

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in the Company you should send this document immediately to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

Chrysalis VCT plc

(Incorporated in England and Wales under the Companies Act 1985
with registered number 04095791)

Circular to Shareholders issued in connection with the proposed:

Winding-up of the Company Variation to the Service Agreement of the Key Investment Executive Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company set out on pages 3 to 8 of this document which contains a unanimous recommendation to vote in favour of the resolutions to be proposed at the General Meeting to be held at 4 p.m. on 26 November 2020 notice of which is set out in Part 6 of this Circular.

Due to the circumstances surrounding the coronavirus pandemic, it will not be possible for Shareholders to attend the General Meeting in person. Shareholders are instead encouraged to vote by proxy. A Form of Proxy for use at the General Meeting is enclosed with this document. To be valid, the Form of Proxy must be completed and returned either by post or by hand or by email to chrysalisvct@downing.co.uk so as to be received by Downing LLP, St Magnus House, 3 Lower Thames Street, London EC3R 6HD, not later than 48 hours before the time of the General Meeting.

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Timetable

Latest time and date for receipt of Form of Proxy for General Meeting	4 p.m. on 24 November 2020
Suspension of the listing of the Shares on the Official List	7.30 a.m. on 26 November 2020
General Meeting	4 p.m. on 26 November 2020
Expected date of cancellation of the listing of the Shares on the Official List	27 November 2020

Part 1: Definitions

"2006 Act"	the Companies Act 2006 (as amended)
"the Acts"	the Companies Acts as defined in s.2 of the 2006 Act and every other statute from time to time in force in the United Kingdom concerning companies insofar as the same applies to the Company or any re-enactment thereof for the time being in force
"Company" or "Chrysalis VCT"	Chrysalis VCT plc
"Directors" or "Board"	the board of Directors of the Company
"FCA"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"Form of Proxy"	the form of proxy for use in connection with the General Meeting
"General Meeting"	the general meeting of the Company to be held at 4 p.m. on 26 November 2020 (or any adjournment thereof)
"HMRC"	Her Majesty's Revenue & Customs
"Investment Management Agreement" or "IMA"	the Management Agreement Deed between the Company and the Investment Manager dated 11 February 2014
"Investment Manager"	Chrysalis VCT Management Limited
"(Joint) Liquidators"	Anthony Batty and Hugh Francis Jesseman of Anthony Batty & Company of 3 Field Court, Gray's Inn, London WC1R 5EF
"Listing Rules"	the Listing Rules of the FCA
"NAV" or "Net Asset Value"	the net asset value per Share
"Net Assets"	gross assets less all liabilities (excluding contingent liabilities) of the Company
"Notice"	the Notice of the General Meeting set out in Part 6 of this document
"Official List"	the Official List of the FCA
"Ordinary Share(s)" or "Shares"	ordinary shares of 1p each in the capital of the Company
"Proposals"	the proposals relating to the winding-up of the Company and the variation to the Service Agreement to be implemented or approved, respectively, by the Resolutions
"Resolutions"	the resolutions to be proposed at the General Meeting, as set out in the Notice
"Service Agreement"	the service agreement between Chris Kay and the Investment Manager entered into on 26 January 2005 (as varied)
"Shareholder(s)"	holder(s) of Shares
"VCT Winding Up Regulations"	the Venture Capital Trust (Winding up and Mergers) (Tax) Regulations 2004

Part 2: Letter from the Chairman of the Company

Chrysalis VCT plc
(Registered No. 04095791)

Directors

Martin Knight
Julie Baddeley
Robert Jeens

Registered Office

6th Floor
St. Magnus House
3 Lower Thames Street
London EC3R 6HD

30 October 2020

Dear Shareholder,

Notice of General Meeting

1. Introduction

As shareholders know from my previous Chairman's Statements, the Board has been reviewing options for the future of the Company, in the light of recent significant changes to the VCT regulations and the relatively small size of the Company, with an unaudited net asset value of £14.9m as at 30 September 2020. The Board has reviewed the realistic options and has now concluded that an orderly winding-up of the Company is in the best interests of Shareholders as a whole. The reasons for this conclusion are set out below. The Board has now prepared Proposals to implement the winding-up and make certain changes to the Service Agreement of its key executive which are set out in this document.

A General Meeting of the Company has been scheduled to take place on 26 November 2020 at which Shareholder approval for the Proposals will be sought.

2. Background

The Company was launched in October 2000, under its original name Downing Classic VCT 3 plc. The Company raised £21.9 million in an initial offer for subscription.

In 2004, the management agreement with the original fund manager was terminated and, in 2005, the Company merged with three other VCTs: Chrysalis A VCT plc (formerly Downing Classic VCT plc), Chrysalis B VCT plc (formerly Downing Classic VCT 2 plc) and Chrysalis C VCT plc (formerly i-Net VCT plc). At that time, formal arrangements were put in place for the Company to be managed by its wholly owned subsidiary, Chrysalis VCT Management Limited, with a small team led by Chris Kay. He entered into his Service Agreement at that time providing for a basic salary of £85,000 p.a. and a discretionary bonus. It is proposed that the Service Agreement is varied, and further details are set out on page 6.

In 2006, the Company launched another offer for subscription in respect of new share classes D Shares and E Shares. In 2009, the D and E Shares were converted into Ordinary Shares, such that the Company again only had one share class.

As at 30 September 2020, the Company had unaudited net assets of £14.9 million and an unaudited NAV per Share of 52.8p. Together with dividends paid to date, Total Return (NAV plus dividends paid) for investors who invested in the original share offer in 2000 stands at 148.5p. Income tax relief at the rate of 20% was available to investors who subscribed for shares in the Company's original offer for subscription, so the net cost per Share for those shareholders was 80.0p. Shareholders who invested at other times or in the VCTs that merged in 2005 will have experienced different performance and, possibly, will have benefitted from different levels of VCT tax relief.

3. Current position

Under the existing VCT regulations, further investment into the Company's portfolio companies is heavily restricted. In addition, any new investments which the Company could make would typically be of a much higher risk profile than the Company has historically viewed as attractive.

With fewer interesting investment opportunities, cash has been returned to shareholders: since 1 November 2013, 53.25p per Share has been paid back to Shareholders by way of regular and special dividends. This has resulted in the Company being reduced in size to only £14.9 million as at 30 September 2020. This has meant that the costs of running the Company, as a publicly quoted entity, have risen to a disproportionately high level in the view of the Board.

The Board, therefore, embarked on a fundamental review of the options open to the Company. It gave consideration to the following:

- A merger with another VCT
- Change of manager, with plans to raise new funds
- A sale of the investment portfolio or the Company
- An orderly winding-up of the Company and return of funds to Shareholders

In considering these options, the Board was mindful of the differing interests and views of shareholders: some wanted a secure and regular dividend income; some wanted to stay fully invested under the VCT regime and some had concerns about the application of the new VCT regulations.

A merger with another VCT was initially thought to be a viable option. However, the costs of VCT mergers are high for a relatively small VCT such as the Company. The Board ultimately concluded that, having Chrysalis VCT bear these costs, or a proportion of them, did not optimise value for shareholders.

Some consideration was given to identifying another manager who might have been able to raise new funds for the Company and provide it with access to new investment opportunities. The Board had concerns as to whether it could be confident that any new manager could raise sufficient new funds to ensure the long term viability of the Company and also that any new investments made under the current VCT regulations would be quite different in nature to those made by the Company historically. The Board concluded that this would not necessarily best serve all existing shareholders, who would effectively be diluted and might start to become exposed to a much higher risk profile.

The Board had some discussions with a third party who expressed interest in acquiring the Company or its whole investment portfolio. While the Board believed this route had some attractions for Shareholders, the discussions started to stall around the valuation at which such a transaction might take place and the Board concluded that a transaction would not have been able to be agreed at an acceptable valuation for Shareholders.

In considering a possible orderly winding-up of the Company, the Board noted the following:

- By commencing a formal VCT winding up process, the usual VCT regulations are relaxed, which will allow extra flexibility and may allow the Company to support existing portfolio companies to a greater extent than it can currently;
- Running costs will be significantly reduced from their current levels during the winding-up period, by appointing liquidators and taking advantage of the ability to de-list the Company's shares; and
- As realisations take place, funds will be distributed to Shareholders, who then have the option to reinvest funds in any way they see fit, potentially considering an investment in a new VCT on which new upfront income tax relief should be available.
- Since winding-up can take place over several years, this allows the prospect of realising the investments at optimal value.

A winding-up of the Company may have some tax consequences for any Shareholder who deferred Capital Gains Tax on their original investment. Capital Gains Tax deferral relief was a VCT relief available on investments made on or before 5 April 2004. Further details are set out in Part 4. The Board considered this impact and concluded that, although it could be significant for some Shareholders, it would not be an issue for most and, therefore, should not disproportionately influence a decision which seeks to maximise the level of funds that is ultimately returned to Shareholders. However, Shareholders are strongly urged to take their own tax advice on their individual circumstances before deciding how they should vote on the Proposals.

Even though an orderly winding-up of the Company may not be a perfect solution for each individual Shareholder, the Board has concluded that it best serves Shareholders as a whole and have prepared detailed proposals for which it seeks Shareholder approval.

4. The Winding-up of the Company, the Appointment of Joint Liquidators and the Cancellation of the Listing of the Shares on the Official List

The Board is proposing that the Company take advantage of the VCT Winding Up Regulations, under which the Company will be placed into solvent members' voluntary liquidation, the Company's assets be realised and, after payment of its liabilities and deducting the costs of implementation, the net proceeds and other cash held by the Company be distributed to Shareholders. The Board envisages that the process of realising the Company's investments will take some time to ensure value for Shareholders is maximised but anticipates that the task will be complete within three years.

Trading in the Shares will be suspended at 7.30 a.m. on 26 November 2020 and, if the Resolutions are passed at the General Meeting, this will result in the cancellation of the listing of the Shares on the Official List, which is expected to take place on 27 November 2020 and the Shares ceasing to trade on the London Stock Exchange at this point.

William Antony Batty and Hugh Francis Jesseman of Antony Batty & Company LLP, of 3 Field Court, Gray's Inn, London WC1R 5EF, be appointed as Joint Liquidators. The winding-up of the Company will be a solvent winding-up in which it is intended that all creditors will be paid in full. The appointment of the Joint Liquidators will become effective immediately upon the passing of the Resolutions. At this point, the powers of the Directors will cease and the Liquidators will assume responsibility for the winding-up of the Company, including the payment of fees, costs and expenses, the discharging of the liabilities of the Company and the distribution of the surplus assets to the Shareholders. The Investment Manager will continue to provide investment management and advisory services to the Company and be responsible for the day to day management of the assets and investments, under the terms of the revised Investment Management Agreement ("IMA") as set out below.

5. Proposed Revised Investment Management Arrangements and Service Agreement, the latter being a related party transaction under the Listing Rules

It is proposed that the IMA be varied to incentivise the Investment Manager in the realisation of the investments. The key details of the existing IMA and proposed revisions are summarised as follows:

	Current	Proposed
Basic fee	1.65% p.a. of net assets	1.65% p.a. of net assets
Performance fee	Higher of: <ul style="list-style-type: none"> • 5% of the profit; and • 1% of the proceeds on investment realisations. <p>On investments made before the current manager was appointed, the % of profit is reduced to 2.5% of profit.</p>	2% of amounts distributed to shareholders within 3 years of the appointment of the Liquidators, grossed up for any such performance fee, less 2% of any shortfall between the amounts distributed within three years plus the value of any residual investments and the unaudited net asset value at 30 September 2020 (£14.9M, see Part 3) adjusted for any subsequent share buybacks ("Net Asset Clawback")

An interim payment will be made to the Investment Manager 18 months after the appointment of the Liquidators ("Interim Payment")

Any amounts payable under the Net Asset Clawback will be capped at the level of the payment to be made 3 years after the appointment of the Liquidators and will not result in the repayment of part or all of the Interim payment.

The proposed performance fee arrangements should incentivise the investment management team to realise investments and allow funds to be distributed to Shareholders at the earliest opportunity but should discourage the disposal of investments at a discount to the current valuations. It is proposed that the above arrangements will terminate after three years. These proposed revisions to the IMA are not treated as a related party transaction under the Listing Rules, as they are changes being made to an arrangement between a company and its wholly owned subsidiary and not any external party.

It is also proposed to vary the terms of the Service Agreement with Chris Kay, a director of the Investment Manager. As Chris Kay is a director of the Investment Manager, which is a wholly owned subsidiary of the Company, these proposed arrangements are treated as a related party transaction under the Listing Rules, and hence subject to Shareholder approval.

Subject to Shareholder approval, that variation will provide that the amount payable to Chris Kay under his Service Agreement will be £18,000 p.a. and such amount, in each accounting year of the Investment Manager, as reduces the net assets of the Investment Manager, after taking account of all actual and contingent liabilities, below £10,000 but above nil. The Investment Manager will, of course, benefit from the proposed performance fee arrangements referred to above.

Shareholder approval for the variation to the Service Agreement will be proposed as Resolution 6 in the Notice.

6. Other running costs

When the liquidators are appointed, stock exchange, other listing fees and audit fees will be eliminated. Registrars fees and insurance costs should be reduced.

Downing LLP will continue to provide the administration services to the Company when it is in liquidation. Downing has agreed to reduce its fee to 75% of the current level, reducing from £55,000 to £41,250 per annum.

In order to ensure that the Company continues to operate in a similar manner to that which it has done for some time, it is intended that the current Chairman, Martin Knight, will form a Supervisory Committee to oversee the investment management and administration activities. It is proposed that his remuneration will reduce from £45,000 per annum to £25,000 p.a. The other Directors will resign following the Liquidators' appointment. It is intended the Liquidators will act upon the recommendations of the Supervisory Committee and Investment Manager and will not be required to seek any independent advice in respect of investment management matters.

If the Proposals are approved and the Liquidators are appointed, the timing of future distributions to Shareholders will be at the discretion of the Liquidators. The Liquidators have agreed that investment disposal proceeds, after costs, will be distributed to Shareholders without any unreasonable delay. Total Liquidators' fees, assuming a three-year liquidation period, are estimated at approximately £30,000 (plus VAT where applicable).

In liquidation, it is intended that the Company will continue to provide Shareholders with six-monthly updates and additional updates as and when there is news of significant realisations from the portfolio and resulting distributions.

7. Taxation

If the Resolutions are passed at the General Meeting, the Company will notify HMRC that it is entering into members' voluntarily liquidation. The Company then has a three-year period in which the Company will continue to be treated as a Venture Capital Trust, allowing it to realise its assets in an orderly manner. During this period, any distributions made will be tax-free in the hands of Shareholders.

The winding-up process will aim to return the realisation proceeds, after fees and expenses, including the payment of the proposed revised performance fee to the Investment Manager, to Shareholders within the three years envisaged by tax legislation.

The Board is aware that some investors acquired their Shares before 6 April 2004 and may have claimed Capital Gains Tax ("CGT") deferral relief on their investment. The winding-up process may have tax consequences for those Shareholders and further details are set out in Part 4.

8. Investment portfolio and net asset value

The Board has reviewed the investment valuations as at the 30 September 2020 and made some adjustments. These valuations and the related unaudited net asset value will form the basis on which the performance fee payable to the Investment Manager is calculated. These are summarised in Part 3.

The proposed appointment by the Company of liquidators is expected to have little impact on the process of realising the remaining portfolio. The Investment Manager will work towards exits on all remaining investments, in order to return funds to Shareholders as soon as practicable, while seeking to ensure that full value is extracted. The supervisory committee will work with the Liquidators and oversee this process.

9. Risk factors

If the Resolutions are not passed, the Company will continue to operate as it has done and will either reduce further in size, increasing the burden of the fixed running costs, or the dividend policy will be changed significantly to reduce the level of dividends paid, to seek to maintain the size of the Company at a viable level.

If the Resolutions are passed, the process of seeking to realise the investments will commence, with proceeds being distributed to Shareholders in due course. The prevailing market conditions, timing of realisations of and progress made by the Company's holdings may result in holdings being realised at amounts below the last reported values.

Whilst the costs of the winding-up have been estimated, unforeseen actual costs may exceed the estimates.

10. General Meeting

A General Meeting of Chrysalis VCT plc has been convened for 4 p.m. on 26 November 2020.

In view of the ongoing restrictions in connection with the coronavirus pandemic, the Board has decided to hold the General Meeting as a closed meeting. For the safety of the Directors, and the Investment Manager's and administration executives, Shareholders, other than the Directors, will not be permitted to attend. Voting on the Resolutions will be based on proxy votes received before the deadline of 48 hours before the General Meeting.

Shareholders are requested to vote on resolutions by submitting their Form of Proxy. Shareholders are also encouraged to submit questions by email to chrysalisvct@downing.co.uk. Where practicable, the Board will seek to respond to points raised prior to the meeting or in the announcement of the General Meeting results.

At the General Meeting, Resolutions 1, 2 and 3 will be proposed as special resolutions, requiring the approval of not less than 75% of the votes cast. Resolutions 4, 5 and 6 will be proposed as ordinary resolutions, requiring the approval of more than 50% of the votes cast.

The Resolutions, which are all conditional upon each other, and upon which Shareholders are asked to vote at the General Meeting of the Company, are set out in full in the Notice on page 14 and are summarised below:

Resolution 1: The Company be wound up and Liquidators appointed – Special Resolution

Shareholders are being asked whether they wish for the Company to be wound-up. For this to take place, the Liquidators must be appointed.

Resolution 2: That the Liquidators are authorised to distribute all or part of the assets in specie to Shareholders – Special Resolution

Shareholder approval must be obtained under the Articles to authorise the Liquidators to distribute all or part of the assets of the Company in specie to Shareholders, being cash and monies received from the realisation of the Company's investments and assets.

Resolution 3: That the Liquidators be authorised to exercise the powers under the Insolvency Act 1986 – Special Resolution

Shareholder approval is being sought to allow the Liquidators to pay any creditors of the Company (in accordance with the provisions set out in Schedule 4, Part I of the Insolvency Act 1986).

Resolution 4: That the Liquidators be authorised to act on recommendations from the Supervisory Committee and the Investment Manager – Ordinary Resolution

The Liquidators will not be required to obtain independent advice in relation to the winding-up of the portfolio and will not have any liability for acting on recommendations of the Supervisory Committee or Investment Manager.

Resolution 5: Approval of the Liquidators' remuneration on a time cost basis and authorisation to charge category 2 disbursements – Ordinary Resolution

Shareholder approval under the Insolvency Act 1986 must be obtained to allow for the payment of the Liquidators' remuneration and expenses.

Resolution 6: Approval of the variation to the Service Agreement being a related party transaction - Ordinary Resolution

The variation to the Service Agreement requires Shareholder approval under the Listing Rules as a related party transaction.

11. Action to be taken

Shareholders will find a Form of Proxy for the Company enclosed with this document, for use at the General Meeting. Shareholders are asked to complete and return it in the prepaid envelope supplied to Downing LLP, St Magnus House, 3 Lower Thames Street, London EC3R 6HD, or by scanning a copy by email to chrysalisvct@downing.co.uk so as to be received as soon as possible and, in any event, to arrive not later than 48 hours before the time of the meeting.

12. Recommendation

The Board considers that Resolutions 1 to 6 are in the best interests of the Company and its Shareholders as a whole and the Board recommends Shareholders to vote in favour of all resolutions to be proposed at the General Meeting.

Neither Chris Kay nor his associates have taken part in the consideration by the Board or the board of Chrysalis VCT Management Limited of the proposed variation to the Service Agreement.

The Board, which has been so advised by the Sponsor, believes that the proposed variation to the Service Agreement, which is the subject of Resolution 6, is fair and reasonable as far as the Shareholders are concerned. In providing its advice, the Sponsor has taken into account the Board's commercial assessment of the proposed variation to the Service Agreement.

All of the Directors intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their own aggregate holding of 654,303 shares (2.33%).

Chris Kay will not vote on any of the Resolutions and has undertaken to take all reasonable steps to ensure that his associates will not vote on any of the Resolutions.

Yours sincerely

Martin Knight
Chairman
Chrysalis VCT plc

Part 3: Latest Financial Position

Investment portfolio and net asset value

The Board has reviewed the investment valuations as at 30 September 2020 and made some adjustments. These valuations and the related unaudited net asset value will form the basis on which the proposed performance fee payable to the Investment Manager is calculated.

As at 30 September 2020, the unaudited investment portfolio of the Company is summarised as follows:

	Valuation £'000	% of portfolio by value
Top ten venture capital investments		
Coolabi Group Limited	4,257	28.6%
Enthuse Holdings Limited	2,763	18.6%
Zappar Limited	1,626	10.9%
Cambridge Mechatronics Limited	1,172	7.9%
Driver Require Limited	897	6.0%
IX Group Limited	770	5.2%
Locale Enterprises Limited	720	4.8%
Green Star Media Limited	700	4.7%
Triaster Limited	155	1.0%
The Mission Group plc	73	0.5%
	<hr/> 13,133	<hr/> 88.2%
Other venture capital investments	1	-
Other investments		
Impact Healthcare REIT plc	740	5.0%
	<hr/> 13,874	<hr/> 93.2%
Cash at bank and in hand	<hr/> 1,019	<hr/> 6.8%
Total investments and cash	<hr/> <hr/> 14,893	<hr/> <hr/> 100.0%

The unaudited balance sheet of the Company as at 30 September 2020 is summarised as follows:

	30 Sept 2020 £'000
Fixed assets	
Investments	<u>13,874</u>
Current assets	
Debtors	123
Cash at bank and in hand	<u>1,019</u>
	1,142
Creditors: amounts falling due within one year	<u>(84)</u>
Net current assets	<u>1,058</u>
Net assets	<u><u>14,932</u></u>
Capital and reserves	
Called up share capital	283
Capital redemption reserve	106
Share premium	1,478
Merger reserve	529
Capital reserve – realised	8,914
Capital reserve – unrealised	3,059
Revenue reserve	<u>563</u>
Equity shareholders' funds	<u><u>14,932</u></u>
Net asset value per share	52.8p

Part 4: Taxation

The Board is aware that some investors acquired their Shares before 6 April 2004 and may have claimed Capital Gains Tax ("CGT") deferral relief on their investment. The receipt of the first distribution made during the course of the liquidation will cause those deferred gains to become chargeable to tax at the prevailing rate of CGT. Such investors should take their own advice as to their own circumstances.

The information in this document relates to UK taxation applicable to the Company and its Shareholders and is based on current legislation and what is understood to be current HMRC practice. The statements in this Circular in relation to taxation relate to persons who are absolute beneficial owners of the Shares and may not apply to certain classes of persons, such as dealers in securities. Such statements are given by way of general summary only and do not constitute legal or tax advice to any Shareholder. Shareholders who are in any doubt as to any applicable taxation consequences to them of the winding-up should seek advice from a qualified independent financial adviser or tax specialist.

Part 5: Additional Information

1. Responsibility

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

2. Incorporation and Share Capital

Chrysalis VCT plc was incorporated in England and Wales on 19 October 2000 as a public limited company. As at the date of this document, the issued share capital of the Company is as follows:

	Ordinary shares of 1p each
Issued and fully paid - Number of shares	28,034,221
Issued and fully paid – Nominal value £	£280,342.21

3. Directors and Disclosure of Directors' Interests

As at 29 October 2020, (being the last practicable date prior to the publication of this document), the interests of the Directors and the directors of Chrysalis VCT Management Limited and their immediate families (including persons connected with them) were as follows:

	No. of Ordinary Shares	% of Ordinary Shares in issue
Directors of Chrysalis VCT plc		
Martin Knight	332,632	1.19%
Julie Baddeley	121,671	0.43%
Robert Jeens	200,000	0.71%
Directors of Chrysalis VCT Management Limited		
Chris Kay	399,855	1.43%
Robert Wilson	12,200	0.04%

It is anticipated that, when the winding-up of the Company commences, Martin Knight will form a Supervisory Committee to oversee the Investment Manager during the winding-up period.

4. Substantial share interests

So far as the Company is aware, as at the date of this Circular, no party is directly or indirectly interested in 3% or more of the issued share capital of the Company.

5. Material Contracts

5.1 Other than the proposed deed of variation to the IMA, the Company has not entered into (i) any contract (not being a contract entered into in the ordinary course of business) within the two years preceding the date of publication of this Circular which is or may be material; or (ii) any other contract (not being a contract entered into in the ordinary course of business) 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 Circular.

5.2 Subject to the appointment of the Liquidators, the Company will enter into a deed of variation with the Investment Manager, varying the terms of the IMA as set out on page 5.

5.3 Subject to Shareholder approval, it is proposed that the Investment Manager will enter into a deed of variation with Chris Kay, varying the terms of the Service Agreement as set out on page 6.

6. Miscellaneous

6.1 The Liquidators have given and has not withdrawn their written consent to the inclusion in this document of each reference to their name in the form and context in which it appears.

6.2 The unaudited NAV of the Company at on 30 September 2020, as announced by the Company on 23 October 2020 was 52.8p per Share. Save for this movement in the unaudited NAV of the Company and the dividend of 1.75p per share paid on 30 September 2020, there has been no significant change in the financial position of the Company, or its wholly owned subsidiary, Chrysalis VCT Management Limited, since 30 April 2020, being the end of the last financial period for which financial information has been published by the Company.

6.3 The total costs of the winding-up will depend on the time taken to complete the realisation of the remaining investments. Assuming this process takes approximately 36 months and total costs are estimated to be approximately £978,000 (equivalent to 3.4p per share), which includes estimated investment management and performance fees of £667,000 and £30,000 (plus VAT where applicable) which relates to Liquidators' fees.

7. Documents for Inspection

Copies of:

7.1 this document; and

7.2 letter from the Liquidators consenting to the inclusion in this document of each reference to their name, are available at www.downing.co.uk/cys.

Part 6

Chrysalis VCT plc (Registered No.04095791)

Notice of General Meeting

Notice is hereby given that a General Meeting of Chrysalis VCT plc will be held at 4 p.m. on 26 November 2020.

With significant restrictions in place in connection with the coronavirus pandemic, the General Meeting will be run as a closed meeting and Shareholders (other than the directors) will not be able to attend in person. Shareholders are encouraged to vote by proxy (details given in the notes) for the for the purpose of considering and, if thought fit, passing resolutions 1, 2 and 3 below as special resolutions and resolutions 4, 5 and 6 below as ordinary resolutions of the Company:

Special Resolutions

- 1 That, subject to the passing of the other Resolutions set out in this notice of general meeting, the Company be wound-up voluntarily and Antony Batty and Hugh Francis Jesseman of Antony Batty & Company LLP, of 3 Field Court, Gray's Inn, London WC1R 5EF, be and is hereby appointed Liquidators for the purposes of such winding up.
- 2 That, subject to the passing of the other Resolutions set out in this notice of general meeting, the Liquidators be and are hereby authorised to distribute all or part of the assets in specie to Shareholders in accordance with the Company's articles of association and that the amounts to be received by each Shareholder will be by reference to the number of shares held.
- 3 That, subject to the passing of the other Resolutions set out in this notice of general meeting, the Liquidators be authorised under the provisions of Section 165(2) of the Insolvency Act 1986 to exercise the powers laid down in Schedule 4, Part 1 of the Insolvency Act 1986, including paying any class of creditor in full.

Ordinary Resolutions

- 4 That, subject to the passing of the other Resolutions set out in this notice of general meeting, the Liquidators be authorised to act on recommendations from the Supervisory Committee and the Investment Manager and will not be required to obtain independent advice in relation to the winding up the portfolio and will not have any liability for acting on recommendations of the Supervisory Committee or Investment Manager.
- 5 That, subject to the passing of the other Resolutions set out in this notice of general meeting, the remuneration of the Liquidators be fixed on the basis of time spent by them and members of their staff in attending to matters arising during the winding up of the company plus VAT, and that the Liquidators also be authorised to draw their category 2 disbursements plus VAT as detailed in the "Guide to Fees" set out in the Liquidators' website (www.antonybatty.com/insolvency-resources/).
- 6 That, subject to the passing of the other Resolutions set out in this notice of General Meeting, the variation to the Service Agreement, as detailed on page 6 of the Circular, be approved.

By order of the Board

Grant Whitehouse
Company Secretary
Chrysalis VCT plc
30 October 2020

Registered Office: 6th Floor, St Magnus House, 3 Lower Thames Street, London EC3R 6HD

Information regarding the General Meeting, including the information required by section 311A of the Act, is available from www.downing.co.uk.

Notes

- (a) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 6th Floor, St. Magnus House, 3 Lower Thames Street, London EC3R 6HD or electronically at chrysalisvct@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.
- (b) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, 6th Floor, St. Magnus House, 3 Lower Thames Street, London EC3R 6HD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - by sending an e-mail to chrysalisvct@downing.co.uk.
- In either case, the revocation notice must be received by Downing LLP before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (c) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 4 p.m. on 24 November 2020 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 4 p.m. on 24 November 2020 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (d) As at close of business on 29 October 2020, the Company's issued share capital comprised 28,034,221 Ordinary Shares and the total number of voting rights in the Company was 28,034,221. The website referred to above will include information on the number of shares and voting rights.
- (e) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (f) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (g) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (h) Except as provided above, members who have general queries about the General Meeting should write to the Chairman at the registered office set out above.