OXFORD TECHNOLOGY 2 VCT PLC ("OT2")
OXFORD TECHNOLOGY VCT PLC ("OT1")
OXFORD TECHNOLOGY 3 VCT PLC ("OT3")
OXFORD TECHNOLOGY 4 VCT PLC ("OT4")
(TOGETHER, THE "COMPANIES" AND OT1, OT3 AND OT4 TOGETHER THE "TARGET VCTS" AND EACH A "TARGET VCT")

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PROPOSED MERGER OF THE COMPANIES, FUND RAISING IN A NEW SHARE CLASS WITH A NEW INVESTMENT MANAGER. CHANGE OF COMPANIES' AUDITOR AND A CHANGE IN ACCOUNTING REFERENCE DATE FOR THE TARGET VCTs

This announcement is for information only: no shareholder action is required at this time.

Proposed Merger

The boards of the Companies (the "**Boards**") are pleased to announce that they have entered discussions regarding a possible merger of the Companies ("**Merger**"). The structure of the proposed Merger is designed to preserve the separate economic value associated with each of the Companies' current portfolios for the benefit of the Companies' existing shareholders by keeping these portfolios in distinct share classes. Discussions are progressing and it is anticipated that the proposed transaction, with full details, will be formally announced in May 2022.

Proposed fundraising with a new Investment Manager, Edition Capital Investments Limited

Concurrent with the Merger, OT2 intends to issue a new class of ordinary share by way of an offer for subscription to raise up to £10 million to invest in investments focussed on leisure (with an overallotment facility of £10 million) ("**Offer for Subscription**"). OT2 will engage with Edition Capital Investments Limited ("**Edition**") to be Investment Manager with responsibility for this new share class. Further information on Edition is set out below.

Following completion of the Merger and Offer for Subscription, OT2 will have five listed share classes: one share class for the Offer for Subscription, and four separate share classes holding the Companies' existing portfolios.

Change to accounting reference date

To facilitate and simplify the Merger, OT1, OT3 and OT4 intend to change their accounting reference date to 31 August. As a result of this OT1, OT3 and OT4 will each issue a set of unaudited interim financial statements covering the twelve-month period to 28 February 2022 rather than a full audited annual report. The interim financial statements are expected to be issued before the end of May 2022, at the same time as the audited annual report is issued by OT2.

Change to the Companies' auditor

UHY Hacker Young LLP ("**UHY**") advised the Boards that they wished to resign as auditor to the Companies. UHY have taken the decision to withdraw from the VCT market following a change in its strategy over the sectors in which it operates. Accordingly, UHY has resigned as auditor to all of the Companies with effect from 23 February 2022. UHY has confirmed that other than the above referenced change of strategy there are no matters connected with it ceasing to hold office that need to be brought to the attention of members or creditors of the Companies for the purposes of section 519 of the Companies Act 2006.

The Directors of OT2 also announce today that they have appointed Hazlewoods LLP ("**Hazlewoods**") as OT2's auditors with immediate effect: the Boards of OT1, OT3 and OT4 also expect to appoint Hazlewoods. The Boards wish to thank UHY for its services and support as external auditors and the Board of OT2 looks forward to working with Hazlewoods in the future.

Rationale for the Merger

The Boards have previously stated that it would be preferable for the Companies to have a larger asset base to share their operating costs due to the relentless upward trajectory of regulatory costs, the ongoing challenges of maintaining VCT status and the very small size of each of the Companies. In addition, the Companies' shareholders will be aware that for a number of years, the Boards have sought to find partners interested in using the existing VCT structure to launch their own share offering, and hence enabling one (or more) of the Companies to expand its asset base. The structure being proposed allows the shareholders of all four of the Companies to benefit from the economies of scale to be realised.

VCTs are required to be listed on the premium segment of the Official List, which involves significant costs associated with the listing as well as related fees to ensure they comply with all relevant legislation and regulations. A larger VCT can spread the fixed elements of such running costs across a larger asset base and, as a result, reduce running costs as a percentage of net assets.

The aim of the Merger is to achieve strategic benefits and reductions in the annual running costs for each set of shareholders, while maintaining a platform from which the ongoing realisations from each of the Companies' individual portfolios can continue to be executed as it is now.

The Merger will result in the creation of an enlarged company ("**Enlarged Company**") and should result in savings in running costs and simpler administration. As all the Companies have similar investment policies and a number of common investments, this is achievable without material disruption to the Companies and their combined portfolio of investments. Furthermore, it is increasingly difficult to ensure each of the Companies meets the stringent VCT qualifying tests, as the portfolios become smaller and more concentrated. This will be considerably simpler with the Enlarged Company.

The economics of a Merger on its own are marginal but are substantially enhanced when done in combination with a fund-raising.

Details of the commercial terms will be included in the documents that are expected to be sent to shareholders in May 2022. This will include the specifics of the cost sharing arrangement.

Nothing will change as regards the intention to continue to seek exits from portfolio companies from each share class when suitable opportunities arise, with the intention of returning any surplus funds to the shareholders whose assets have been realised.

Merger details

It is intended that the Merger will be effected by the Target VCTs each being placed into members' voluntary liquidation and all of the assets and liabilities of each Target VCT transferred to OT2 in consideration for the issue of new shares in separate classes of ordinary shares by OT2 directly to the shareholders of the relevant Target VCT.

The portfolio of each of the Companies share classes will not be affected by the Merger as new share classes will be created in line with the current, pre-merger share classes in the Target VCTs as illustrated in the table below. The assets of the Target VCTs will continue to be managed as stand-alone portfolios within OT2.

Pre-Merger Share Classes	*Post-Merger Share Classes of the Enlarged Company*
OT1 Ordinary Shares	New “OT1 Share class” in OT2
OT2 Ordinary Shares	Existing OT2 Ordinary Shares
OT3 Ordinary Shares	New “OT3 Share class” in OT2
OT4 Ordinary Shares	New “OT4 Share class” in OT2

It is intended that the number of new shares to be issued in connection with the Merger will be on a "one for one" basis with new shares being issued in a new corresponding share class created in OT2.

If the Merger is to proceed, the current intention is that it will proceed by way of a scheme of reconstruction under section 110 of the Insolvency Act 1986 ("**Schemes**" and each a "**Scheme**") which, on this basis, would be outside the provisions of the City Code on Takeovers and Mergers.

Merger approvals

Each Scheme is conditional upon certain conditions being satisfied, which will be set out in the circulars to be posted to all of the Companies’ shareholders and will require shareholder approval at a general meeting.

The Merger is comprised of three separate Schemes and will only go ahead if at least one of the Schemes becomes unconditional. If only one or two of the Schemes become unconditional, then the resulting Enlarged Company will be commensurately smaller than if all three Schemes become unconditional with the result that the Enlarged Company will have a smaller net asset base across which to spread the costs of the Schemes that do go ahead and the running costs of the Enlarged Company going forward. In this case, the costs of the Schemes that do go ahead may take longer to recover than they would if the full four-way Merger was implemented.

As part of the proposed transaction, OT2 will seek approval to broaden its current Investment Policy to allow the Merger to take place and for each of the existing share classes after the Merger to continue to be managed in the same way as previously, as well as enabling Edition to invest in a totally different range of investment opportunities

Investment Manager details

OT2’s existing Investment Manager is OT2 Managers Ltd (“**OT2M**”), which subcontracts services to Oxford Technology Management Ltd (“**OTM**”) as Investment Adviser. Following completion of the Merger (and prior to the first admission of any shares pursuant to the Offer for Subscription to the premium segment of the Official List and to trading on the main market of the London Stock Exchange plc), the OT1, OT2, OT3 and OT4 share classes will continue to be managed through the current arrangements with OT2M and OTM, albeit with changes anticipated to be made to the investment management agreement to reflect the arrangements for the new share classes created through the Merger (further details of which will be set out in the circular to be posted to shareholders of OT2 in due course and which will require shareholder approval at a general meeting of OT2 as a related party transaction).

Subject to the first allotment of shares pursuant to the Offer for Subscription, the Enlarged Company will terminate its arrangements with OT2M and OTM and appoint Edition as the Investment Manager. As Investment Manager, Edition will assume responsibility for the management of all of the assets of the Company (as comprised in the various different share classes), although it is expected that the Board of OT2 shall retain sole responsibility for investment decisions in relation to the assets comprised within OT1, OT2, OT3 and OT4 share class pools and OTM shall continue to be retained by the Board and Edition in an advisory capacity, given its knowledge of the existing portfolios.

Edition details

Edition is an established investment and advisory house with a focus on leisure investments and Edition has been manager to the Edition EIS fund since 2016 and to the Edition Capital Projects Fund since 2021.

The investment management team have, to date, raised over £50 million for these two funds. They have demonstrated execution of appropriate investments that match the investment strategy shared with their investors in the relevant investment management agreement, invested on behalf of the funds, and managed the risk and portfolio during the life of the funds. Additionally, the four founding partners were responsible for the management of Venture Capital Trusts as well as other EIS investments, prior to starting Edition in 2016.

Expected timetable

It is expected that the Merger will be agreed and announced in May 2022. It is expected that Shareholder meetings will take place in June 2022 with completion of the Merger expected during July 2022. It is expected that the Offer for Subscription will remain open until May 2023.

For further information, please contact:

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4 March 2022

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