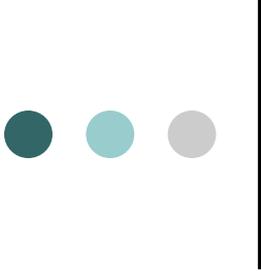


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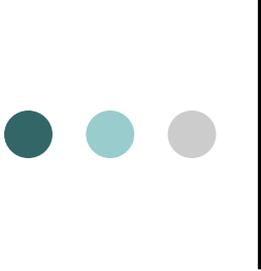
- At Feb 21 the total return to OT3 shareholders was 78p per share made up of 36p dividends and 42p net assets
- This is a disappointing return for a 19 year old fund with an originally anticipated life of 7-10 years
- Nevertheless OT3 is a technology fund where “plums” ripen slower than “lemons”
- OT3 still has 2 large “plums”, Scancell and Arecor
- Other major investors have recently supported Scancell with £30m at 13p and Arecor with £20m at current prices
- This reinforces the Board’s view that these two investees have significant potential in the next 3 years and that shareholders would still benefit from VCT continuity



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- The nature of the portfolio of OT3 has changed dramatically in the last 18 months
- At Feb 20, the portfolio was 7% quoted (Scancell), 90 % unquoted and 3% net current assets
- At Feb 21, the portfolio was 36% quoted (Scancell), 60 % unquoted and 4% net current assets
- At June 21, the portfolio was 63% quoted (Scancell & Arecor), 34 % unquoted and 3% net current assets
- On the Ixaris sale completion, the portfolio will be 63% quoted, 8% unquoted and 29% net current assets
- OT3 has now transformed into a small, cash rich VCT with two life sciences AIM investments

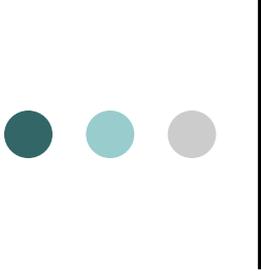


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Shareholders have expressed varying views on the future but all are in agreement on a substantial post Ixaris dividend

- 1) Continue with the VCT and its associated tax benefits until a point of inflection in 3-5 years and then wind up. VCT costs at 3% pa in line with peer VCTs
- 2) As 1) above but find a manager wanting to raise new money and reducing VCT unit costs over a larger base
- 3) Allow some shareholders the chance to exit in full or in part via a tender or buyback at say a 15% discount to NAV. Provide the first acceptable opportunity for original investors to exit after 19 years. Would also apply to more recent buyers
- 4) Wind the VCT up and return funds to shareholders to reinvest themselves

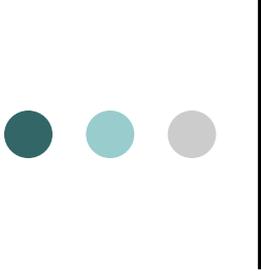


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The Board has a duty to all shareholders and to meet its governance responsibilities. In reverse order:

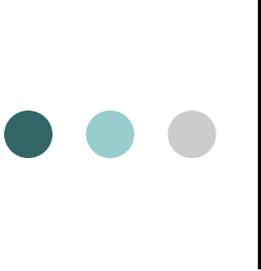
- 4) Wind the VCT up. Arecor lock-in and a fire-sale of unquoteds would reduce optimum value, take over 2 years and crystallise deferred CGT gains for some original shareholders. Not the best option, not recommended
- 3) Use of the 10% buyback authority for a tender or buyback. Allows an exit option for some and deferred CGT management for other shareholders.
- 2) Find a manager raising new evergreen money and offering tangible entry benefits to existing shareholders. Current focus and could combine with 3)
- 1) Continue with the VCT as a standalone entity and with its associated tax benefits until two points of investee inflection and then wind-up. Fall back option, can combine with 3)



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- Deals are being discussed with two potential new managers who will raise new money in a separate share class either to keep OT3 as a separate VCT or to allow some or all of the Oxford VCTs to merge into separate share classes within a single VCT. The benefits are:
 - A material reduction in annual costs charged to the existing share class
 - The existing assets can be realised at an optimum time and proceeds distributed to shareholders
 - The release of some cash currently required to be held to cover going concern requirements
 - After significant realisations, a conversion of OT3 Ord shares into a much larger evergreen share class
 - Further announcements will be made as soon as any definitive arrangements (if any) have been agreed.
- Shareholders will have the chance to ratify any such proposals at an EGM.



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Conclusion

- The Board views the OT3 near-term future with optimism
- Arithmetically, a tripling in Scancell and Arecor share prices would double OT3 NAV, no forecast implied
- The current deals, if achieved, would improve OT3 economics
- The Board encourages shareholders to endorse the strategy by actively supporting the continuation vote resolution and the buyback vote at the AGM (as well as all the other resolutions)