be no guarantee that the Company will retain its status as a VCT, the loss of which could lead to adverse tax consequences for investors, including a requirement to repay the 30% income tax relief.
- 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 which could affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Investment in smaller and unquoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.
- Although the Company may receive customary venture capital rights in connection with its investments, as a minority investor it will not be in a position to protect its interests fully.

SECTION 3: KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The securities being offered pursuant to the Offers are Ventures Shares of 0.1 pence each (the "**New Ventures Shares**"). The New Ventures Shares will rank equally in all respects with the existing Ventures Shares and with each other.

Shareholders will be entitled to receive certificates in respect of their New Ventures Shares and will also be eligible for electronic settlement.

The New Ventures Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable. At least 25% of the New Ventures Shares will be distributed to the public.

Where will the securities be traded?

Applications will be made to the FCA for the New Ventures Shares offered for subscription pursuant to the Prospectus to be admitted to the premium segment of the Official List of the FCA. Application will also be made to the London Stock Exchange for the New Ventures Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective and that trading in the New Ventures Shares will commence three business days following allotment.

Is there a guarantee attached to the securities?

There is no guarantee attached to any of the New Ventures Shares.

What are the key risks that are specific to the securities?

- If a qualifying investor disposes of his or her shares within five years of issue, he or she will be subject to clawback by HM Revenue & Customs of any income tax reliefs originally claimed.
- Although the Company's existing Shares have been (and it is anticipated that the New Ventures Shares will be) admitted to the Official List of the FCA and to trading on the London Stock Exchange's market for listed securities, there may not be a liquid market and investors may find it difficult to realise their investments or do so at a price which fully reflects the net asset value per share of the Company.

SECTION 4: KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in this security?

The Offer opens on 2 November 2022 and will close on 31 May 2023 (or earlier at the discretion of the directors or if Full Subscription is reached or later if extended). Investors must be over 18 years old.

Application has been made to the FCA for the New Ventures Shares to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for such New Ventures Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that trading in the New Ventures Shares will commence three Business Days following allotment.

The number of Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Share):

$$\text{Number of New Ventures Shares} = \left[\begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) initial Promoter's Fee}^1 \text{ and} \\ \text{(ii) Initial Adviser Charge (if any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest published NAV} \\ \text{per Ventures Share}^2 \end{array} \right]$$

¹less any reduction for early applications, loyalty discounts and/or commission waived by Intermediaries (where applicable)

²adjusted for any dividends declared and ex-dividend since the NAV date, as appropriate.

The estimated expenses of the Offer will be 5.5% of the funds raised (assuming investment solely by investors in respect of whose application a Promoter's Fee of 5.5% is payable). If the Offers are fully subscribed (ignoring the over-allotment facility) the net proceeds of the Offer would be approximately £9.45 million.

An existing holder of Ventures Shares who does not subscribe for Ventures Shares pursuant to the Offer would experience no dilution in terms of NAV per share (as the assets of the share class will be increased by the relevant proceeds of the Offer and the upfront costs of the Offer are borne by subscribers) but will experience dilution in terms of voting. The Company will pay an annual fee of 0.5% of the net asset base value of the New Ventures Shares (for a maximum of six years) to the Promoter who will be responsible for paying trail commission to eligible intermediaries. This cost is not borne by subscribers through the application of the above Pricing Formula but is a cost to the Company and therefore to all Shareholders. All other incidental costs of the Offer will be borne by the Promoter from its fee.

The Offer is not underwritten.

Why is this prospectus being produced?

The Offer is being made, and its proceeds will be used, to raise additional funds raised under the Offer to be invested in accordance with the Company's investment policy. It is intended that the funds raised under the Offer will, no later than three years following the end of the accounting period in which those shares are issued, be invested such that at least 80% of the Company's funds are invested in VCT qualifying companies with 30% of such funds raised so invested before the end of the second financial year following that in which they were raised. It is intended that funds not invested in VCT qualifying companies will be held in cash or other permitted non-qualifying investments.

Dated: 2 November 2022