

CORE CAPITAL PARTNERS LLP

Dear Shareholder

Following the delisting of Core VCT plc, Core VCT IV plc, Core VCT V plc (“the VCTs”) and the appointment of Mark Fry and Neil Mather of Begbies Traynor (Central) LLP (“BT”) to manage the winding up, we have been working with the two remaining board members and our main institutional investors to exit the portfolio and return proceeds to investors.

This objective was achieved the end of August whereby we arranged for the sale of the remaining assets in the VCTs as well as the assets of Core Capital I LP (“CCI”) to a new group of institutional investors. As part of the transaction, Core Capital Partners LLP (“Core”) will take on the management of the new vehicle and work on continuing to grow the portfolio and make new investments.

The exit process will deliver the following distribution to shareholders. A further, small distribution may follow upon final liquidation of the VCTs.

	Dividends Paid to date*	Current Distribution Ords	Current Distribution B Shares	Combined (Ords + B)**	Retained by Liquidator****	Potential Total Return (TR)	Potential TR Including Tax Relief***
Core VCT	66.15p	21.45p	26.10p	26.07p	1.09p	92.82p	132.82p
Core VCT IV	48.00p	21.78p			1.92p	71.70p	101.70p
Core VCT V	48.00p	25.04p			1.90p	74.94p	104.94p

* Core VCT plc is based upon weighted averaged dividends paid following the merger of Core VCT I plc, Core VCT II plc and Core VCT III plc on 16 July 2009

** Total p/share of distributions to the Ordinary shares assuming they held on to the B shares

*** Including upfront income tax relief of 40p to Core VCT plc and 30p to Core VCT IV plc and Core VCT V plc

**** This may be returned by the Liquidator. For Core VCT plc it would represent a further 0.60p per ordinary share.

Given Core’s ongoing role in managing the portfolio, a conflict of interest was declared to BT, the Directors of the VCTs and to the Advisory Board of CCI. Approval was provided by all parties for the transaction to proceed.

Historical fundraising

Core’s history started with the VCTs. We were not looking to raise the most money or to become a retail asset manager raising VCT funds every year. Our objective was to raise an amount of money to be deployed in a manner consistent with the return objectives – principally companies with growth potential and of a certain scale. Core is now exiting the VCT market completely. We are thankful to our shareholders for their support throughout the journey, bearing with us while we delivered liquidity to them and for their support for the various transactions, including the merger of Core VCT I, II and III as well as the secondary transaction involving CCI.

Over the last 10 years, Core has raised a limited number of funds and vehicles, each with a very specific objective. We stopped raising VCTs after April 2007, when the VCT investment rules changed and no longer permitted the types of investments which we believed were optimal for shareholders.

Fund	Year	Amount(£m)
Core VCT I	2005	11
Core VCT II & III	2006	33
Core VCT IV & V	2007	22
Core Capital I LP	2011	67
Core Capital II LP	2015	85

9 South Street, London, W1K 2XA United Kingdom

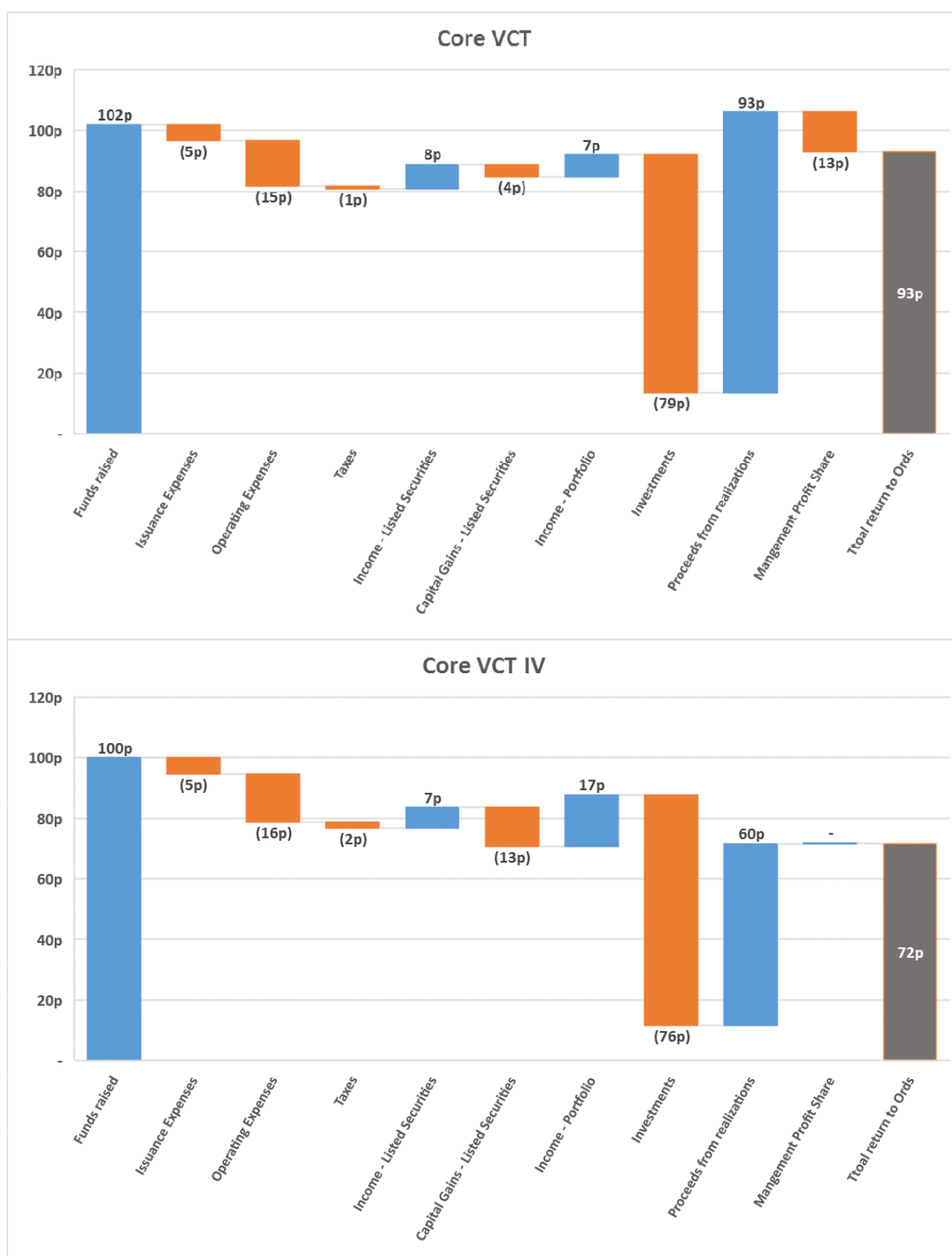
Telephone +44 (0) 20 3179 0925 Fax +44 (0) 20 3179 0937 info@core-cap.com www.core-cap.com

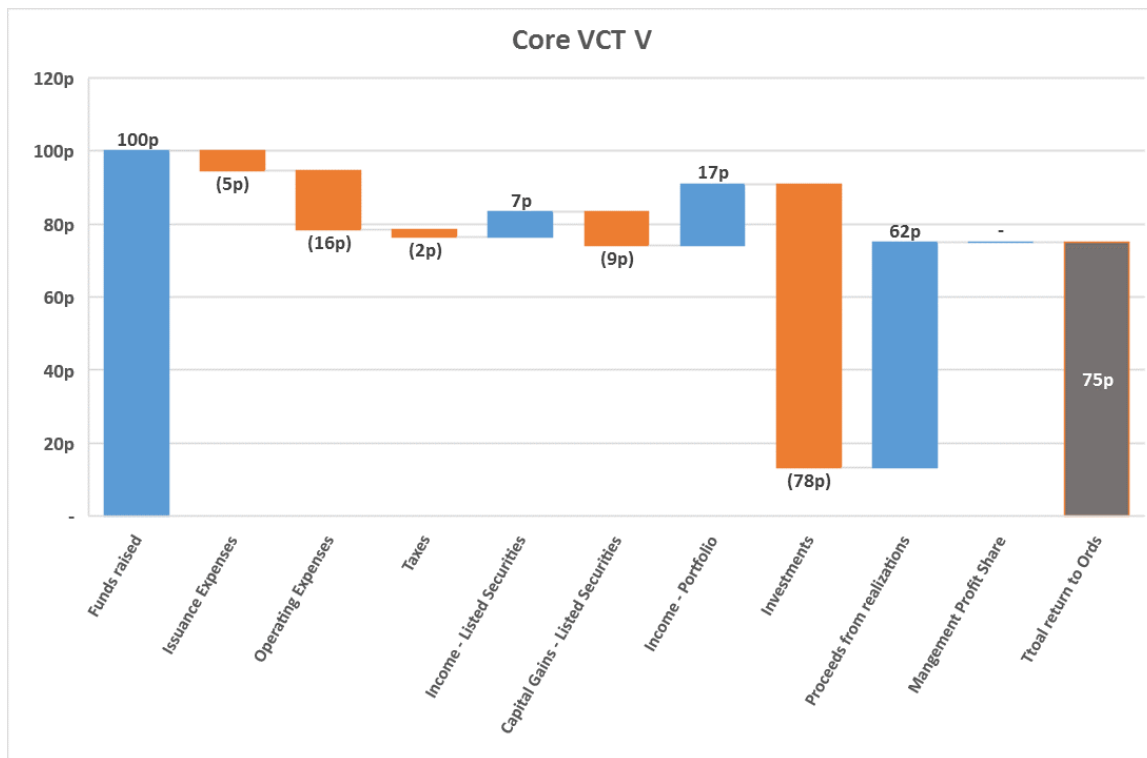
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The Core VCTs were raised to make equity and mezzanine investments. Core Capital I LP was raised to provide support to the portfolio companies and provide some liquidity to the Core VCTs. Core Capital II LP was raised to provide full liquidity to the VCTs.

Overview of uses and returns

The following charts provide a summary of the performance of the individual VCTs. A more detailed analysis follows this section. The 102p in funds raised for Core VCT reflects the differing ratios attributed to the shares of Core VCT, Core VCT II and Core VCT III plc when the vehicles were merged.





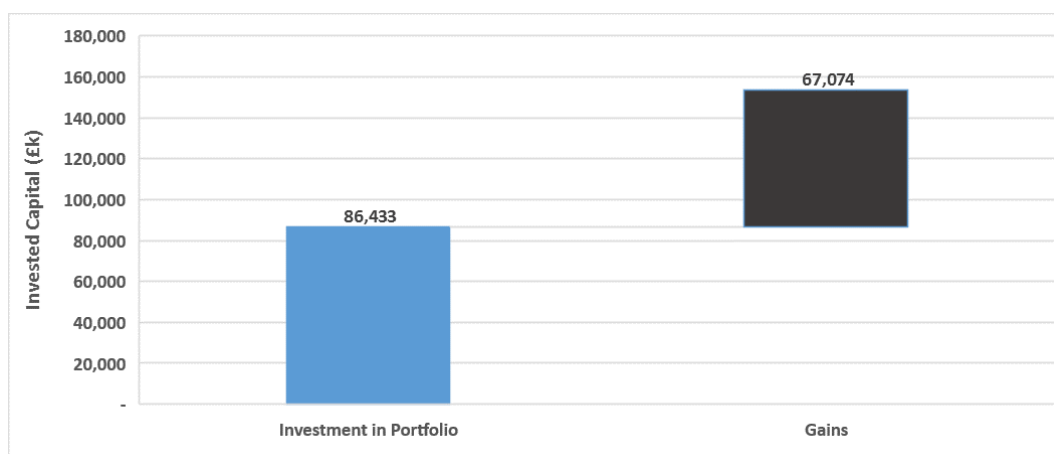
Companies VCTs invested in

The mandate of each Core VCT I, II, and III (which were later merged into Core VCT) was different than that of Core VCT IV and V. The focus of Core VCT was more on equity risk investments while the focus of Core VCT IV and V was much more on mezzanine transactions. The vehicles invested in different companies, in different proportions, in different instruments and at different times, thereby resulting in differing risk and reward.

There are some limited conclusions that can be drawn from an analysis as the CCI transaction combined different assets from different VCTs and gave them exposure to assets that they did not previously own. The main conclusion that can be drawn is that the performance of Core VCT IV and V benefited significantly from this exercise due to the exposure to assets that it did not own, such as Kelway and SPL.

Review of investments

At this stage, it is worthwhile reflecting on the performance of the investments, and more specifically on our performance as manager. Over the life of the funds, the VCTs and CCI invested c. £86m and generated c. £67m in gains at the portfolio level, i.e. excluding fees, operating expenses, mergers, and secondary transaction discounts. This equates to a 1.78X multiple of cash invested across the underlying investments taken as a whole.

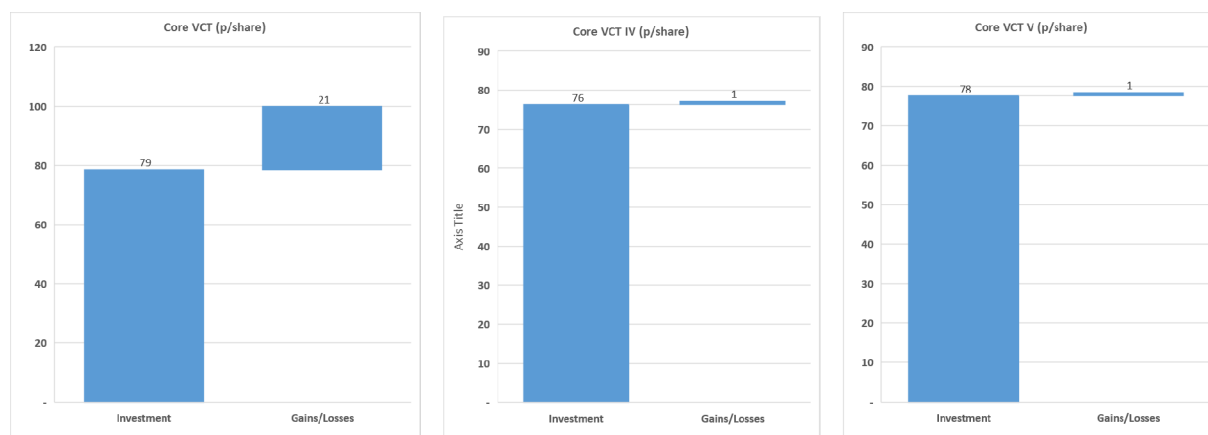


Total investment in Portfolio '000)	Gains (£'000)	Cash Multiple
86,433	67,074	1.78X

These returns were generated on a portfolio of small cap companies that lived through the 2008 crisis and the 2011 Greek crisis (which inhibited most lending into our sector).

Due to the growth requirements of our portfolio companies and the weak debt market, the total amounts invested also exceeded the capabilities of the VCTs. This outcome validated our view that we needed to raise non VCT capital in 2011, to support the portfolio through the recession and that those funds would generate an incremental return. Without that fresh capital, it is unclear how many of our companies would have survived or gone on to deliver the returns that they have. While we could have hoped that one or two of the companies would deliver exceptional returns, it is difficult to assess how investors would have dealt with the associated volatility of valuations.

From the perspective of the VCTs, the cash on cash returns generated from the portfolio were positive, even if marginally so in the case of Core VCT IV and V.



Invested Portfolio Returns

	Investment (£)	Gains/Losses (£)	Cash Multiple	Investment (p/share)	Gains/Losses (p/share)
Core VCT	34,000,335	9,227,948	1.27	79	21
Core VCT IV	8,303,390	103,116	1.01	76	1
Core VCT V	8,553,388	98,237	1.01	78	1

The main elements that affected the returns of these gains via the different VCT vehicles were:

1. The companies that the VCTs invested in
2. The costs of operating the VCTs
3. The gains and losses on the liquid portfolio and income from portfolio companies
4. The dividends associated with the 2011 fund raising.

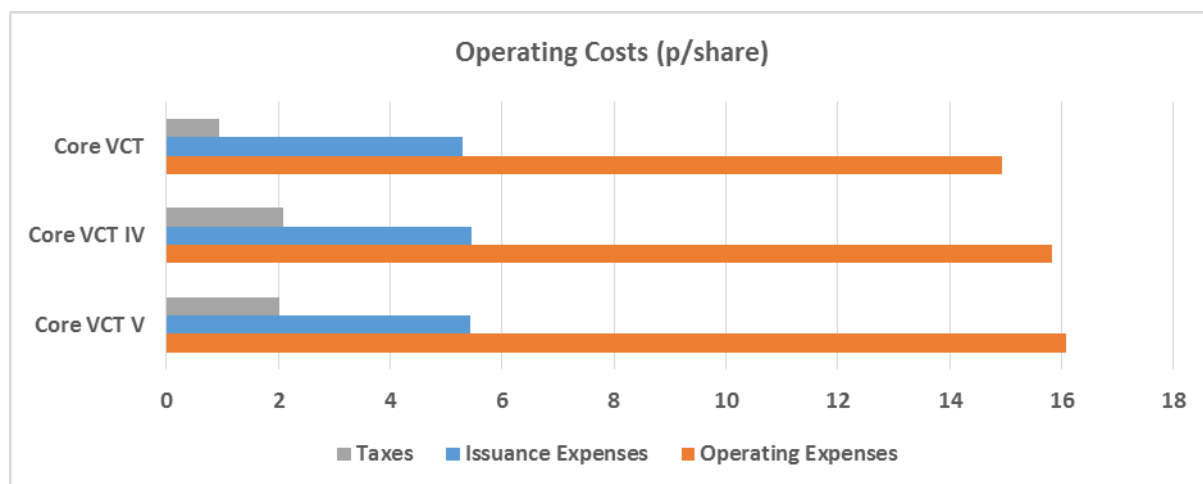
VCT costs

Our journey into the VCT world started with us pointing out the excessive costs associated with managing VCTs. We tried to take a different approach to minimize costs by taking a higher profit share and no management fee. The net result was a significantly reduced cost base for the VCTs, but unfortunately not low enough.

The operating costs of the VCTs which include listing fees, audit fees, legal fees, issuance costs, IFA costs, administration costs, stock exchange costs, and ancillary costs are significant. These costs are mostly unavoidable and are dictated by the fact that the VCTs are listed public limited companies, are complex to

govern and operate and are hamstrung by rules that in many cases achieve the opposite of what they are intended to achieve.

These increased costs add little value overall and take away from the principal activity that the vehicles should be conducting, which is investing. We have endeavoured to reduce the operating costs of the Core VCTs by merging Core VCT I, Core VCT II and Core VCT III back in July 2009.



Operating Costs	Core VCT	Core VCT IV	Core VCT V
Issuance Expenses	5.3p	5.5p	5.4p
Operating Expenses	14.9p	15.8p	16.1p
Taxes	0.9p	2.1p	2.0p
Total	21.2p	23.4p	23.5p

It is important to remember that since Core does not charge the VCTs management fees, these are simply the running costs of the VCT. These costs represent around 27% of the capital invested for Core VCT and around 30% of the capital invested for Core VCT IV and V, showing VCTs are cost intensive as investment vehicles. These costs are within the parameters defined in the prospectus of each VCT and include exceptional costs such as the merger costs for Core VCT I, II and III, the CCI transaction, and the winding up of the VCTs. These costs were reviewed and approved by the Boards.

Typically, the underlying liquid investments and portfolio companies generate sufficient returns to cover these costs. In our case, that did not happen.

	Core VCT	Core VCT IV	Core VCT V
Liquidity Management	4p	(6p)	(2p)
Portfolio Company Income	7p	17p	17p
Total	11p	11p	14p

The shortfall between income and expense is over 10p in all cases, either due to lack of income returns from portfolio companies or losses on the liquid portfolio. Part of the shortfall for Core VCT IV and V can be attributed to the management of the liquid portfolio by Credit Suisse during the 2007/2008 period. That was an issue that has been covered previously in detail with no satisfactory outcome. It is not something that should have happened but it did and we were unable to get anything out of Credit Suisse for that.

The nature of the investments made in Core VCT meant that they would not be generating dividend income – the gains would principally be capital gains realised upon an exit. The investments in Core VCT IV and V, which were more mezzanine oriented, made a large contribution to mitigating operating expense. However, in neither case could they further offset the size of the operating costs.

The fact that the portfolio companies were not generating enough income to cover operating costs should be not surprising in most cases. VCTs tend to sit on large cash amounts for long periods of time while their

operating costs are building up. Even when they are fully invested at the 70% level, not all investments generate dividends and income. This becomes even more problematic in growth situations where the objective is to support growth and not pay income to investors leaving these VCTs to dip into their cash reserves.

2011 Transaction and Dividend

The last element that affected the returns was the 2011 transaction.

Many shareholders we have spoken to attribute a reduction in the performance to the discount at which the assets were committed into Core's first institutional fund CCI. In reality the price of every transaction is set by the market and in this case the actual discount was lower than what would have been achieved in an outright sale given the immaturity of some of the assets.

In effect, the assets were not contributed at a discount but more at what the market considered to be fair value given the additional funding requirements and the willingness to fund those requirements.

The real impact on value was, however, the cash issued to shareholders from the sale of the partnership interest to fund that dividend. When put to a vote, shareholders overwhelmingly supported a cash dividend funded from the sale of the CCI interest. This meant that the VCTs gave up future participation rights for that portion of cash that they received as a distribution

	Core VCT	Core VCT IV	Core VCT V
Impact of Dividend	9p	13p	13p

As can be seen, the impact of the dividend was significant. The decision to propose and support the dividend was made in the context of a number of discussions at the time with IFAs and shareholders who expressed the view that shareholders preferred to see a dividend from that transaction.

The implicit discount in the final disposal of assets in the Core VCTs is comparable to the 2011 transaction, approved by shareholders.

Core management fee and profit share

The Core approach has always been to charge the VCTs no management fees and to take a higher profit share. The principle was the same for all the VCTs but the parameters were different for each one of them to reflect the circumstances of that fundraising.

We have had a different arrangement with CCI, whereby there was an element of management fee, to reflect the fact that the requirements for running and managing an institutional fund are different as well to reflect the significant increase in resources required to manage the additional capital deployed. Those fees, while paid for by the new investors, had a marginally dilutive effect on the returns of CCI to the Core VCTs given the structure of the fund. The net impact on shareholders of Core VCT, Core VCT IV and Core VCT V was 1.6p, 0.85p and 0.84p in total.

We did not hit our targets on Core VCT IV and V and therefore did not generate any profit share in those two vehicles.

The profit share of Core VCT was based on receiving 30% of distributions to shareholders once they had received their capital back (net of tax relief) and subject to a 5% annual hurdle. The profit share would be received through Core's ownership of around 74% of the B shares. The objective was to incentivise Core to return capital to shareholders.

Upon the winding up and payment of the final distribution, Core VCT will generate a profit share to Core equivalent to 13p per Ordinary share. This is will be paid out along with the final distribution being made.

The profit share generated plus the imputed management fees from CCI equate to around 1.4p/year for Core VCT, assuming a 10 year holding period, and a 0.1p/year for Core VCT IV and V, assuming an 8 year holding period.

Conclusion

In summary, we have provided shareholders with the relevant information they need to make an informed evaluation of our performance and understand how and why the results were delivered.

In summary, we invested a total of £86m, generated a gain on investments of £67m to return £153m. Those returns were diluted for different shareholders by all the elements listed above, many of which relate to the VCTs and some of which relate to the portfolio companies' need for additional capital.

The results delivered were not what we were hoping for when we launched the vehicles but the circumstances that we had to manage through were unforeseen and their impact was greater than anything we could have anticipated. The net result was that for investments made during that period, durations of investment was extended, return expectations lowered, and capital requirements increased. This is fundamentally what happened with the Core VCTs and returns were further restricted when factoring in the costs of the vehicles.

Throughout all the trials and tribulations, we have always been conscious of delivering shareholder value and we are delighted to have been able to produce positive returns for our investors.

Yours sincerely



Stephen Edwards
Managing Partner



Walid Fakhry
Managing Partner