

Q&A for Kings Arms Yard VCT PLC AGM 15 June 2020

This document contains the questions and answers that have been submitted by shareholders, in place of a live question and answer session at the Annual General Meeting for Kings Arms Yard VCT PLC. *This has been produced with the health of the public and shareholders in mind.*

1. We have had several questions on the impact of Covid-19 on the Company's prospects, valuations and investment opportunities.

Robert Whitby-Smith has discussed this in his presentation, and I won't repeat what he has said. It will be clear to shareholders that Covid-19 has affected and will continue to affect all asset values and the Board made its best judgement of what the fair value was on 31st March and will carry out a similar exercise as to the values on 30th June.

2. How sustainable are dividends going forward?

The Board is very conscious of the importance of dividends to shareholders and its intention is to continue to pay two dividends per annum as long as liquidity permits. We continue to target a divided yield of at least 5%.

3. What are you doing with regards to share buy backs?

The Company temporarily suspended its share buybacks in March 2020 as the severity of the Covid crisis became clearer. Buybacks were resumed on 22 April 2020, subject to the overall constraint that such purchases are in the Company's interest, including the maintenance of sufficient resources for investment in existing and new portfolio companies and the continued payment of dividends to shareholders. The level of buybacks until the announcement of the Company's interim results, expected to be during August 2020, has been limited to £500,000.

It is the Board's intention for such share buybacks to be at around a 5% discount to Net Asset Value so far as market conditions permit.

4. In allotting new shares under the Top up Offers and Dividend Reinvestment Scheme, what price is used?

The top up is not dilutive as shares are issued at NAV plus costs.

Dividends for the Dividend Reinvestment Scheme (DRIS) are reinvested at the last prevailing NAV. The Board values the Company's assets quarterly, assisted by the Manager in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines as is the industry standard. These guidelines set out recommendations, intended to represent current best practice, on the valuation of private capital investment. These were recently updated to include 'Coronavirus Special Valuation Guidance'.

5. What is the Board's view on Director's tenure over nine years?

The Board does not consider that a Director's length of service reduces his or her ability to act independently, and therefore has no set policy for limiting tenure. All the current Directors are considered independent.

Important document safety

Please ensure that you retain your share certificates in a safe place. Should you choose to sell your shares you will be required to produce these share certificates and copies will not suffice. Replacement certificates requested from Computershare, the registrars, will incur a substantial fee.