

21 December 2023

Dear Shareholder

Shareholder Update – Final Distribution in Liquidation

I am now in a position to report the final outcome of the liquidation of Chrysalis VCT plc.

The Company entered liquidation in November 2020, with an unaudited net asset value of 52.8p per share. As investors will understand, conditions have not been supportive for realising a portfolio of unquoted investments during this period. As a result, some investments were disposed of at lower than the previous carrying value, although there were some gains on others. The main movements in net asset value per share over the course of the period from publication of the liquidation circular, were as follows:

	£'000	Pence per share
Opening NAV 30 Sept 2020	14,932	52.8
Share buybacks prior to liquidator appointment	(115)	0.1
Gain/(loss) on investment disposals		
Coolabi Group Limited	(618)	(2.2)
IX Group Limited	401	1.4
Enthuse Holdings Limited	(263)	(0.9)
Impact Healthcare REIT plc	174	0.6
Zappar Limited	(126)	(0.5)
Other investments	(202)	(0.7)
Net loss on portfolio	(634)	(2.3)
Liquidator's fees, management fees and other running costs etc.	(1,057)	(3.7)
Total distributions in liquidation	13,126	46.9

From the above table, you will see the two largest negative factors were the running costs of the VCT itself and the final realisation of the Coolabi investment. These two were linked. The original Coolabi investment had a cost of £3.5 million. £3.5 million in cash proceeds were realised in August 2022 and distributed to shareholders in September 2022. A residual loan note of £1.676 million – the last remaining asset of Chrysalis – was due to be repaid by 31 December 2022. But the deteriorating financial condition of the obligor led to a series of delays in repayment. Our latest view was that it is now unlikely that any repayment would ultimately be received and so a decision was made to dispose of the loan note for nominal value to allow the final winding up of Chrysalis, which was incurring costs simply by being in existence.

Final Distribution

The Company will make a final distribution of **0.3735p per share on 12 January 2024** (to Shareholders on the register at 22 December 2023).

Shareholders should note that, although this distribution is being paid more than three years after the commencement of the start of the liquidation (which the is prescribed winding-up period in the VCT regulations for certain tax reliefs), the VCT status has not been withdrawn by HMRC and the Company has been advised that this distribution should still be tax free to all “VCT-qualifying” shareholders.

Overall performance

With this final distribution, it is possible to calculate the overall returns to Shareholders from their investment in Chrysalis VCT. I think that these have been acceptable. Total distributions made by the VCT to shareholders who invested in the VCT's original share offer in 2000/2001 (when the company was called Downing Classic VCT 3 plc) were 142.5735p per share compared to the cost net of income tax relief of 80p per share.

The Company's last issue of shares was in conjunction with the Share Realisation Reinvestment Programme (SRRP) in 2013. Taking into account the 30% upfront tax relief available on the issue of those shares, Shareholders have received an uplift of 52.7% or an IRR of 10.2% per annum.

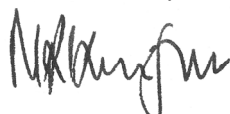
Following the payment of this final distribution, there will be no remaining value in your investment in Chrysalis VCT plc.

Enclosed you will find a letter from the Liquidators regarding with their latest annual progress report. The Liquidators will now progress steps to close down the Company and strike it off.

Finally, I would like to thank you for your support of Chrysalis VCT over its 23-year life and to me as the chairman since 2017.

If you do have any queries or require assistance, please send an email to chrysalis@downing.co.uk.

Yours sincerely



Martin Knight

Chairman of Supervisory Committee
Chrysalis VCT plc in Liquidation