

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt about the action to be taken, you should immediately consult your independent financial adviser authorised pursuant to the FSMA 2000.**

This document, which constitutes a financial promotion for the purposes of Section 21 of the FSMA 2000, has been approved, for the purposes of that section only, by Octopus Investments Limited ("Octopus"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, pursuant to the FSMA 2000. In approving this document, Octopus is acting solely for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Octopus or for providing financial advice in relation to the subject matter of this document. This document contains details of the Octopus Eclipse VCT's New Share Offer for the tax year 2014/2015 and 2015/2016 (each an "Offer" and together the "Offer").

There is no guarantee that the Company's investment objective will be attained. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances. No person, other than Octopus, has been authorised to issue any advertisements or give any information, or make any representations in connection with the Offer, other than those contained in this document and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Company. This document does not constitute either a prospectus or listing particulars.

The Company accepts responsibility for the information contained in this document relating to it and the terms of the Offer. The Board have taken reasonable care to ensure that all applicable facts in this document in respect of the Company are true, fair and not misleading. The attention of prospective investors is drawn to the section of this document entitled Risk Factors.

Applications will be made to the UK Listing Authority for the New Share issued by the Company to be admitted to the premium segment of the Official List and to the London Stock Exchange for the admission of such New Shares to trading on its main market for listed securities. It is expected that admission will become effective and that dealings in the New Shares will commence within ten business days of their allotment. The Company's existing issued Shares are admitted to the premium segment of the Official List and are traded on the London Stock Exchange's main market for listed securities.

The Offer are not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or their respective territories or possessions, and documents should not be distributed, forwarded or transmitted in or into such territories. The New Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa.

### **AVAILABILITY OF THIS DOCUMENT**

Copies of this document are available from:

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Tel: 0800 316 2295  
[www.octopusinvestments.com](http://www.octopusinvestments.com)

A copy of this document will also be available to the public for inspection at the National Storage Mechanism at [www.hemscott.com](http://www.hemscott.com) under the reference for the Company.

**Completed Application Forms must be posted to: Octopus Investments Limited, PO Box 10847, Chelmsford CM99 2BU.** The Offer will close at 12 noon on 15 December 2015. The Offer will close earlier if it is fully subscribed.

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## EXPECTED TIMETABLE

Launch date of the Offer	19 January 2015
First allotment under the Offer	2 April 2015
Subsequent allotments under the Offer	At the Board's discretion
Closing date of Offer	12 pm (noon) on 15 December 2015

- Applications for the 2014/2015 tax year must be received by 12 noon on 1 April 2015.
- The Offer will close earlier if fully subscribed. The Board reserves the right to close the Offer earlier and to accept Applications and issue New Shares at any time prior to the close of the Offer.
- Dealings are expected to commence in the New Shares within ten business days of allotment and share and tax certificates will be dispatched within 14 business days of allotment.

## STATISTICS

Costs of the Offer*	Up to 7.5% of gross proceeds of the Offer
Initial adviser charge or intermediary commission**	Up to 4.5% of gross proceeds of the Offer
Ongoing adviser charge or annual ongoing charge***	Up to 0.5% per annum of the latest NAV of gross sums invested in the Offer for up to 9 years

The costs of the Offer (including intermediary commissions) are capped at 7.5 % of gross proceeds. Octopus has agreed to indemnify the Company against costs of the Offer in excess of this amount.

The total annual running costs of the Company are capped at 2.75% of its net assets.

## **RISK FACTORS**

Prospective investors should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are the only known material risks which the Company or its Shareholders will face. Further risks, unknown by the Company, may exist. Any decision to invest under the Offer should be based on consideration of this document as a whole.

### **RISK FACTORS RELATING TO THE COMPANY**

- The past performance of the Company and/or Octopus and/or any other Octopus managed funds is no indication of future performance. The return received by Shareholders will be dependent on the performance of the underlying investments of the Company. The value of such investments, and the interest income and dividends they generate, may rise or fall and there is no certainty as to any level of returns which may be received by Shareholders.
- The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company, which may adversely affect the performance of the Company.
- It can take a number of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.
- Investments in unquoted companies (including AIM-traded and ISDX Growth Market traded companies), by their nature, involve a higher degree of risk than investment in companies listed on the premium segment of the Official List. In particular, small companies often have limited product lines, markets or financial resources, may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes. In addition, the market for securities in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.
- Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in the Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares in the Company would become subject to tax and the Company would also lose its exemption from corporation tax on capital gains.
- If a Shareholder disposes of his or her Shares within five years of issue, he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed.
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively, which may adversely affect the performance of the Company.

- Any purchaser of existing Shares in the secondary market will not qualify for the then (if any) available tax reliefs afforded only to subscribers of New Shares on the amount invested.
- The Company will only pay dividends on Shares to the extent that it has distributable reserves and cash available for that purpose. A reduction in income for the Company's investments may adversely affect the dividends payable to Shareholders. Such a reduction could arise, for example, from lower dividends or lower rates of interest paid on the Company's investments or lower bank interest rates than are currently available.
- The Finance Act 2014 amends the VCT Rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

## **RISK FACTORS RELATING TO THE SHARES**

The value of the Shares may go down as well as up and Shareholders may not receive back the full amount invested.

- The value of the Shares could decline due to any of the risk factors described above and Shareholders could lose part or all of their investment.
- There is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any Share buyback policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV.
- Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's main market for listed securities, the secondary market for VCT shares is generally illiquid. Therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to their NAV) and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment.
- Tax relief on subscriptions for shares in a VCT is restricted where an investor has disposed of shares in that VCT within six months (before or after) that subscription. Existing Shareholders should be aware that the sale of existing Shares within these periods could, therefore, put their income tax relief relating to the Offer at risk.

# LETTER FROM THE CHAIRMAN OF OCTOPUS ECLIPSE VENTURE CAPITAL TRUST (VCT)

19 January 2015

Dear investor,

I am delighted to inform you that, due to the improved investment performance of Octopus Eclipse VCT plc (the Company) and a robust pipeline of investment opportunities, your Board has decided to launch this offer for subscription to raise up to £3.8m (£5m) in the Company in the tax years 2014/2015 and 2015/16.

## THE INVESTMENT OPPORTUNITY

This offer is intended for investors looking for the potential to generate tax-free capital growth from a balanced portfolio combining early-stage, growth and quoted UK companies. In addition, **the investment provides 30% upfront income tax relief**, as VCTs are government-led investment vehicles designed to incentivise investors for supporting higher-risk smaller companies.

New investors will benefit from immediate exposure to an existing portfolio of investments. These include more established profitable companies such as Tristar Worldwide Cars, high growth businesses such as Secret Escapes Limited and early stage businesses like YPlan Limited. Additionally, investors will have exposure to investments made in companies listed on the Alternative Investment Market (AIM). With increasing optimism around the state of the UK economy and its growth, and with investors recognising the potential available from UK smaller companies, many existing and future AIM companies are well positioned to deliver further progress over the next few years. The manager's expectation, at present, is of a continued high level of AIM flotations and investment opportunities.

## TAX BENEFITS

Qualifying investors will have access to the attractive tax benefits associated with an investment in a VCT as follows:

- **Up to 30% income tax relief on the investment.** For example, an investor investing £20,000 would receive £6,000 in income tax relief. This tax relief can be claimed provided you have paid that amount in tax, up to a maximum relief of £60,000 per tax year (i.e. an investment of £200,000).
- Tax-free dividends and capital gains, meaning that any growth in the portfolio value is not subject to tax. **Eclipse VCT recently paid a tax-free dividend of 7p on the back of successful exits from the portfolio. Please note that dividend payments cannot be guaranteed.**

## PORTFOLIO RETURNS

The Board of Octopus Eclipse VCT plc has adopted a policy of paying annual dividends of 5 percent of Net Asset Value (NAV), payable semi-annually. In addition, the Board will consider special dividends on the back of successful exits, subject to available cash and distributable reserves.

## NEW INVESTMENT OPPORTUNITIES

The managers have developed a healthy pipeline of new investment opportunities. In addition, many of the existing portfolio companies will require further funding as their growth ambitions continue. To build big and valuable businesses, they need Octopus to support them at each stage of their development. On the earlier stage businesses, the Octopus team follows a strategy of repeat (or 'follow-on') investment in the strongest performers in the portfolio, starting small then backing them with additional funding at each stage of their growth.

## **EXPERT VCT MANAGEMENT**

Eclipse VCT is managed by the Ventures team at Octopus. Over the years the Ventures team, which also manages the highly regarded Octopus Titan VCT, has backed early stage companies that have grown to become household names, such as Zoopla Property Group, Secret Escapes and graze.com to name just a handful.

Octopus Investments is one of the UK's leading specialist fund management companies, with more than £4.7 billion under management. It invests on behalf of more than 50,000 UK investors and manages more money in VCTs than any other provider in the industry. Octopus raised over £100 million in VCTs in the 2012/2013 tax year, and is an expert in investing in UK smaller companies.

## **STRUCTURE OF THE OFFER**

Both new and existing investors can apply for new shares, which will rank equally with the existing shares from their date of allotment. As such, investors are accessing a well-established portfolio. The offer price will be based on the most recently published Net Asset Value of a share at the date of allotment, plus the costs of the offer. Multiple applications are permitted.

The minimum investment is £5,000. There is no maximum investment. However, potential investors should be aware that tax relief is only available on a maximum of £200,000 in each tax year. Two people, including a married couple, can each invest up to £200,000 in any one tax year with each individual enjoying the tax reliefs.

## **NEXT STEPS**

The Company is only able to raise up to 10% of their capital or €5 million (whichever is the lesser) through the offer.

The application form is attached to this document. The Terms and Conditions of subscription for new shares are set out on pages 25 to 30.

If you have any questions, you should contact your financial adviser or call Octopus on 0800 316 2295. Please note that Octopus is not able to provide you with investment, financial or tax advice.

I very much look forward to welcoming you as an Octopus Eclipse VCT shareholder and thank all our existing shareholders for their continued support.

Yours sincerely



Alex Hambro  
Chairman

## THE OFFER

### OVERVIEW

**The Company is seeking to raise up to £3.8 million under the Offer, before expenses, in the tax year 2014/2015 and 2015/16 which is the maximum permitted under the Prospectus Rules without the need to issue a prospectus and avoids the associated costs.** The Company will not issue more than 10% of its issued share capital as at the date of this document, this being 9,589,412 New Shares.

### OCTOPUS

Today, Octopus is one of the UK's leading specialist fund management companies, with more than £4.7 billion under management, investing on behalf of more than 50,000 UK investors, and work in partnership with more than 3,000 financial advisers. Octopus manages a range of VCTs that suit the needs of different investors by investing in UK smaller companies. The Manager looks to invest in companies that are either already showing evidence of being on a clear path to profitability and sustainability, or are led by management teams with a proven track record of building strong businesses.

The Company's strategy has evolved to take advantage of the track record of success of several of Octopus' established investment teams here at Octopus. It is managed by the Ventures Team at Octopus. This team also manages Octopus Titan VCT plc, which identifies and subsequently helps earlier stage companies grow into highly successful businesses. Having established their own track records, some of the companies featured in the Octopus Titan VCT plc's portfolio have subsequently also gained a place in the Company's portfolio. In addition, the Company's portfolio VCT features companies listed on the Alternative Investment Market (AIM), sharing the knowledge of the highly experienced Smaller Companies Team at Octopus. By combining the two approaches, the Company offers investors a well-balanced and diversified portfolio of promising early stage companies, and an opportunity to take a stake in their future growth.

Octopus is the UK's largest VCT provider and we've won awards both for its investments and for its service to customers.

The Company's investment management team comprises the following:

#### **Jane Vinson**

Jane joined Octopus in 2006 and sits on the boards of a number of companies in the Eclipse VCT portfolio. Jane is focused on working with the management teams of the investee companies to help them build great businesses and teams and is also a member of the Investment Committee for the Specialist Finance business. Before joining Octopus, Jane spent ten years at Bridgepoint.

#### **Alex Macpherson**

Alex helped found Katalyst Ventures in 2000, creating the network which would become the Octopus Venture Partners. He is Chairman of the Octopus Ventures Investment Committee. Under Alex's leadership, the Ventures team at Octopus has established itself as one of the leading UK venture capital houses. Alex was shortlisted in the Investor of the Year category at the 2013 Investor AllStars Awards.

#### **Jo Oliver**

Jo has managed several businesses of his own, from publishing surf books to property development. He became an Octopus Venture Partner in 2005 and joined the Ventures team four years later. Jo currently sits on the boards of several companies in Titan VCT, including Amplience and SwiftKey.



**Alliott Cole**

Alliott joined Octopus in 2008 and focuses on internet-enabled services, enterprise software and consumer innovation. He sits on the board of the UK Business Angel Association, works with entrepreneurs at SeedCamp, Techstars and UNLtd and serves on the boards of a number of companies invested in by the Ventures Team. Before joining Octopus, Alliott worked as a lawyer at Ashurst, where he spent time working for IBM, Sporting Bet, UC Rusal and NM Rothschild.

**Frederic Lardieg**

Frederic joined the Ventures team in 2012. He is responsible for sourcing, executing and managing venture capital deals and focuses on investments in mobile, internet and digital technologies. Before joining Octopus, Frederic worked at Vodafone Ventures, the venture capital arm of Vodafone, where he led investment in Vouchercloud, the leading mobile couponing company in the UK. Frederic's experience includes working on corporate strategy for Sony Ericsson, now Sony Mobile.

**VENTURE CAPITAL TRUSTS: TAX-EFFICIENT INVESTING**

The first Venture Capital Trust (VCT) was launched in 1995, and the VCT industry has grown remarkably since then. According to the Association of Investment Companies (AIC), almost £436 million was invested in VCTs in the 2013/14 tax year, and in 2014 the total amount invested in VCTs stood at an impressive £3.2 billion\*.

**INVESTING IN THE POTENTIAL GROWTH OF EARLY STAGE COMPANIES**

The Company targets growth and aims to provide investors with a tax-free dividend stream from the first year of investment, through a combination of regular dividends and special dividend payments.

Established in 2004, the Company currently has more than £36 million of funds under management\* (\*Source: Octopus, December 2014). It is managed by the Ventures team at Octopus, but draws on the expertise of a number of other specialist management teams at Octopus – including Specialist Finance and AIM teams – in order to create a diverse portfolio.

**INVESTMENT STRATEGY**

Many VCTs choose to specialise in a particular sector or type of company. For example, some invest in very early stage companies that have a higher risk of failure, but also have the potential for higher returns. Some VCTs focus on companies listed on the Alternative Investment Market (AIM), to find maturing companies with potential. The Company combines these different approaches to create a blended portfolio that comprises of several types of investments. The Company looks to invest in companies that are either already showing evidence of being on a clear path to profitability and sustainability, or are led by management teams with a proven track record of building strong businesses. The types of investments that the Company invests in can be broken down into three categories:

**UNQUOTED UK SMALLER COMPANIES WITH GROWTH POTENTIAL**

These are companies that have growth potential and are not listed on any stock exchange. Such investments include original investments by the Company that have been held for many years and newer investments made subsequently but in line with the original investment growth strategy. Companies like Hydrobolt, Tristar and Spiralite are examples of companies in this category.

#### **PROMISING UK EARLY STAGE COMPANIES**

Octopus Titan VCT plc invests in early stage companies with high growth potential. The Company intends to take advantage of the pipeline of promising early stage companies, by making small 'follow-on' investments in the later funding rounds in some of these companies that have already proven themselves to show good potential and are on a clear path and a sustainable track record.

#### **COMPANIES LISTED ON THE ALTERNATIVE INVESTMENT MARKET (AIM)**

Launched in 1995, AIM is one of the best places for smaller private companies to take their first steps to becoming listed public companies. The Ventures team believes in the long-term investment potential of many AIM-listed companies. The Company has invested in several AIM listed companies such as Ergomed and Plastics Capital and believes the composition of the Company would benefit with continued exposure to this market.

#### **ACCESS TO AN ESTABLISHED VCT PORTFOLIO**

New investors under the Offers will benefit from immediate exposure to an existing portfolio of VCT-qualifying smaller companies. These include more established profitable companies such as Tristar Worldwide Cars, high growth businesses such as Secret Escapes Limited and early stage businesses like Swoon Editions. Additionally, investors will have exposure to companies listed on AIM, which is a leading market for helping exciting and innovative smaller companies to grow.

#### **FUNDING NEW INVESTMENT OPPORTUNITIES**

The Manager has developed a healthy pipeline of new investment opportunities and many of the Companies in which the Company invests will require further funding as their growth ambitions continue. To build big and valuable businesses they need Octopus to support them at each stage of their development. On the early stage businesses, the Octopus team follows a strategy of repeat (or 'follow-on') investment in the strongest performers in the portfolio and backing them with additional funding at each stage of their growth.

#### **DIVIDEND TARGET**

The performance of any investment cannot be guaranteed, and the Company suffered from an early period of disappointing returns following the global financial crisis and economic downturn. However, performance has been on a steady increase in the last two years, benefitting in part from the UK's improving economy, and stronger trading conditions for UK smaller companies.

### **THE COMPANY'S PERFORMANCE**

#### **EARLY PERFORMANCE**

There was one key reason for the underperformance of the Company in its early years: timing. The majority of investments were made in 2007 and 2008. This was just before the global financial crisis struck, which severely weakened the economies of the UK and the rest of the world, and caused investment markets worldwide to experience steep falls in the valuations of individual companies.

VCTs invest in smaller companies, which have higher failure rate than more established businesses. UK smaller companies might represent just a small proportion of the global economy, but because of the higher risk nature of investments in these companies, the broad economic crash affected the valuations, earnings prospects and growth potential of many of the companies within the Company's portfolio.

## RECOVERY AND INVESTMENT OPPORTUNITY

In 2011 and 2012, a number of companies within the Company's portfolio were adversely affected by the reduction in consumer spending. In particular, consumer-focused holdings such as First Retail, Perfect Pizza and Sweet Cred, struggled along with media companies Brandspace and T4. This had a detrimental effect on the Company's performance. However, since 2012, the total returns of the Company have increased. The turning point was the implementation of the new investment strategy that allows the Company to combine the expertise of a number of investment teams within Octopus, which helped create a balanced blend of early stage companies already showing signs of a positive and sustainable track record. To keep this forward momentum going, and to give investors the opportunity to access a VCT featuring a number of companies with a more positive outlook for the future, the Company has decided to seek new investment under the Offer.

## DIVIDEND HISTORY SINCE LAUNCH

The chart below shows the dividend history of the Company since inception in 2004. The Board has approved payment of an annual dividend since the first dividend payment in 2005.

Since launch, the Company has also paid investors four significant special dividends:

- **November 2008:** A special dividend of **7p per share** was paid to shareholders after the sale of holdings in Covion Limited and Gyro International Limited;
- **May 2012:** A special dividend of **6p per share** was paid following the successful partial exit of the investment in CSL DualCom Limited;
- **September 2012:** A pre-merger dividend of **11p per share** was paid to shareholders which distributed further proceeds from the sale of CSL DualCom, as well as the sale of the holding in Audio Visual Machines Limited;
- **April 2014:** A special dividend of **7p per share** was paid to shareholders following the sale of the investment in Hydrobolt Group.

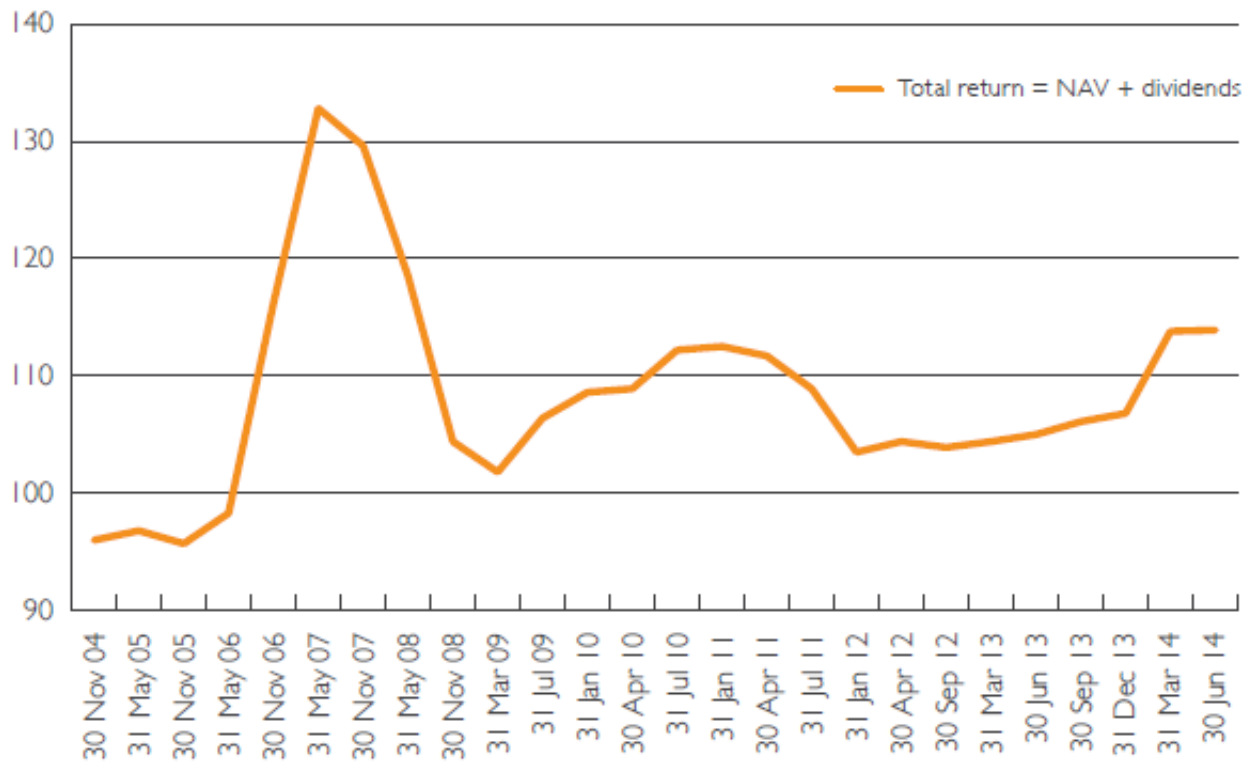
Overall, the Company has paid 75.7p in dividends to shareholders that participated in the first ever fundraise and are still holding shares now.\*

\*Applies to Eclipse VCT 1 initial fundraise investors that have held their shares since 2004 until now. Investors that participated in later fundraises would have received a different dividend amount.

## LATEST DIVIDEND TARGET

The Board has set an annual dividend target of 5% of NAV, to be paid twice a year. Octopus believes performance is on target to continue to pay this dividend.

## CUMULATIVE FIVE-YEAR PERFORMANCE FOR THE COMPANY



Source: Octopus. Date: 30 June 2014.

Please note the NAV per Share may be higher than the Share price, which is the price you may get for the Shares in the secondary VCT market if you were to sell them. Please also note that selling the Shares back to the Company might be at discount to NAV. The Company's performance shown is after all fees and costs.

The table below shows the year-by-year total returns for the Company over the last five years. This is measured as the increase or decrease in value of the investments within the portfolio, plus any income investors have received from the investment in the form of regular dividends.

#### ECLIPSE VCT 5 YEAR DISCRETE PERFORMANCE AND DIVIDEND HISTORY

Period Ended	Discrete performance	Discrete annual Dividend history
30-Jun-10	6.97%	10p
30-Jun-11	2.57%	7p
30-Jun-12	-6.54%	12p
30-Jun-13	0.57%	12p
30-Jun-14	8.48%	9p

Source: Octopus. Date: 30 June 2014. The total return shown as a simple return comparison between the NAV at the beginning of the period, and the NAV at the end of the period, plus any dividends, at the end of the period. Please note the NAV per Share may be higher than the Share price, which is the price you may get for the Shares in the secondary VCT market if you were to sell them. Please also note that selling the Shares back to the Company might be at discount to NAV. The Company's performance shown is after all fees and costs. Past performance is not a guide to future performance and may not be repeated.

#### PORTFOLIO COMPANY FOCUS

##### HYDROBOLT

Hydrobolt makes and distributes high integrity products to the oil and gas and energy markets. Following pipeline disasters such as the BP Deepwater Horizon oil spill and the Texas City refinery explosion, major oil and gas companies are keen to work with well-established companies capable of guaranteeing product reliability. Hydrobolt is well known within its niche market as a low volume, high margin, fast turnaround business, with a strong focus on customer service.

Octopus first supported the management team at Hydrobolt in 2008, using the Company's funds to invest in the company after it underwent a management buyout. The growth potential of the company was instantly recognised and, in the following year, Hydrobolt was ranked 37 in the *Sunday Times*' 'Buyout Track 100', a league table ranking the UK's fastest-growing private equity backed companies. Difficult global economic conditions meant that turnover plateaued between 2010 and 2012. However, as global demand improved, the company returned to high growth. This was only made possible by the funding from the Company, which allowed Hydrobolt to invest in materials, machinery and people.

In April 2014, the Company sold the investment in Hydrobolt for a profit of £9.3 million, after it was acquired by LoneStar. The exit resulted in the NAV for the Company being boosted by 5.7p per Share. After Hydrobolt was sold, the Board approved payment of a special dividend of 7p per Share for each Shareholder.

## **UK SMALLER COMPANIES**

### **TRISTAR**

Tristar provides high quality chauffeuring services to corporate clients in over 80 countries across six continents. It recently launched a new app that enables travellers to book a car and driver from their smartphone or tablet. The company is targeting the app at business travellers who need to go to or from the UK's international airports. As well as making a reservation for the customer, it gives an estimated journey time and suggests a pick-up time for specific flights. It even offers travel information about 80 destinations around the world. The company's motto: "Life is a journey, go in style" is proving popular, with more and more people signing up for their services worldwide.

"Tristar is the ultimate luxury brand in the chauffeur market. In 2008, Octopus backed a management team that recognised its potential for further international expansion. The team has successfully grown the business both organically from 44 countries to 80, as well as by acquisition, most recently in the United States."

Jane Vinson, Eclipse VCT portfolio manager

### **SPIRALITE®**

Ducts are used as a system of delivering heating, air conditioning and ventilation to domestic, commercial and industrial buildings. The technology behind Spiralite® takes an organic, non-metal, pre-insulated material and forms it into duct. Spiralite's ductwork technology is up to 40% more energy-efficient than traditional ducting methods. It's also recognised as being easier, quicker and cheaper to transport, store and install. Spiralite ducting has already been implemented in large projects including the Marks & Spencer store in Stratford City and Guy's and St Thomas' Hospitals near London Bridge.

"Change is afoot in the building industry. The market for the supply and installation of ductwork and insulation in the UK is estimated at around £700m per annum, and with this funding from Octopus, we're excited to take on this market, bringing the Spiralite® ductwork technology to ever more projects."

Mel Ragnauth, Managing Director of Spiralite

## **EARLY STAGE FOLLOW-ON INVESTMENTS**

### **SECRET ESCAPES**

Founded in 2010, Secret Escapes is an online 'club' offering discounts on luxury hotels and holidays. The company negotiates exclusive rates for its members on hundreds of destinations in the UK and abroad, at up to 70% off the price they would normally pay elsewhere. Secret Escapes has more than 10 million followers worldwide, with seven million in the UK. The company's business model is robust and scalable and, so far, with the help of a high profile television ad campaign, Secret Escapes has sent more than 800,000 people on holiday and the number is growing every day.

"Secret Escapes is one of the star companies in our portfolio. Octopus led the first round of funding into the company and we have invested on several occasions since this point. Supported by recent TV advertising, the business is fast becoming a household name in the UK and Europe and it now counts more than 10 million subscribers. We remain really pleased to have had the opportunity to work with such a great team and are excited about the future growth opportunities for the company as it looks to expand internationally."

Alliott Cole, Eclipse VCT portfolio manager

## SWOON EDITIONS

Swoon's founders, Debbie Williamson and Brian Harrison were shocked at the high mark-up between furniture manufacturers and end customers. So, they launched a company that removes the middleman and strips out all the unnecessary costs.

With Swoon, there are no warehouses, no unsold stock, no retail premises or sales staff. This means Swoon can offer hand crafted furniture, shipped direct to customers' homes, at around half the price they could expect to pay on the high street, without compromising on quality.

"In the past year, we've tested every aspect of our business model, rapidly growing our base of suppliers, designers and customers with Octopus' support. We're delighted that this inspired them, as one of our original investors, to provide further funding in 2014 to accelerate our growth."

Brian Harrison, founder of Swoon Editions

## **AIM INVESTMENTS**

### ERGOMED

Ergomed is a fast growing, profitable pharmaceutical services and drug development company listed on AIM. It has two complementary businesses, both of which are profitable. The first focuses on drugs research, arranging clinical trials for new drugs outside the UK and the US. The second, a drug safety business called Prime Vigilance, provides drug development services, such as fulfilling regulation requirements, for other pharmaceutical and biotechnology companies. Prime Vigilance was awarded a 2014 Queen's Award for Enterprise in recognition of achieving substantial overseas earnings and commercial success.

### PLASTICS CAPITAL

The Company first invested in specialist plastics manufacturer Plastics Capital in 2005. The company had an impressive management team that was assembling a group of niche plastics manufacturing businesses with a view to listing the business on AIM. It duly floated on AIM in 2007, at which point the Company realised a two times return on the investment, with the remainder held in the company's AIM shares. Although the business faced some challenges during the recession, its management team has helped it remain profitable and cash generative, while continuing with its business acquisition 'buy and build' strategy.

## TERMS OF THE OFFER

The New Shares will be issued at an Offer Price determined by the following formula:

**the most recently announced NAV per Share, divided by 0.945**

Where the Share price of the Company has been declared ex-dividend on the London Stock Exchange, the NAV per Share used for determining the Offer Price will be ex-dividend. For the purpose of determining the Offer Price the NAV per Share will be rounded up to one decimal place and the number of New Shares to be issued will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). Where there is a surplus of application funds, these will be returned to applicants without interest, except where the amount is less than the Offer Price of one New Share, in which case it will be donated to a charity approved by the Board.

The Offer will remain open until 12 noon on 15 December 2015 unless fully subscribed at an earlier date. The Board reserves the right to close its Offer earlier and to accept Applications and issue New Shares at any time prior to the close of the Offer following the receipt of valid applications. New Shares issued will rank equally with the existing Shares from the date of issue.

Based on the unaudited NAV per Share at 30 June 2014 of 38.2p, the Offer Price would be 40.5p. The Offer Price may vary between allotments based on the movement of the Company's NAV.

The minimum aggregate investment for new investors under the Offer is £5,000.

The full terms and conditions of Offer is set out on pages 25 to 30.

## USE OF FUNDS

Octopus continues to see an opportunity to make new investments at attractive valuations. The funds raised under the Offer will be used to make investments in accordance with the Company's published investment policy and for the payment of normal running costs. Some of the funds raised will be used to invest into new portfolio companies and some may be used to support the Company's existing portfolio.

## INTERMEDIARY COMMISSIONS

With effect from 31 December 2012, the operation of revised FCA regulations known as the Retail Distribution Review ("RDR") changed the manner in which advisers can be paid for the financial advice that they give their clients. Investors will now be required to give explicit authority and direction for transparent methods of such remuneration.

Investors will fall into one of four categories:

1. Investors who have not invested their money through a financial intermediary and have invested directly into the Company (Direct investors);
2. Investors who have invested their money through a financial intermediary and have received advice for an upfront fee and will pay an ongoing annual charge (Advised investors);
3. Investors who have invested their money through a financial intermediary and have received advice for an upfront fee and will not pay an ongoing annual charge (Advised investors);



4. Investors who have invested their money through a financial intermediary and have not received advice (Non-advised investors)

The category applicable to the investor will determine the options available to them to remunerate their financial intermediary. The Boards encourage investors to read carefully the Application Form and complete the sections that are relevant to their circumstances and choices. If anything is unclear, the investor should speak to a financial adviser or call Octopus on **0800 316 2295**.

For all categories of investors, the Offer Price will be determined by a formula reflecting the Net Asset Value per Share ("NAV") adjusted for an allowance for the majority of the costs of the Offer. The formula is: the most recently announced NAV per Share at the time of allotment, divided by 0.945.

## **COSTS OF THE OFFER**

The Company will pay an initial charge of 3.00% of the gross sums invested in the Offer to Octopus. This is payable in the same way on all subscriptions to the Offer. From this sum Octopus will discharge all external costs of advice and their own costs in respect of the Offer. In addition, there are then four categories of options, which are determined by the circumstances of each investor and their explicit instructions, in respect of which payments can be made to advisers and other intermediaries. These are as follows:

### **1) A direct investment**

Investors who have not invested their money through a financial intermediary/adviser and have invested directly into the Company.

In consideration for the promotion, investment management and secretarial services that Octopus provides to the Company, if an application is made directly (not through an intermediary) then the Company will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional annual ongoing charge of 0.5% of the investment value of the latest NAV of gross sums invested in the Offer for up to nine years, provided the investor continues to hold the Shares. The cost of this ongoing adviser charge will be met by Octopus through a reduction in its annual management fee.

### **2) An advised investment where advice is received for an upfront fee with an ongoing adviser charge**

Investors who have invested in the Offer through a financial intermediary/adviser and have received upfront advice and will receive ongoing advice.

The Company can facilitate a payment on behalf of an investor to an intermediary/adviser (an 'initial adviser charge') of up to 2.5% of the investment amount. If the investor has agreed with his/her intermediary/adviser to pay a lower initial adviser charge, the balance (up to a maximum of 2.5%) will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described on page 15.

The Company can also facilitate annual payments to an intermediary/adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the intermediary/adviser to the investor of up to 0.5% per annum of the investment value of the latest NAV of gross sums invested in the Offer for up to nine years, whilst the investor continues to hold the Shares. If the investor chooses to pay their adviser less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, at the then most recently announced NAV per Share rounded down to the nearest whole share. Any residual amount less than the cost of a New Share will be donated to a charity approved by the Board.

The cost of ongoing adviser charges will be met by Octopus through a reduction in their annual management fee.

If the investor terminates their relationship with the intermediary/adviser then the Company will not make any further payments of ongoing adviser charges to that intermediary/adviser. The Company will facilitate ongoing adviser charges if an investor changes their adviser and consents to the ongoing adviser charge.

### **3) An advised investment where advice is received for an upfront fee with no ongoing adviser charge**

Investors who have invested in the Offer through a financial intermediary/adviser and have received upfront advice including investors who are investing through intermediaries/advisers using financial platforms.

Where an investor agreed to an upfront fee only, the Company can facilitate a payment of an initial adviser charge of up to 4.5% of the investment amount. If the investor chooses to pay their intermediary/adviser less than the maximum initial adviser charge, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above. In these circumstances the Company will not facilitate ongoing annual payments. To ensure that the Company is not financially disadvantaged by such payment, a notional ongoing advisor charge equivalent to 0.5% per annum of the investment amount's NAV will be deemed to have been paid by the Company for a period of 9 years. The cost of this notional ongoing adviser charge will be met by Octopus through a reduction in their annual management fee.

In both cases (2) or (3), should the investor choose to pay the adviser more than 2.5% or 4.5% respectively, the excess amount will have to be settled by the investor directly with the adviser.

### **4) A non-advised investment using an intermediary**

Investors who have invested their money through a financial intermediary and have not received advice.

An initial charge of 2.5% of the investment will be paid by the Company to the intermediary. The Company can also facilitate annual payments to an intermediary/adviser ('annual ongoing charges') in respect of ongoing advisory services provided by the intermediary/adviser to the investor of up to 0.5% per annum of the investment value of the latest NAV of gross sums invested in the Offer for up to nine years, whilst the investor continues to hold the Shares.

These charges may, according to the proportion of advised investors where advice is received for an upfront fee only, create some limited reduction of the net asset value per Share immediately subsequent to subscriptions in the Offer being made. This effect will be mitigated and is ultimately expected to be more than compensated, for continuing investors, by the expected benefits derived from a larger pool of investable funds and the financial benefit in subsequent periods of the absence of ongoing adviser charges in respect of such investments.

The reinvestment arrangements relating to ongoing adviser charges which are described in section 2 above will only operate for as long as an investor remains the holder of the New Shares. Any purchaser of those New Shares will not benefit from the reinvestment arrangements set out above irrespective of the adviser charges which they have agreed with their adviser nor will Octopus facilitate any adviser charges. This, therefore, means that any purchaser of New Shares will not benefit from the issue or allotment of any additional New Shares under the arrangements set out above.

Any additional New Shares which are issued under the arrangements which are described in sections 2 and 3 above will be issued in full and final satisfaction of any cash sums which would otherwise be due to the investor. The Company does not hereby accept or assume or undertake any liability or obligation of any nature whatsoever to any adviser as regards the payment of any adviser charges (whether such charges are initial adviser charges or ongoing adviser charges). The role of the Company is simply to facilitate such payments to the extent permitted by applicable rules and regulations.

## TAXATION

### TAX BENEFITS AND CONSIDERATIONS FOR INVESTORS

The following paragraphs apply to the Company and to individuals holding Shares as an investment who are the absolute beneficial owners of such Shares and who are resident in the UK. They may not apply to certain classes of individuals, such as dealers in securities. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your financial adviser.

The tax reliefs set out below are available to individuals aged 18 or over who receive New Shares under the Offer and where the New Shares acquired are within the investor's annual £200,000 limit.

#### 1. Income Tax

##### 1.1 Initial Income Tax relief

An investor can acquire through the Offer up to £200,000 in each of the 2014/15 and 2015/16 tax years. Each application creates an entitlement to income tax relief of 30% of the amount invested. The relief is subject to an amount which reduces the investor's income tax liability for the tax year to nil. To retain that relief the Shares have to be held for 5 years.

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial income tax relief available can reduce the effective cost of an investment of £10,000 in a VCT to only £7,000 by a qualifying investor subscribing for VCT shares:

Effective

	Effective Cost	Tax relief
Investor unable to utilise any tax reliefs	£10,000	Nil
VCT investor able to utilise full 30% income tax relief	£7,000	£3,000

##### 1.2 Dividend relief

Dividends paid on ordinary shares in a VCT are free of income tax.

##### 1.3 Withdrawal of relief

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period.

Additionally, there are restrictions on the ability to claim income tax relief that apply on a subscription of shares in a VCT after 5 April 2014. These apply if the investor disposes of shares in the same VCT six months before or after the subscription (except where the disposal is to a spouse) and also limit the ability for a VCT to repurchase or redeem shares issued after 5 April 2014 which have been issued in the previous 3 years.

#### 2. Capital Gains Tax

##### 2.1 Relief from capital gains tax on the disposal of VCT shares

Disposing of a VCT share at a profit does not create a chargeable gain for the purposes of UK Capital Gains Tax. Similarly, disposing at a loss does not create an allowable loss for UK Capital Gains Tax.

### **3. Withdrawal of Approval**

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval as a VCT, approval may be withdrawn or treated as never having been given. In these circumstances, reliefs from income tax on the initial investment are repayable unless a period of more than five years the issue of the relevant VCT shares.

In addition, relief ceases to be available on any dividend paid in an accounting period ending when VCT status has been lost. Any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

### **4. Other tax considerations**

#### **Obtaining initial tax reliefs**

The Company will provide each investor with a tax certificate which the investor may use to claim income tax relief. To do this, an investor must either obtain a tax coding adjustment from HMRC under the PAYE system, or wait until the end of the tax year and use their self-assessment tax return to claim relief.

#### **Shareholders not resident in the UK**

Shareholders not resident in the UK should seek their own professional advice as to the consequences of making and holding an investment in the Company, as they may be subject to tax in other jurisdictions as well as in the UK.

#### **Tax Position of VCTs**

A VCT has to satisfy a number of tests to qualify as a venture capital trust. A summary of these tests is set out below.

#### **Qualification as a VCT**

To qualify as a venture capital trust, a company must be approved as such by HMRC. To maintain approval, the conditions summarised below must continue to be satisfied throughout the life of the VCT:

- (i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);
- (ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15%, by value, of the VCT's total investments at the time of investment;
- (iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period;
- (iv) the VCT must not be a close company. Its ordinary share capital must be listed on a regulated European market by no later than the beginning of the accounting period following that in which the application for approval is made;
- (v) at least 70%, by value, of its investments is represented by shares or securities comprising Qualifying Investments;
- (vi) for funds raised before 6 April 2011, at least 30%, by value, of its Qualifying Investments is represented by –holdings of ordinary shares which carry no present or future preferential rights to dividends, return of capital or any redemption rights;

(vii) for funds raised after 5 April 2011, have at least 70% by value of the VCT's Qualifying Investments must be in "eligible shares", that is holdings of ordinary shares which carry no preferential rights to assets on a winding up and no rights to be redeemed although they may have certain preferential rights to dividends so long as that right is non-cumulative and is not subject to discretion; and

(viii) not make an investment in a company which causes that company to receive more than £5 million of risk capital State Aid investment in the 12 months ended on the date of the investment.

"Qualifying investments" comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies which exist wholly or mainly for the purpose of carrying on one or more qualifying trades. The trade must be carried on by, or be intended to be carried on by, the investee company or a qualifying subsidiary at the time of the issue of the shares or securities to the VCT (and by such company or by any other subsidiary in which the investee company has not less than a 90% interest at all times thereafter).

A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter. The definition of a qualifying trade excludes the following:

- dealing in property, shares, securities, commodities or futures
- banking,
- insurance,
- receiving royalties or licence fees in certain circumstances,
- leasing,
- the provision of legal and accounting services,
- farming and market gardening,
- forestry and timber production,
- property development,
- shipbuilding,
- coal and steel production
- operating or managing hotels or guest houses,
- generation of electricity from solar or wind power from which feed-in tariffs are derived,
- nursing and residential care homes.

The funds raised by the investment must be used for the purposes of the qualifying trade within certain time limits.

A qualifying investment can also be made in a company which is a parent company of a trading group where the activities of the group, taken as a whole, consist of carrying on one or more qualifying trades. Investee companies must have a permanent establishment in the UK. The investee company cannot receive more than £5 million from VCTs or other risk capital State Aid investment sources during the 12 month period which ends on the date of the VCT's investment. The investee company's gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter. The investee company must have fewer than 250 employees. Neither the VCT nor any other company may control the investee company. At least 10% of the VCT's total investment in the investee company must be in eligible shares, as described above.

Companies whose shares are traded on AIM are treated as unquoted companies for the purposes of calculating qualifying investments. Shares in an unquoted company which subsequently becomes listed may still be regarded as a qualifying investment for a further five years following listing, provided all other conditions are met.

**Taxation of a VCT**

VCTs are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. VCTs will be subject to corporation tax on their income (excluding dividends received from UK companies) after deduction of attributable expenses.

## DEFINITIONS

The following definitions apply throughout this document, unless otherwise expressed or the context otherwise requires:

“Applicant”	a person applying for New Shares using the Application Form
“Application”	an application for New Shares in the Company under the Offer
“Application Form”	the application form included within this document
“Board”	the board of directors of the Company
“Company”	Octopus Eclipse VCT plc
“Directors”	the directors of the Company (and each a “Director”)
“FCA”	the Financial Conduct Authority
“FSMA 2000”	the Financial Services and Markets Act 2000, as amended
“HMRC”	HM Revenue and Customs
“London Stock Exchange”	London Stock Exchange plc
“NAV”	net asset value
“New Shares”	Shares being offered by the Company under the Offer (and each a “New Share”)
“Octopus”, the “Manager” or the “Receiving Agents”	Octopus Investments Limited
“Offer”	the offer for subscription for New Shares contained in this document
“Offer Price”	the price per New Share, as set out on page 15
“Official List”	the official list maintained by the UK Listing Authority
“Prospectus Rules”	the prospectus rules made in accordance with the EU Prospectus Directive 2003/71/EC
“Shareholders”	holders of Shares
“Shares”	ordinary shares of 10p each in the capital of the Company (and each a “Share”)
“Taxes Act”	the Income Tax Act 2007, as amended
“Terms and Conditions”	the terms and conditions of the Offer, contained in this document on pages 25 to 30



“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Venture Capital Trust” or “VCT”	a company which is, for the time being, approved as a venture capital trust under Section 259 of the Taxes Act

## TERMS AND CONDITIONS OF THE OFFER

The following Terms and Conditions apply to the Offer.

1. The maximum amount to be raised is £3.8 million. The maximum number of New Shares to be issued in the Company is 9,589,412.

2. The contract created with the Company by the acceptance of an Application (or any proportion of it) under the Offer will be conditional on acceptance being given by the Receiving Agents and admission of the New Shares allotted in the Company under the Offer to the Official List (save as otherwise resolved by the Board). The Board reserves the right to extend the closing date of the Offer at its absolute discretion. The Board reserves the right to close the Offer earlier if fully subscribed or otherwise at its discretion.

3. The right is reserved by the Company to present all cheques and banker's drafts for payment on receipt and to retain share certificates and Application monies pending clearance of successful Applicants' cheques and bankers' drafts. The Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and it may, at its discretion, accept an Application in respect of which payment is not received by the Company. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the balance thereof (save where the amount is less than the cost of a New Share, it will be donated to a charity approved by the Board) will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, Application monies will be retained by the Receiving Agents in a separate account.

4. By completing and delivering an Application Form, you:

4.1 irrevocably offer to subscribe the monetary amount for New Shares in the Company under the Offer as specified in your Application Form (or such lesser amount for which your Application is accepted), which shall be used to purchase the New Shares in the Company at the Offer Price, determined by dividing the most recently announced NAV per Share at the time of allotment by 0.945 to allow for the majority of the issue costs, on the terms of and subject to this document and subject to the Memorandum and Articles of Association of the Company. Where the Share price has been declared ex-dividend on the London Stock Exchange, the NAV used for determining the Offer Price will be ex-dividend. For the purpose of determining the Offer Price, the NAV per Share will be rounded up to one decimal place and the number of New Shares to be issued will be rounded down to the nearest whole number (fractions of New Shares will not be allotted);

4.2 agree that your Application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agents of your Application Form;

4.3 agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive certificates in respect of the New Shares allotted to you until you make payment in cleared funds for such New Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it and the Receiving Agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the

unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) rescind the agreement to subscribe such New Shares and may issue such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;

- 4.4 agree that, in respect of those New Shares for which your Application is received and is not rejected, your Application may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation and allotment, or by notification of acceptance thereof to the Receiving Agents;
- 4.5 agree that any monies refundable to you by the Company may be retained by the Receiving Agents pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agents may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
- 4.6 authorise the Receiving Agents to send share certificates in respect of the number of New Shares for which your Application is accepted and/or a crossed cheque for any monies returnable, by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such New Shares;
- 4.7 agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or Octopus to bring any action, suit or proceeding arising out of, or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
- 4.8 confirm that, in making such Application, you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document, the cover correspondence or any part thereof or involved in the preparation thereof shall have any liability for such information or representation (save for fraudulent misrepresentation or wilful deceit);
- 4.9 irrevocably authorise the Receiving Agents to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agents to execute any document required therefore;
- 4.10 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and statements concerning the Company and the Offer contained therein;
- 4.11 confirm that you have reviewed the restrictions contained in paragraph 6 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor a resident of Canada and that you are not applying for any Shares with a view to their offer, sale or delivery to or for the benefit of any US Person or a resident of Canada;
- 4.12 declare that you are an individual aged 18 or over;
- 4.13 agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agents, will be sent at the risk of the person entitled thereto;
- 4.14 agree, on request by the Company or Octopus, to disclose promptly in writing to Octopus, any information which Octopus may reasonably request in connection with your Application including,

without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Company or Octopus to disclose any information relating to your Application as the Company or Octopus consider appropriate;

4.15 agree that Octopus will not treat you as its customer by virtue of your Application being accepted or owe you any duties or responsibilities concerning the price of the New Shares pursuant to the Offer or the suitability for you of an investment in New Shares under the Offer or be responsible to you for providing the protections afforded to its customers;

4.16 where applicable, authorise the Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Company;

4.17 declare that the Application Form has been completed to the best of your knowledge;

4.18 undertake that you will notify the Company if you are not or cease to be either a VCT qualifying subscriber or beneficially entitled to the New Shares;

4.19 declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares under the Offer and that such New Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax; and

4.20 agree that information provided on the Application Form may be provided to the registrars and Receiving Agents to process shareholding details and send notifications to you.

5. No person receiving a copy of this document, covering correspondence or an Application Form in any territory other than the UK, may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid by such territory.

6. The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended. Octopus will not be registered under the United States Investment Advisers Act of 1940, as amended. No Application will be accepted if it bears an address in the USA.

7. The basis of allocation will be determined by the Company (after consultation with Octopus) in its absolute discretion. The right is reserved by the Board to reject in whole or in part and scale down and/or ballot any Application or any part thereof including, without limitation, Applications in respect of which any verification of identity which the Company or Octopus consider may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied. Dealings prior to the issue of certificates for New Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all.

## **8. Money Laundering Regulations**

Investors should be aware of the following requirements in respect of the above law.

Under the Money Laundering Regulations, Octopus is required to check the identity of clients who invest over £10,000. Octopus may therefore undertake an electronic search for the purposes of verifying your identity. To do so Octopus may check the details you supply against your particulars on any database (public or other) to which Octopus has access. Octopus may also use your details in the future to assist other companies for verification purposes. A record of this search will be retained. If Octopus cannot verify your identity it may ask for a recent, original utility bill and an original HMRC Tax Notification or a copy of your passport certified by a bank, solicitor or accountant from you or a Client Verification Certificate from your IFA.

If within a reasonable period of time following a request for verification of identity, and in any case by no later than 3.00pm on the relevant date of allotment, Octopus has not received evidence satisfactory to it as aforesaid, Octopus, at its absolute discretion, may reject any such Application in which event the remittance submitted in respect of that Application will be returned to the Applicant (without prejudice to the rights of the Company to undertake proceedings to recover any loss suffered by it as a result of the failure to produce satisfactory evidence of identity).

Your cheque or bankers' draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers' drafts to be cleared through facilities provided for by members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. The right is reserved to reject any Application Form in respect of which the cheque or bankers' draft has not been cleared on first presentation.

## **9. Offer Price**

For all investors, the Offer Price will be determined by a formula reflecting the Net Asset Value per Share ("NAV") at the time of allotment adjusted for an allowance for the majority of the costs of the Offer. The formula is: the most recently announced NAV per Share, divided by 0.95. A more detailed explanation is set out on page 15.

## **10. Costs of the Offer**

In consideration for the promotion, investment management and secretarial services that Octopus provides to the Company, the Company will pay an initial charge of 3% of the gross sums invested in the Offer to Octopus. This is payable in the same way on all subscriptions to the Offer. From this sum Octopus will discharge all external costs of advice and their own costs in respect of the Offer. In addition, there are then four categories of options, which are determined by the circumstances of each investor and their explicit instructions, in respect of which payments can be made to advisers and other intermediaries. These are as follows:

### **1) A direct investment**

Investors who have not invested their money through a financial intermediary/adviser and have invested directly into the Company.

In consideration for the promotion, investment management and secretarial services that Octopus provides to the Company, if an application is made directly (not through an intermediary) then the Company will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional annual ongoing charge of 0.5% of the investment value of the latest NAV of gross sums invested in the Offer for up to nine years, provided the investor continues to hold the Shares.

**2) An advised investment where advice is received for an upfront fee with an ongoing adviser charge**

Investors who have invested in the Offer through a financial intermediary/adviser and have received upfront advice and will receive ongoing advice.

The Company can facilitate a payment on behalf of an investor to an intermediary/adviser (an 'initial adviser charge') of up to 2.5% of the investment amount. If the investor has agreed with his/her intermediary/adviser to pay a lower initial adviser charge, the balance (up to a maximum of 2.5%) will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.95 as described on page 15.

The Company can also facilitate annual payments to an intermediary/adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the intermediary/adviser to the investor of up to 0.5% per annum of the investment of the latest NAV of gross sums invested in the Offer for up to nine years, whilst the investor continues to hold the Shares. If the investor chooses to pay their adviser less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, at the then most recently announced NAV per Share rounded down to the nearest whole share. Any residual amount that is less than the cost of a New Share will be donated to a charity approved by the Board. The cost of ongoing adviser charges will be met by Octopus through a reduction in their annual management fee.

If the investor terminates their relationship with the intermediary/adviser then the Company will not make any further payments of ongoing adviser charges to that intermediary/adviser.

**3) An advised investment where advice is received for an upfront fee with no ongoing adviser charge**

Investors who have invested in the Offer through a financial intermediary/adviser and have received upfront advice including investors who are investing through intermediaries/advisers using financial platforms.

Where an investor agreed to an upfront fee only, the Company can facilitate a payment of an initial adviser charge of up to 4.5% of the investment amount. If the investor chooses to pay their intermediary/adviser less than the maximum initial adviser charge, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.95 as described above. In these circumstances the Company will not facilitate ongoing annual payments.

In both cases (2) or (3), should the investor choose to pay the adviser more than 2.5% or 4.5% respectively, the excess amount will have to be settled by the investor directly with the adviser.

**4) A non-advised investment using an intermediary**

Investors who have invested their money through a financial intermediary and have not received advice.

An initial commission of 2.5% of the investment will be paid by the Company to the intermediary. The Company can also facilitate annual payments to an intermediary/adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the intermediary/adviser to the investor of up to 0.5% per annum of the investment value of the latest NAV of gross sums invested in the Offer for up to nine years, whilst the investor continues to hold the Shares.

These charges may, according to the proportion of Advised Investors where advice is received for an upfront fee only, create some limited reduction of the net asset value per Share immediately subsequent to subscriptions in the Offer being made. This effect will be mitigated and is ultimately expected to be more than compensated, for continuing investors, by the expected benefits derived from a larger pool of investable funds and the financial benefit in subsequent periods of the absence of ongoing adviser charges in respect of such investments.

The reinvestment arrangements relating to ongoing adviser charges which are described above will only operate for so long as an investor remains the holder of the New Shares. Any purchaser of the New Shares will not benefit from the reinvestment arrangements set out above irrespective of the adviser charges which they have agreed with their adviser. This therefore means that any purchaser of New Shares will not benefit from the issue or allotment of any additional New Shares under the arrangements set out above.

Any additional New Shares which are issued under the arrangements which are described above will be issued in full and final satisfaction of any cash sums which would otherwise be due to the investor. The Company does not hereby accept or assume or undertake any liability or obligation of any nature whatsoever to any adviser as regards the payment of any adviser charges (whether such charges are initial adviser charges or ongoing adviser charges). The role of the Company is simply to facilitate such payments to the extent permitted by applicable rules and regulations.

The above payments are subject to any future changes in the applicable rules and regulations.

## **DIRECTORS AND ADVISERS OF THE COMPANY**

<b>Directors</b>	Alex Hambro (Chairman) David Lambert Matt Cooper Roger Penlington
<b>Investment Manager, Administrator and Receiving Agents</b>	Octopus Investments Limited 6th Floor 33 Holborn London EC1N 2HT
<b>Company Secretary</b>	Patricia Standaloft ACIS
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Solicitor</b>	Howard Kennedy LLP No.1 London Bridge London SE1 9BG
<b>Tax adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Registrars</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU



This form allows you to invest in Octopus Eclipse VCT PLC.

### The form has 6 sections:

1. Your details
2. Subscription details
3. Dividend payment
4. Adviser/intermediary payment
5. Adviser/intermediary details (to be completed by your adviser/intermediary)
6. Investor declaration

### How to complete the form

- Any decision to invest should be made on the basis of the information contained in the offer document, which can be found at [octopusinvestments.com/eclipse](https://octopusinvestments.com/eclipse). You can also request a copy by calling **0800 316 2295** or emailing us at [info@octopusinvestments.com](mailto:info@octopusinvestments.com).
- Please make sure you answer all the questions marked with an '\*':
- Tick the boxes that apply, like this: ☒
- Leave boxes blank where they don't apply to you.

### What happens next?

- We will send you an acknowledgement that we have received your application, and your funds will be invested as quickly as possible.
- Once your funds have been invested we will send regular performance updates, to you or your elected nominee if you invested through one.

### When you have completed the form, tick the following to confirm:

Your decision to invest has been made on the basis of the information contained in the offer document. The offer document can be found at [octopusinvestments.com/eclipse](https://octopusinvestments.com/eclipse). You can also request a copy by calling **0800 316 2295** or emailing us at [info@octopusinvestments.com](mailto:info@octopusinvestments.com).

You've answered all the questions that apply to you.

You've enclosed the necessary verification of identity documentation which must be certified by a regulated individual (eg financial adviser, solicitor or accountant):

- an Identity Verification Certificate **or** one each of the following;
- a certified copy of identification (your passport or driving licence) **plus**;
- a certified copy of proof of address (driving licence, bank statement or recent utility bill (not mobile phone))

The original signature should be on each page of the document (not a photocopy).

If you are paying by cheque, you've enclosed your cheque from your personal account, made payable to 'Octopus Eclipse VCT PLC – Applications'. We do not accept cheques from business accounts, third parties (including your spouse) or post-dated cheques. Banker's drafts or building society cheques must specifically mention the investor's name.

Or, if you are paying via CHAPS/BACS, please send us your completed application form before transferring your investment to the following account making sure that you **reference the payment with your name**:

Account name:	Octopus Eclipse VCT PLC – Applications	Bank:	HSBC
Sort code:	40-03-28	Branch:	Holborn
Account number:	02847884		

**Payments need to come from your personal account (we do not accept payments from business accounts or third parties (including your spouse)).**

You've signed and dated where indicated in Section 6.

### **Return your completed form and documents to:**

Octopus Investments Limited  
PO Box 10847  
Chelmsford  
CM99 2BU

### **Got a question?**



Please speak to your adviser or call the Octopus team on **0800 316 2295**



Email: [info@octopusinvestments.com](mailto:info@octopusinvestments.com)

We can't give investment advice, but we're happy to answer questions about anything else.

Before completing this Offer Application Form you should read the offer document dated 19 January 2015 which includes the Terms and Conditions of the Offer. The Offer will close at 12 noon on 15 December 2015 unless it is fully subscribed prior to that date or closed earlier.

## Section 1 – Your details

* Title (Mr/Mrs/Miss/Ms/Other)		
* First name(s)		
* Last name		
* Are you an existing investor in any of the Octopus VCTs?	Yes	No
* Date of birth (dd/mm/yyyy)		
* National Insurance number		
* Telephone numbers	Home: Mobile:	Work:
* Address		
	Postcode	
* Email		
* Do you want to receive paper or electronic investment reports?	Paper	Email
* Would you like to be updated on future investment opportunities? (Tick one box only)	Yes	No

## Section 2 – Subscription details

* How much are you investing?	The minimum investment per applicant is £5,000. There is no maximum investment, however tax relief is only available on a maximum £200,000 in each tax year.										
	2014/15 £	2015/16 £									
* Cheque/banker's draft or bank transfer? (Tick one box only)	Cheque/banker's draft Please enclose a cheque from your personal account, made payable to 'Octopus Eclipse VCT PLC – Applications'. We do not accept cheques from business accounts or third parties (including your spouse). Banker's drafts and building society cheques must specifically mention the investor's name.	Bank transfer Please transfer your funds to the following account after first sending in your completed application form, making sure that you <b>reference the payment with your surname and initials:</b> <table> <tr> <td>Account name:</td> <td colspan="2">Octopus Eclipse VCT PLC – Applications</td> </tr> <tr> <td>Sort code:</td> <td>40-03-28</td> <td>Bank: HSBC</td> </tr> <tr> <td>Account number:</td> <td>02847884</td> <td>Branch: Holborn</td> </tr> </table> Payments need to come from your personal account. We do not accept payments from business accounts or third parties (including your spouse).	Account name:	Octopus Eclipse VCT PLC – Applications		Sort code:	40-03-28	Bank: HSBC	Account number:	02847884	Branch: Holborn
Account name:	Octopus Eclipse VCT PLC – Applications										
Sort code:	40-03-28	Bank: HSBC									
Account number:	02847884	Branch: Holborn									

## Section 3 – Dividend payment

- \* **Dividend payment** Any dividends paid by the VCT can be paid out as cash payments into your bank account or by cheque. If you would like your dividend to be paid into your bank account, please complete the bank details section below. Please note, the bank account must be in your name.

Account Holder Name

Account number

Sort code

## Section 4 – Adviser/intermediary payment

\* **What type of investment is this?**  
(Complete one section only)

The Octopus initial charges are outlined on page 2 and the Octopus yearly management fee on page 28 of the offer document. The VCT can also facilitate payments to your financial adviser/intermediary. Please read the following text and then complete either 4.1 or 4.2 or 4.3 or 4.4. Failure to complete this section correctly could result in delays to your investment. If you have any questions please call us on 0800 316 2295.

- If you are submitting this application yourself with no adviser or intermediary, please complete **section 4.1**.
- If you have received financial advice for this investment and have agreed with your adviser to pay ongoing charges, please complete **section 4.2**.
- If you have received financial advice for this investment and have agreed with your adviser to pay no ongoing charges, please complete **section 4.3**.
- If you have used an intermediary but you have not received financial advice, please complete **section 4.4**. Any commission due will be paid by Octopus.

### 4.1 This is a direct investment

If an application is made directly then the total initial fee paid to Octopus is 5.5% with a total annual fee of 2.5%. If you have any questions on this, please call us on 0800 316 2295.

### 4.2 This is an advised investment with an initial adviser charge and an ongoing adviser charge

Please indicate the level of initial adviser charge and/or ongoing charges you have agreed with your adviser. If you have agreed that Octopus will facilitate no charges to your adviser then please insert 'nil' in the 'To my adviser' box and insert the full remaining amount in the box titled 'To me as additional shares'.

	To my adviser		To me as additional shares
Initial:	% +		% = 2.5%
Ongoing:	% +		% = 0.5%

### 4.3 This is an advised investment with an initial adviser charge and no ongoing adviser charge

Please indicate the level of initial adviser charge you have agreed with your adviser. If you have agreed that Octopus will facilitate no charge to your adviser then please insert 'nil' in the 'To my adviser' box and insert the full remaining amount in the box titled 'To me as additional shares'.

	To my adviser		To me as additional shares
Initial:	% +		% = 4.5%

### 4.4 This is a non-advised investment through an intermediary

Initial Commission %

Initial Commission paid to your intermediary should not exceed our standard terms of 2.5%. Please note, standard terms will apply if left blank. An annual ongoing commission of 0.5% will also be paid to your intermediary.

## Section 5 – Adviser/intermediary details (to be completed by your adviser/intermediary)

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Company	
Title (Mr/Mrs/Miss/Ms/Other)	
First name(s)	
Last name	
Telephone	
Address	
	Postcode
Email	
FCA number	
Are you part of a network/service provider?	No Yes – please give us the network/service provider name
Special instructions	

## Section 6 – Investor declaration

* Investor declaration	By Signing this form I HEREBY DECLARE THAT: 1. My decision to invest has been made on the basis of the information contained in the offer document. 2. I have provided accurate information, to the best of my knowledge. 3. I consent to Octopus facilitating my adviser's fees and charges as set out in Section 4.
* Investor name	
* Investor signature	
* Date signed (dd/mm/yyyy)	