

Oxford Technology 4 VCT

Strategy July 2021

Existing portfolio

Net assets of £3.04m at 28 February 2021 of which £434k was cash. Net assets rose in the period to the end of May to £3.55m.

- Arecor, valued at £1,289k in February and £1,863k in May following flotation on AIM. The downside is that we are unlikely to be able to realise for 2 years due to trading restrictions. The Board and OTM believe Arecor will continue to progress within that period, with another significant next inflection point within the next 2-3 years.
- Select Technology, valued at £617k in February. The change in business direction 3 years ago is taking time to bed in, and been delayed by Covid. Alex Starling will join the Board to support the company towards a realisation point for the VCTs
- ImmBio, valued at £178k in February. Technology still has potential; one commercial licence agreed with CNBG, but a trial with another party is needed to help deliver next milestone payment. Company to be mothballed as it is not currently doing further in house development, but the technology to be maintained by Liverpool University. This is now a likely binary result. It may fail completely, or an inflection point will occur relatively soon.
- Novacta has a single asset which has been licenced out. There is very little that can be done regarding timing or value of any receipts from the company
- Plasma valued at £52k in February – loans to be redeemed in near future
- Oxis in administration and no value expected.

The main assets which the Board believes will provide significant returns to shareholders are therefore reaching points at which they might be realised. Other assets either are unlikely to provide significant returns, or have considerable uncertainty regarding value and / or timing.

Strategic position

- The Board considers shareholders have waited a long time for returns and many wish to exit their positions. The major assets are now reaching a point where the majority of value in the portfolio should be realisable within the next 2-3 years without using secondary transactions which would reduce values significantly.
- In the view of the Board, maintaining the VCT wrapper for the time required remains sensible to ensure distributions are tax free to qualifying shareholders.
- The Board is also aware that annual holding costs, despite these being extremely tightly controlled will reduce returns to shareholders.
- At present, the share price has a significant discount to NAV, so any shareholder wishing to sell sacrifices a large part of their value. The Board has therefore been looking for a strategy which will reduce running costs and also provide liquidity at a significantly reduced discount to allow shareholders to exit.
- For a number of years we have sought a partner who will enable the asset base to be increased, and allow a spreading of costs reducing costs to existing shareholders. Post-conversion, shareholders would also ultimately have shares in a larger VCT with reduced discounts and more liquidity.
- We believe we may have found such a partner for OT2 who may also have an interest in OT4 and hope to make an announcement soon.

The Board strongly recommends shareholders support the continuation vote

- The deal being discussed with the new manager for OT2 is expected to allow some or all of the Oxford VCTs to merge into separate share classes within a single VCT. The Board believes this could be very beneficial for OT4 shareholders. This will allow:
 - A material reduction in annual costs charged to the existing share class
 - The main existing assets to be realised at an optimum point, and proceeds distributed to shareholders
 - The release of some cash currently required to be held to cover going concern requirements.
 - Ultimately conversion of current OT4 shares into those of a much larger share class with increased liquidity giving shareholders the chance to fully realise their shareholding
- 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.

The Board views the future with optimism and encourages shareholders to endorse the strategy by actively supporting the continuation vote resolution at the AGM (as well as all the other resolutions)