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Tax Efficient Review

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VCT RISK WARNINGS

RISK WARNINGS AND DISCLAIMERS

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GENERAL RISK WARNINGS

Your attention is drawn to the following risk warnings which identify some of the risks associated with the investments which are mentioned in the Review:

Fluctuations in Value of-Investments

The value of investments and the income from them can go down as well as up and you may not get back the amount invested.

Suitability

The investments may not be suitable for all investors and you should only invest if you understand the nature of and risks inherent in such investments and, if in doubt, you should seek professional advice before effecting any such investment.

Past performance

Past performance is not a guide to future performance.

Legislation

Changes in legislation may adversely affect the value of the investments.

Taxation

The levels and the bases of the reliefs from taxation may change in the future. You should seek your own professional advice on the taxation consequences of any investment.

ADDITIONAL RISK WARNINGS

Venture Capital Trusts

1. An investment in a VCT carries a higher risk than many other forms of investment.
2. A VCT's shares, although listed, are likely to be difficult to realise.
3. You should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objectives and policy and the five year period for which shareholders must hold their ordinary shares to retain their initial income tax reliefs.
4. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may therefore be difficult to realise and investments in such companies are substantially riskier than those in larger companies.
5. If a VCT loses its Inland Revenue approval tax reliefs previously obtained may be lost.
6. No investment can made by the VCT in a company whose first commercial sale was more than 7 years prior to 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
7. No funds received from an investment by the VCT into a company can be used to acquire another existing business or trade.

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Draper Esprit VCT Share Offer

Type	Generalist VCT. The VCT will invest as a syndicate partner into investments of Draper Esprit plc, a listed Venture Capital manager
Size	£20m
Manager	Elderstreet Investments Limited with Draper Esprit co-investment
Promoter	Elderstreet Investments
Sales & Marketing agent	RAM Capital LLP
Sponsor	SPARK Advisory Partners Limited
Tax Adviser	Philip Hare and Associates LLP
Focus	Unquoted companies - new investments will usually be into early stage and larger growth technology companies with high growth potential. Because of the new VCT rules it is likely that a higher percentage of investments than in the past will be in companies which have not yet reached profitability
Funds initially invested	Cash on deposit
Minimum investment	£6,000 spread over two tax years
Closing dates	3 April 2019 for the 2019/20 tax year, 31 May 2019 for the 2020/21 tax year or when fully subscribed
Issue Costs:	Initial costs are capped at 5.5% (variable 3%-5.5%) including commission of 2.5%. For advised sales the effective cost is 3.0% (assuming the IFA waives 2.5% commission). There are two Early Bird offers of up to 1.5% until 16 December and 1% up to 31 January 2020. For execution only platforms there is additional trail of 0.25% for 5 years

Table 1: Offer Pros & Cons

PROS	CONS
Investors can now access the Draper Esprit investments within a VCT rather than purely as an EIS wrapper	Four legacy investments from the previous investment strategy remain within the VCT portfolio and it's not clear how long it will take to sell-down these holdings
Relatively large distributable reserves should fund dividends for foreseeable years regardless of profitable exits within the VCT	Relatively high levels of cash within the VCT on which the full AMC is charged
Full takeover of this VCT by Draper Esprit in 2020 looks to be a formality	The VCT could start to "cannibalise" investors from the Draper Esprit EIS

Key Information Document
Since January 1 2018 a potential VCT investor must be furnished with a Key Information Document (KID). In the opinion of Tax Efficient Review, the use of KIDs by advisers and investors is not straightforward as VCTs do not easily lend themselves to the prescriptive handling required by the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulations. After that date no VCT can be sold to an investor without a KID.

Changes since last review
Since the last review of the Draper Esprit VCT (Jan 2019) the move to integrate the Elderstreet VCT team into the Draper Esprit team has evolved. The "legacy" investments within the portfolio from when it was a smaller, stand alone VCT trading under the Elderstreet name are now essentially only four companies, and all new investments since 2017 have been Draper Esprit sourced.

TER classification
The Draper Esprit VCT invests in unquoted investments predominantly in the technology sector, which are towards the larger end of the spectrum of VCT qualifying companies. TER classify the Draper Esprit VCT as a generalist VCT.

Table 2: Eldersteet Funds under Management Data Source - Elderstreet Investments 31 August 2019				
	Net assets	Elderstreet Annual Management Charge	Fund Status	Cash (adjusted down for WIP) and Gilts
VCT Funds				
Draper Esprit VCT	£45.1m	£776,000	Evergreen	£12.5m
NON VCT funds than can co-invest with VCTs				
TSC EIS funds	£2.2m	£425,000	Evergreen	Fully Invested
TOTAL	**£47.3m**	**£801,000**		

The Offer

In November 2016 the Manager, realising that small VCTs were becoming sub optimal in the market, sold an initial 30% stake to Draper Esprit plc with an option to acquire 100% in the future. At the same time a co-investment agreement was entered into to share deal flow, management experience, and investment opportunities going forward. Draper Esprit is a venture capital investor involved in the creation, funding and development of high-growth technology businesses with an emphasis on digital technologies in the UK, the Republic of Ireland and Europe. Draper Esprit floated on the AIM market in June 2016 and at the time of writing has a market capitalisation of £500 million.

This take-over by Draper Esprit, which is expected to complete in 2020, has transformed the relatively small Elderstreet VCT with mediocre long term performance (see Table 3) and an ageing set of legacy holdings (average age of unquoted holdings is over 13 years and for AIM holdings is 10 years) into a growth VCT focused on technology and knowledge intensive companies.

Investors in this Offer would be buying into a portfolio made up of 34% Draper Esprit technology investments (including investments completed after 31 August 2019), cash of 31% to be invested in further technology investments, and a legacy portfolio representing 35% of the total.

If this Offer is taken up in full, once invested, the Company will have over £64 million of net assets of which over £49 million will be allocated predominantly to technology investments. Of the "legacy" Elderstreet portfolio, four companies make up currently 94% in value, two of which are AIM-quoted and the other two are unquoted.

Therefore, concerns in the past that this was a "re-badged" Elderstreet VCT, given a home within the Draper Esprit stable, but continuing to trade as it has done historically, have been assuaged over the past 12 months. TER have met with the management of Draper Esprit and can see a full integration of the historic Elderstreet VCT. The VCT can and has participated in the available Draper Esprit EIS deals since integration.

The co-investment right alongside the Draper Esprit plc institutional and EIS funds will be broadly based on the liquid funds available, the EIS/VCT qualifying status of each investment, the existing asset allocation within each pool of funds (i.e. conflict issues around investing in a potential competitor to an existing portfolio company), and for the VCT, the current percentage of VCT qualification in each of its pool of VCT funds. This co-investment right and allocation will be reviewed on a periodic basis and is expected to be increased if the fundraising target is achieved.

The VCT Board is independent of the Manager and Draper Esprit and while the Manager or Draper Esprit may recommend deals on the above basis the Board has the right to decline to invest.

VCT Investment Strategy

The focus of the VCT is to continue to invest predominantly in a diversified portfolio of companies, with a particular emphasis on smaller unquoted companies, through investments which will usually have the following characteristics:

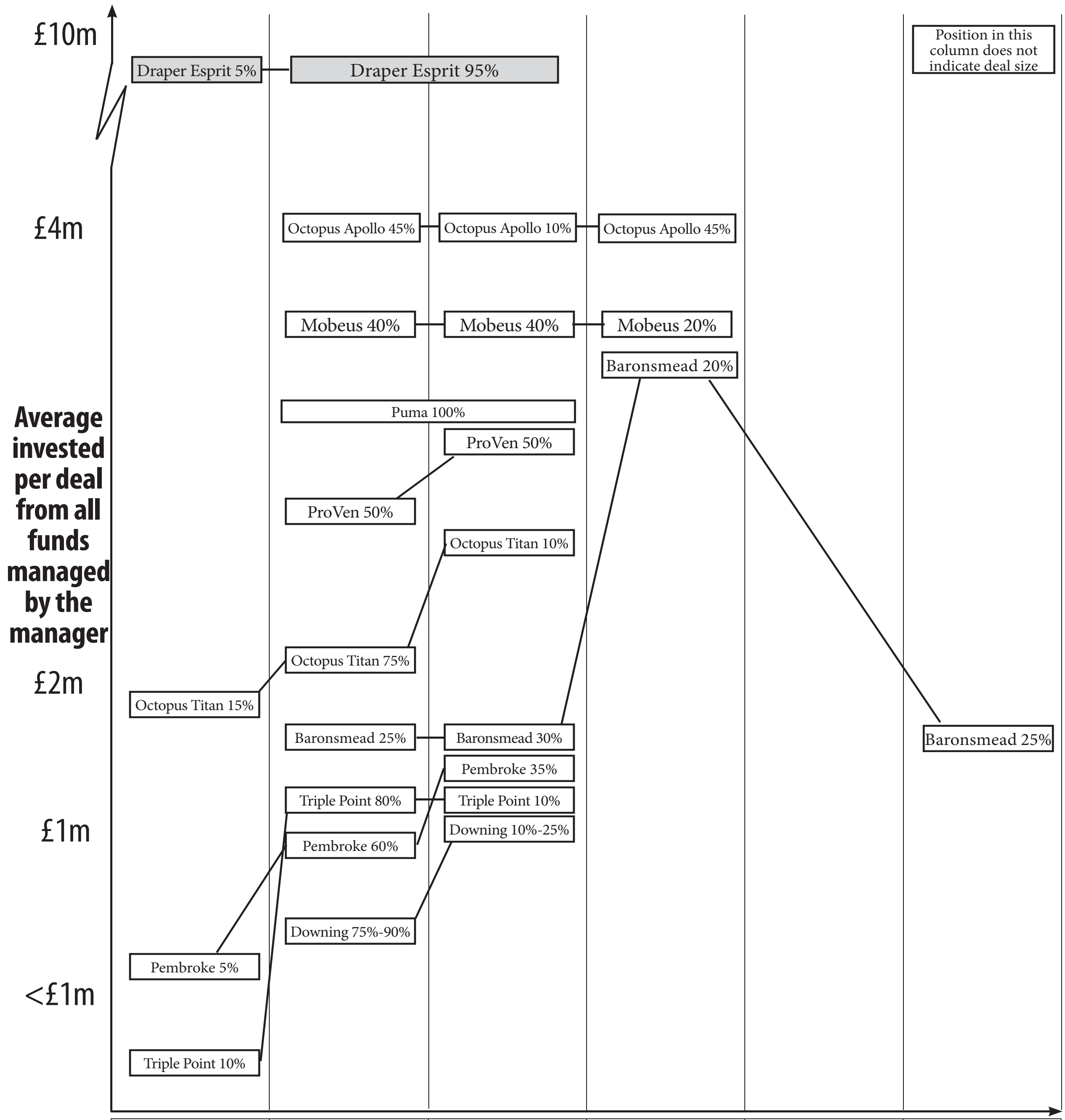
- Companies which meet the VCT criteria with proven sales and the ability to grow, which are seeking growth capital
- A strong, balanced and well-motivated management team
- Investments where Draper Esprit plc and Elderstreet Investments Limited can typically act as lead investor and have an active involvement in the business through a board position

The Company currently has a general portfolio mix by sector and, whilst its average deal size measured by initial investment cost is approximately £0.8m, the Company is able to syndicate deals of up to £10 million with the Draper Esprit co-investment funds. Going forward, Elderstreet says that the average initial deal size is likely to rise to £1.4

Diagram 1: Investment strategies of Growth VCT managers

(% figures refer to manager expectations of VCT qualifying companies portfolio composition post investment of current fund raising)

Source: Fund Managers September 2019



Seed capital/ Early stage	Pre-Profit	Post-Profit	Larger Development Capital Deals	Asset backed opportunities	AIM stocks
	High Growth and Development capital				
- high risk with hopefully high return - all equity investment - should have potential for rapid growth 30/09/2019	- should have potential for rapid growth and exit within 3-5 years - some VCT loan interest may be deferred until exit - usually no bank debt because of lack of assets for security and companies may not be able to support interest payments - focus on high growth market sectors in which company growth should be less dependent on the performance of the whole economy		- relatively low returns but should be lower risk - companies usually profitable - companies should be able to sustain loan interest payments - profitable companies seeking capital for expansion	- low return and should be low risk - should be able to support interest on debt	-some stocks are dividend paying - limited liquidity - potential volatility

million with a focus on the following technology sectors:

1. Consumer Technology – companies with exceptional growth opportunities in international markets that are underpinned by new consumer facing products, innovative business models and proven execution capabilities.
2. Enterprise Technology – companies developing the software infrastructure, applications and services that drive productivity improvements, convenience and cost reduction for enterprises.
3. Hardware and Deep Tech – companies developing different technologies that underpin advances in computing, consumer electronics and other industries.
4. Healthcare and Wellness – companies leveraging digital and other technologies to create new products and services for the health and wellness market.

The VCT is transitioning to a technology portfolio and the Managers believes the ability to join a funding syndicate of Draper Esprit funds will bring access to larger deals in companies that enjoy higher revenues and which operate in high growth sectors. These more developed companies can scale very quickly and have the potential to IPO, exit, or attract further funding rounds more quickly than lower revenue companies.

The VCT Board is independent of the Manager and Draper Esprit and while the Manager or Draper Esprit may recommend deals on the above basis the Board has the right to decline to invest

Dividend and Share Buy-Back Policy

The board of the Draper Esprit VCT is targeting a continuation of the average 3p per annum in total dividends to shareholders. This is subject to liquidity and the availability of sufficient distributable profits, capital resources and VCT regulations. Given that the VCT currently has £25.3m in distributable reserves, this should be an achievable target for the coming years, ignoring any future profitable exits. All dividends are paid out, there is no reinvestment facility.

In the last three years £1.3 million of shares have been bought back by the VCT (£0.5 million in the last twelve months) and as noted above the current mid share price as at 1st October 2019 is 52p, a discount of 7% to the last published August 2019 net asset value of 56.2p. We are told that the Company intends to acquire its own Ordinary Shares in the market four times each year; In line with normal market practice the Manager receives a performance fee which is aligned with investors and based on paying regular dividends and maintaining NAV.

Tax Efficient Review Strategy rating: 28 out of 30

Track record

Our approach to comparing track records between providers has changed from previous years. We now use 3,5 & 10 year measures of the annual increase in total return (calculated as closing net asset value less opening net asset value plus dividends paid during the period). This reflects the changes in strategy that VCTs have adopted which makes the old track record less relevant.

The results are in Table 3 but are not particularly relevant as they do not reflect the involvement of Draper Esprit.

With an unaudited Net Asset Value of 56.2p per Ordinary Share at 31 August 2019, the Company has produced a total return since launch (cumulative dividends paid up to 31 August 2019 plus NAV) of 158.2p per Ordinary Share. Whilst this may sound impressive, it must be said that Elderstreet VCT was one of the earliest VCTs to launch, back in 1998, so the returns are over a 20 years plus time horizon.

The legacy portfolio companies account for nearly 35% of the Company's NAV as at 31 August 2019. Four of these companies, two of which are on AIM, account for 94% of that Legacy Portfolio. The average holding period of the remaining two meaningful active unquoted portfolio is a very long sixteen years (Lyalvale Express and Fords Packaging where Michael Jackson, founder and executive chairman of the VCT manager Elderstreet, is a director) and for the AIM stocks it is an equally long ten years. This could indicate that realising the current portfolio could prove a lengthy task although the Manager states this is a trade-off between maintaining qualifying while building the new Draper Esprit portfolio.

Given the relationship established with Draper Esprit in 2016, TER no longer consider the past track record of the Elderstreet house to be particularly relevant in assessing this VCT. There has been a significant change in the investment philosophy of this VCT, and from the deal flow originating from the Draper Esprit since April 2017, 15 new investments have been made at a total cost of £15.2m.

Tax Efficient Review Track Record rating: 32 out of 40

Table 3: Generalist VCT provider 3,5 & 10 year performance comparison - Net Asset Values are latest announced					
VCT manager (alphabetical order)	**TIDM**	**VCT name**	**3 year annual % return**	**5 year annual % return**	**10 year annual % return**
ALBION	AADV	Albion Development VCT	13.8%	9.5%	7.4%
	AAEV	Albion Enterprise VCT	12.8%	9.7%	8.3%
	AATG	Albion Technology & General VCT	13.1%	5.9%	5.3%
	AAVC	Albion Venture Capital Trust	10.2%	9.1%	5.6%
	CRWN	Crown Place VCT	14.2%	8.9%	7.2%
	KAY	Kings Arms Yard VCT	10.5%	7.9%	8.7%
DRAPER ESPRIT	DEVC	Draper Esprit VCT	-4.5%	1.2%	5.5%
FORESIGHT	FTV	Foresight VCT	4.8%	2.5%	9.2%
	FTF	Foresight 4 VCT	2.2%	-1.3%	-0.1%
GRESHAM HOUSE	BSVT	Baronsmead Second VCT	0.9%	3.5%	7.1%
	BVT	Baronsmead VCT	1.6%	3.9%	8.4%
MAVEN	MAV4	Maven Income & Growth VCT 4	2.0%	3.6%	5.6%
	MIG1	Maven Income & Growth VCT	3.7%	5.7%	7.5%
	MIG3	Maven Income & Growth VCT 3	1.4%	4.8%	6.5%
	MIG6	Maven Income & Growth VCT 6	-1.2%	0.2%	4.5%
MOBEUS	MIX	Mobeus Income & Growth VCT	7.2%	5.9%	11.6%
	MIG4	Mobeus Income & Growth 4	5.2%	5.2%	7.4%
	MIG	Mobeus Income & Growth 2 VCT	6.3%	5.5%	11.4%
	IGV	Income & Growth VCT	4.5%	4.7%	10.4%
NORTHERN	NVT	Northern Venture Trust	6.6%	5.7%	10.7%
	NTV	Northern 2 VCT	5.0%	5.4%	7.7%
	NTN	Northern 3 VCT	4.5%	5.6%	8.9%
Source: Tax Efficient Review calculation based on data from public accounts 10/10/2019 09:04:41					

Manager

The Draper Esprit team has a wealth of experience. The team has now operated for twelve years and, prior to that, its members worked in leading firms within the venture capital industry. In aggregate, the team has been involved in investing over US$1 billion into more than 200 technology businesses. Since Draper's IPO in June 2016, they have scaled up their capital base and resources, invested in five unicorns (companies subsequently worth over $1.0 billion), and returned over £81.6 million (including £15.3 million post period end) of cash to the plc balance sheet. Draper Esprit is actively involved with its investments, taking non-executive positions where appropriate, and has the ability and experience to add value to the investments.

The Company now invests in unquoted investments in the technology sector. The Company has particular expertise in growing businesses through a 'hands-on' investment style and, in aggregate with the Draper Esprit funds, prefers to be part of a syndicate which holds a significant stake and a board position in its portfolio companies. Draper Esprit target a portfolio return of 20% per annum.

This agreement has benefited the Company and new subscriptions increased by a further £28m since 2016. Additionally since raising the new funds the Company has committed to invest in eighteen new investments totalling £13.2m of which fifteen have now completed at the time of writing, and three are subject to receiving HMRC advanced Assurance. Three of these portfolio companies have been written up by an aggregate £1.9m (Podpoint by 103%, StreetTeam Software trading as Verve by 53%, Crowdcube by 78%) and the remaining portfolio is valued at cost. Further follow on investments of £1.2m have been made since 31 August 2019.

The Board of Draper Esprit VCT comprises David Brock as Chairman (formerly a main board member of MFI Furniture Group plc), Nicholas Lewis (founder of Downing LLP), experienced venture capitalist Barry Dean (formerly Managing Director of Dresdner Kleinwort Benson Private Equity Limited), Hugh Aldous (ex-partner of Grant Thornton UK LLP), and Michael Jackson of Elderstreet. The majority of this Board have been in place since inception and given the renewed focus on growth and technology it might be sensible to replace some members with entrepreneurs with more appropriate sector skillsets.

Deal flow

Draper Esprit VCT has signed a co-investment alongside the Draper Esprit institutional and EIS funds. This will be broadly based on the liquid funds available, the EIS/VCT qualifying status of each investment, the existing asset allocation within each pool of funds (i.e. conflict issues around investing in a potential competitor to an existing portfolio company), and for the VCT, the current percentage of VCT qualification in each of its pool of VCT funds. This co-investment right and allocation will be reviewed on a periodic basis and the VCT Directors believe that this co-investment arrangement will provide Shareholders with a number of advantages, particularly in relation to deal flow and the opportunity for the Company to participate in larger deals, and, therefore, later stage companies.

In the event of a conflict of interest between the funds (which includes where an investment is proposed in a company in which another fund already has an interest), or where co-investments are proposed to be made other than on the above basis, such an investment by the VCT will require the approval of those members of the VCT's board who are independent of the Manager. The Board is independent of the Manager and Draper Esprit and while the Manager or Draper Esprit may recommend investments on the above basis the Board has the right to decline to invest in any such investment opportunity.

All three potential investors (the VCT, the EIS manager and the Draper Esprit institutional manager) have independent investment committees who will sign off an investment for their pool of funds. So it is possible that not all funds will participate in all deals but if a deal is VCT & EIS qualifying then the principle is that both would participate. If not, for example certain (but not all) non-UK deals, or secondaries, then VCT & EIS would not participate.

A summary of the main attractions for VCT & EIS investors are:

- For EIS
  - investors will participate in 8-12 deals from their investment onwards
  - they will buy-in at cost and should therefore capture the full uplift in those investments
  -they will have deal by deal loss relief individually on any non-profitable components of their investment
- For VCT
  - investors will buy into a pool of the existing holdings (effectively in this offer at NAV rather than cost – and ride the remaining uplift, with losses netting off gains, but aren't exposed to the historic uplift/downs)
  - a portion of their investment will participate in Draper Esprit deals going forward
  - VCTs can distribute dividends tax-free

In our view the extra diversification offered by the VCT makes it a very interesting alternative for EIS investors who are not investing for Business Relief or Capital Gains Tax reasons.

Draper Esprit receives circa 2,500 business plans per annum, meet about 1,000 companies, and make approximately 20 new investments a year. At March 2019, the Draper Esprit VCT held £9m in cash, representing 20% of the overall portfolio, plus £3.4m to cover costs and dividends to existing shareholders. If this VCT is successful in raising the £20m target for this launch, it will have approximately £28m in cash, representing 44% of the overall portfolio (£66m).

The numbers above are based on the Company receiving an average of just over 10% of the aggregated Draper Esprit new deal allotment with the VCT investing an average £718k per deal. Should the £20m be raised this percentage of each new deal will rise to 20% or c £1.4m per new deal.

TER are satisfied the deal flow originating from the Draper Esprit Ventures team, and given that the VCT is allocated a minimum of 20% per qualifying investment ongoing, deployment of this cash should not be an issue.
Tax Efficient Review Team/Deal Flow rating: 18 out of 20

Costs

Initial fees

These are 5.5% of the amount subscribed by an investor.

Annual fees

- Elderstreet Investments Limited receives fees of 2% of net assets per annum. The administration fee charged by Downing Management Services Limited is £65,000 plus vat per annum. Elderstreet inform us that for the year ended 31 March 2019 the Total Expenses Ratio (TER) was 2.89%; for the fifteen month period ending March 2018 the TER was 3.4%, equivalent to 2.73% on a weighted 12-month basis. In 2016 the TER was 3.3%, in 3.2% in 2015, and 3.3% in 2014.

- The Company will pay an annual trail fee to the Promoter (Elderstreet Investments Limited, a subsidiary of Elderstreet Holdings Limited) who will be responsible for paying trail commission covering execution-only (non advised) investors. Regretfully this fee is paid by the VCT and not out of any fee received by the promoter/manager. Thus it falls on all the VCT shareholders and not just the execution-only investors.
  We strongly disapprove of this.

Performance Incentive Fees

Performance incentive fees are payable to the Manager when dividends paid and/or proposed exceed 3.5p per Ordinary Share in any one financial year, subject to the NAV, before the distribution, being higher than 70.6p per Ordinary Share. If this hurdle is met, the Manager will receive 20% of the distribution amount over 3.5p per Ordinary Share. The performance incentive fee will also have a catch-up should any previous year's distribution not be met. This catch-up will be cumulative so that in any years where the distribution is less than 3.5p the shortfall must be made up prior to awarding any further performance incentive fees. Any performance incentive fee payable in any period of 12 months has been capped so that the fee payable (together with any other fees payable to the Manager by the Company which have not been specifically approved by Shareholders) is capped at 24.9% of the lesser of the Company's current Net Assets, market capitalisation or gross assets. Any such fees which result in this cap being exceeded will be waived, will not be carried over to another period and will cease to be payable to the Manager. Currently, the hurdles for these performance fees have not been met for this current or past financial year and Elderstreet tell us that the current position on the catch-up on the performance fee is 1.5p in aggregate to end March 2019.

Arrangement and Monitoring Fees

The Manager may charge an arrangement fee to each portfolio company in which the Company invests. This fee is restricted to 3% of the gross amount invested by the Company. No arrangement fees have been charged by the Manager for any of the Draper Esprit deals completed to date.

The Manager may also charge portfolio companies for its monitoring services and non-executive director fees but has not done so in recent years.

Tax Efficient Review Cost rating: 8 out of 10

Conclusion

The relationship between the Elderstreet VCT team of Michael Jackson and William Horlick began with Draper Esprit at the end of 2016, and it made sense from the point of view of the Elderstreet board and shareholders as the Elderstreet VCT was too small to compete for new deals and was hampered by being unable to raise significant levels of new cash from investors.

With the additional resources of the well-regarded Draper Esprit team, they have been able to raise new money and participate in a range of new investments, the same as investors would have had within the Draper Esprit EIS but with a much higher level of diversification.

The initial concerns about this relationship (whether this was simply a re-badged VCT trading under a different name but continuing the same investment strategy) have been assuaged. There has been a marked change in the investment strategy of this VCT following the tie-up with Draper Esprit and this is the change that was needed to revitalise this VCT.

The full formalisation of the relationship between Elderstreet and Draper Esprit is expected to be completed in 2020.

In our view, for VCT investors who seek diversification and a yielding investment this is a very interesting addition alongside the existing, growth-oriented Draper Esprit EIS, and a VCT that is differentiated versus other VCTs through the dealflow already proven by the successful Draper EIS funds.

Accordingly we have increased our score.

Tax Efficient Review rating: 86 out of 100 (for a Generalist VCT with track record)

Table 4: Draper Esprit VCT unquoted holdings as at 31 August 2019 Sorted by valuation size Source Elderstreet											
Investee Compnay name	Cost of Investment at 31 Aug 2019 £	Current Carrying Value at 31 Aug 2019 £	Initial % of equity held	% after loan conversions	Date of first investment	Syndicated Y/N	Lead investor Y/N	Structure of investment	Industry sector	Financing stage	Valuation method
Fords Packaging	2,432,856	6,978,732	49%	49%	Dec-13	N	Y	Equity & Loan	Engineering	Early Stage	Market Comparable
Lyalvale Express	1,915,204	2,570,670	44%	44%	May-98	Y	Y	Equity & Loan	Engineering	Development	Market Comparable
StreetTeam Sware	1,285,712	1,963,740	<5%	<5%	Dec-17	Y	Y	Equity	Technology	Early Stage	Third party Round
IESO Digital Health	1,900,024	1,900,024	<5%	<5%	Nov-17	Y	Y	Equity	Technology	Early Stage	Cost
Pod Point Hldges	860,000	1,745,017	<5%	<5%	Jul-18	Y	Y	Equity	Technology	Early Stage	Cost + Pref
Push Dr	1,556,392	1,556,392	<5%	<5%	Mar-18	Y	Y	Equity	Technology	Early Stage	Cost
Endomagnetics	912,143	912,143	<5%	<5%	Jul-18	Y	Y	Equity	Technology	Early Stage	Cost
Resolving	799,489	799,489	<5%	<5%		Y	Y	Equity	Technology	Early Stage	Cost
Evonetix	792,657	792,657	<5%	<5%	Jun-18	Y	Y	Equity	Technology	Early Stage	Cost
IXL PremFina	755,608	755,608	<5%	<5%	Jul-18	Y	Y	Equity	Technology	Early Stage	Cost
Crowdcube	400,000	712,480	<5%	<5%	Jan-19	Y	Y	Equity	Technology	Early Stage	Cost + Pref
Back Office Tech	699,998	699,998	<5%	<5%	Feb-19	Y	Y	Equity	Technology	Early Stage	Cost
Roomex	615,697	615,697	<5%	<5%	Oct-18	Y	Y	Equity	Technology	Early Stage	Cost
Cashfac	260,201	525,353	2%	2%	Jul-99	Y	Y	Equity	Software	Early Stage	3rd party share sales
Apperio	500,000	500,000	<5%	<5%	Nov-18	Y	Y	Equity	Technology	Early Stage	Cost
Hadean	399,996	399,996	<5%	<5%	Apr-19	Y	Y	Equity	Technology	Early Stage	Cost
Appux	325,500	325,500	5-10%	5-10%	Mar-18	Y	Y	Equity	Technology	Early Stage	Cost
Light Blue Optics	311,111	311,111	<5%	<5%	Mar-18	Y	Y	Equity	Technology	Early Stage	Cost
Macranet (Sentiment)	1,037,169	259,293	18%	18%	Jan-14	Y	Y	Equity	Software	Early Stage	75% provision
Servoca	333,334	120,000	1%	1%	Jun-07	Y	N	Equity	Services	Early Stage	50% Price at AIM delisting
Sift Ltd	125,000	41,901	< 2%	< 2%	Oct-00	N	Y	Equity	Digital Media	Early Stage	3rd party valuation
Kellan Group plc	656,700	2,222	<1%	<1%	Dec-04	Y	Y	Equity	Services	EarlyStage	Price at AIM delisting
Baldwin & Francis	1,534,332	0	49%	49%	Nov-04	N	Y	Equity & Loan	Engineering	EarlyStage	100% Provision
Edo Consulting	125,000	0	< 2%	< 2%	Oct-00	N	Y	Equity	Digital Media	Early Stage	100% Provision
QSS Group	268,204	0	44%	44%	Nov-01	N	Y	Equity	Services	Dev Cap	100% Provision
Infoserve	127,500	0	< 0.5%	< 0.5%	Jun-07	Y	N	Equity	Digital Media	Early Stage	100% Provision
RB Sport & Leisure	187,500	0	< 0.5%	< 0.5%	Aug-02	Y	N	Equity	Leisure	Dev Cap	100% Provision
TNSN	500,919	0	< 0.1%	< 0.1%	Nov-99	N	Y	Equity	Digital Media	Early Stage	100% Provision
Total	**£21,618,247**	**£24,488,024**									

Table 5: Draper Esprit Committed Investments - completed/committed post 31 August 2019 Source Elderstreet											
Investee Compnay name	Cost of Investment at 31 Aug 2019 £	Current Carrying Value at 31 Aug 2019 £	Initial % of equity held	% after loan conversions	Date of first investment	Syndicated Y/N	Lead investor Y/N	Structure of investment	Industry sector	Financing stage	Valuation method
StreetTeam Software	1,229,893	1,229,893	<5%	<5%	Sep-19	Y	Y	Equity	Technology	Early Stage	Third party Round
Total	**£1,229,893**	**£1,229,893**									

Table 6: Realisations in last five years Source Elderstreet

Name	Exit Date	Structure	Industry Sector	Stage of Investment	Board Seat	Cost	Profit / (Loss)	Annual Internal Rate of Return	Length of investment
Fulcrum Utilities Ltd	Jul-18	Equity	Gas Utilities	AIM	N	£114,126	£518,698	24%	8.0 years
Sparesfinder Ltd	Aug-18		Software	Early Stage growth	N	£103,535	(£42,707)	LOSS	19.0 years
AngloInfo Ltd	Aug-18	Equity and Debt	Digital		Y	£3,527,255	(£3,527,255)	LOSS	11.9 years
Lyalvale Property Ltd	May-18	Equity	Property		Y	£300,194	(£300,194)	LOSS	4.5 years
Ridee Ltd	Nov-17		Digital		n/a	£489,960	(£489,860)	LOSS	1.5 years
Interquest plc	Aug-17		Recruitment	AIM	N	£225,200	(£53,300)	LOSS	11.3 years
Concord Technology Solutions	Apr-17	Equity and Debt	Software	Early Stage growth	Y	£1,649,944	£0	0%	5 years
SMART Education	Dec-15		Recruitment		Y	£1,805,820	£3,652,643	20%	10.2 years
Wessex Advanced Switching	Apr-14		Aerospace Engineering	Mature stage, MBO	Y	£484,174	£9,747,312	34%	15 years

Table 7: Draper Esprit VCT unquoted holdings since VCT co-managed by Draper Esprit as at 31 August 2019: Sorted by valuation size Source Elderstreet

Investee name	Cost of Investment at 31 Aug 2019 £	Current Carrying Value 31 Aug 2019 £
Completed investments since VCT co-managed by Draper Esprit		
StreetTeam Software (t/a Verve)	1,285,712	1,963,740
IESO Digital Health	1,900,024	1,900,024
Pod Point Holdings	860,000	1,745,017
Push Dr	1,556,392	1,556,392
Endomagnetics	912,143	912,143
Resolving Ltd	799,489	799,489
Evonetix	792,657	792,657
IXL PremFina	755,608	755,608
Crowdcube	400,000	712,480
Back Office (t/a Form 3)	699,998	699,998
Roomex	615,697	615,697
Apperio	500,000	500,000
Hadean Supercomputing	399,996	399,996
Appux (t/a Droplet)	325,500	325,500
Light Blue Optics (t/a Kaptivo)	311,111	311,111
TOTAL	**£12,114,328**	**£13,989,853**
Committed investments (Note 1)		
StreetTeam (follow on)	1,230,000	
Software co - undisclosed	431,000	
Software co - undisclosed	550,000	
Fintech co - undisclosed	600,000	
Digital platform - undisclosed	422,000	
TOTAL	**£3,233,000**	

Note 1: One of the committed deals awaiting VCT clearance has been completed at the time of writing (10 October 2019)

Table 8: Matrix of individual responsibilities Data Source William Horlick August 2019

NAMES	Michael Jackson	William Horlick
Deal origination %	20%	10%
General enquiries %	0%	5%
New deal doing %	5%	30%
Investee board seats No.	6	1
Sitting on Boards/Monitoring %	60%	10%
Fund raising %	0%	25%
Internal issues %	0%	10%
Exits %	see Boards	See Boards
NON VCT WORK		
Non VCTwork	20%	10%
TOTAL	**100%**	**100%**
Years in venture capital	31	21
Years involved with VCTs	21	21
Years with current team	28	21

The Draper Esprit Team consists of 17 investment professionals with a range of operational and venture capital experience. The Draper Esprit CEO Simon Cook previously worked as a Partner at Elderstreet and knows the current team well. The VCT has entered into a co-investment agreement with Draper Esprit based on the liquid funds available to each fund entity at the time of investment. This agreement should enhance the VCTs ability to invest newly raised funds into new and larger deals